DAIMLER TRUCK

Annual Report 2022

Key Figures for the Daimler Truck Group

	2022	2021	2022/2021
Amounts in millions of euros			% change
Unit sales	**520,291**	455,445	+14
Revenue	**50,945**	39,764	+28[1]
Revenue of the industrial business[2]	**49,186**	38,641	+27
EBIT	**3,496**	3,357	+4
EBIT of the Industrial Business	**3,185**	3,184	–
Adjusted EBIT	**3,959**	2,552	+55
Adjusted EBIT of the Industrial Business	**3,767**	2,359	+60
Return on sales of the Industrial Business (in %)	**6.5**	8.2	–
Adjusted return on sales of the Industrial Business (in %)	**7.7**	6.1	–
Net profit (loss)	**2,763**	2,383	+16
Earnings per share (in €)	**3.24**	2.85	+14
Free cash flow of the Industrial Business	**1,746**	1,556	+12
Adjusted free cash flow of the Industrial Business	**1,976**	1,308	+51
Net liquidity of the Industrial Business (December 31)	**7,530**	6,024	+25
Investments in property, plant and equipment	**898**	762	+18
Research and development expenditure	**1,785**	1,574	+13
of which capitalized	**167**	176	-5
Active workforce[3] (December 31)	**104,729**	99,849	+5

1 Adjusted for the effects of currency translation, revenue increased by 21%.
2 The Industrial Business comprises the vehicle segments Trucks North America, Mercedes-Benz, Trucks Asia and Daimler Buses, as well as the reconciliation.
3 This reflects the active workforce excluding vacation employment as a full-time equivalent.

Share price performance of Daimler Truck Holding AG

	2022	2021
in euros		
Closing price XETRA		
High	**35.44**	33.05
Low	**22.04**	29.78
Year-end closing price	**28.95**	32.29
Number of shares (in thousands)	**822,952**	822,952

Key Figures for the Segments

	2022	2021	2022/2021
In millions of euros			% change
Trucks North America			
Unit sales	186,779	162,156	+15
Revenue	22,039	15,782	+40
EBIT	2,376	1,440	+65
Adjusted EBIT	2,379	1,452	+64
Return on sales (in %)	10.8	9.1	–
Adjusted return on sales (in %)	10.8	9.2	–
Investments in property, plant and equipment	216	214	+1
Research and development expenditure	599	467	+28
of which capitalized	0	0	–
Active workforce (December 31)[1]	28,227	25,930	+9
Mercedes-Benz			
Unit sales	166,369	141,331	+18
Revenue	20,213	16,113	+25
EBIT	1,188	483	+146
Adjusted EBIT	1,629	770	+112
Return on sales (in %)	5.9	3.0	–
Adjusted return on sales (in %)	8.1	4.8	–
Investments in property, plant and equipment	431	353	+22
Research and development expenditure	736	690	+7
of which capitalized	120	120	–
Active workforce (December 31)[1]	40,884	40,327	+1
Trucks Asia			
Unit sales	155,967	143,411	+9
Revenue	6,499	5,969	+9
EBIT	161	417	-61
Adjusted EBIT	171	427	-60
Return on sales (in %)	2.5	7.0	–
Adjusted return on sales (in %)	2.6	7.2	–
Investments in property, plant and equipment	153	128	+19
Research and development expenditure	194	204	-5
of which capitalized	33	41	-19
Active workforce (December 31)[1]	16,214	15,865	+2
Daimler Buses			
Unit sales	24,041	18,736	+28
Revenue	3,689	3,211	+15
EBIT	-52	-152	+66
Adjusted EBIT	14	-77	–
Return on sales (in %)	-1.4	-4.7	–
Adjusted return on sales (in %)	0.4	-2.4	–
Investments in property, plant and equipment	85	62	+37
Research and development expenditure	148	123	+21
of which capitalized	14	15	-10
Active workforce (December 31)[1]	15,184	14,861	+2
Financial Services			
Revenue	1,759	1,122	+57
EBIT	310	173	+79
Adjusted EBIT	193	193	–
Return on equity (in %)	15.9	11.1	–
Adjusted return on equity (in %)	9.9	12.4	–
New business	9,428	5,767	+63
Contract volume (December 31)	24,200	16,866	+43
Active workforce (December 31)[1]	1,770	1,245	+42

1 This reflects the active workforce excluding vacation employment as a full-time equivalent.

What drives us

The history of Daimler Truck began more than 125 years ago. Back then, our founders Gottlieb Daimler and Carl Benz developed the first trucks and buses - and thus contributed to the progress and prosperity of society.

Today, we are one of the world's largest commercial vehicle manufacturers. We employ more than 100,000 people at more than 40 locations in North America, Europe, Asia, Latin America and Africa, as well as at numerous sales and service points in most countries around the world. In our global network, we develop and produce trucks and buses marketed under the BharatBenz, Freightliner, FUSO, Mercedes-Benz, Setra, Thomas Built Buses and Western Star brands. With the Financial Services segment, we can also offer our customers a perfectly tailored total package of vehicles and financial services.

Our customers provide reliable, safe transportation worldwide. We are proud to say that we work for everyone who keeps the world moving. This also makes us an important part of society and goes hand in hand with a great responsibility - to our employees, our customers, and all the people who are affected by our business activities.

Our greatest responsibility stems from the growing demand for sustainable transportation. We pursue the goal of advancing the transformation of the automotive industry by developing sustainable transportation solutions. Together with our partners, we are shaping the technology and service transformation of our industry - and aim to lead sustainable transportation, in line with the principles of our founders and in line with our vision.

We keep delivering - for all who keep tomorrow's world moving.

Our Brands

More information at daimlertruck.com/en

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Diversity, equal opportunities and inclusion are important to us.

For this reason, we use gender-neutral language throughout this report.

In the interests of readability and compliance with legal requirements (e.g. fixed German terms), we use the generic masculine form in some text passages.

In these cases, the terms chosen include all gender identities without limitation.

Information management system

↗ Reference to an illustration or table in the Annual Report.

Reference to further information on the Internet.

Cross-reference within the Annual Report.

A Daimler Truck at a glance

A Daimler Truck at a glance

Dear shareholders and friends of Daimler Truck

2022 was a very special year: It was our first year as an independent publicly-listed company. As you read this Annual Report, you will see that we have made a successful start to this new era as Daimler Truck. We can be very satisfied with an adjusted operating profit (adjusted EBIT) of four billion euros – to highlight just one key figure.

This is even more true as our environment has become much more difficult than was foreseeable at the beginning of 2022. One trigger was Russia's invasion of Ukraine. This war right in the middle of Europe is not only a humanitarian catastrophe, but also caused significant economic upheaval, particularly in energy prices. In addition, bottlenecks in the supply chains also led to price increases. We had to deal with this situation all year round.

At Daimler Truck, however, we don't spend a lot of time complaining about challenges - we tackle them and make the best of them. Just three days after the start of the war, we decided to suspend our business activities in Russia until further notice. This shows how powerful we are now as an independent company. We were unable to compensate for the comprehensive price increases through internal measures, and had to pass them on to our customers in a very constructive dialog. We limited the impact of the supply constraints by prioritizing supply to regions and products with the highest contribution margin.

All in all, 2022 was a year unlike any I had experienced in my long professional career: Supply was permanently lower than demand, which meant that we were able to deliver significantly fewer vehicles than our customers would have wanted. Without this restriction, our net profit would have been even better.

On a positive note, the strong demand has once again shown how much our customers rely on commercial vehicles "Made by Daimler Truck".

However, last year we not only managed our environment, but also continued working towards our two major goals: Leveraging our earnings potential and thereby creating value for our shareholders and securing a solid financial base for our transformation, and delivering sustainable transport and thus fighting climate change.

We have made important progress in both of these issues in 2022 and I would like to thank our entire global Daimler Truck Team for their great work!

In terms of profitability, we achieved or even exceeded all the key targets we set ourselves at the beginning of the year. When it comes to sustainable transportation, we can say with confidence: We deliver. By the end of 2022, we already had a total of eight zero-emission truck and bus models in series production in the Americas, Europe and Asia. In the coming years, we intend to not only add more battery-electric vehicles but also vehicles with hydrogen-based fuel cells. We are pursuing a dual strategy here because we are convinced that our industry needs both technologies.

The crucial aspect, however, is that zero-emission trucks and buses can only make a significant contribution to climate change mitigation if they are successful on the mass market. This is by no means a given. After all, in addition to the right vehicles, this also requires a charging and refueling infrastructure as well as cost parity. Our customers must be able to work as economically with zero-emission vehicles as they do with conventional vehicles, otherwise they will not buy them in large numbers. Yet cost parity will not happen quickly on its own. It must be brought about by regulators, with CO_2-based tolls for instance. Building a comprehensive infrastructure, from the generation of green energy to distribution, is probably the greatest challenge. Here, Europe in particular needs to speed up significantly.

So for zero-emission transportation to become a reality, everyone is called upon: Manufacturers, energy companies and policymakers. As Daimler Truck, we are committed to leading the way. With full conviction. Day after day. We see ourselves as a pioneer and the voice of our industry – and that makes us proud.

Leinfelden-Echterdingen, March 2023

Sincerely yours,

Martin Daum
Chairman of the Board of Management of Daimler Truck Holding AG

The Board of Management

Jochen Goetz
Member of the
Board of Management,
Finance and Controlling
Appointed until 2026

Martin Daum
Chairman of the
Board of Management
Appointed until 2025

Jürgen Hartwig
Member of the
Board of Management,
Human Resources
Appointed until 2026

Andreas Gorbach
Member of the
Board of Management,
Truck Technology
Appointed until 2024

Karin Rådström
Member of the
Board of Management,
Europe and Latin America
region and the
Mercedes-Benz Truck brand
Appointed until 2029

John O'Leary
Member of the
Board of Management,
North America region and
the Freightliner, Western Star
and Thomas Built Buses
brands
Appointed until 2024

Stephan Unger
Member of the
Board of Management,
Financial Services
Appointed until 2024

Karl Deppen
Member of the
Board of Management,
Asia region and the FUSO and
BharatBenz brands
Appointed until 2024

The members of the Board of Management of Daimler Truck Holding AG (from left to right).

Report of the Supervisory Board on the 2022 Financial Year

Dear Shareholders,

2022 was the first full financial year for our Company following the formation of the independent Daimler Truck Group and the successful listing of December 2021. As one of the world's leading commercial vehicle manufacturers and a globally active enterprise, Daimler Truck assumed a key position in the transportation industry's transformation to zero emissions and in 2022 had some significant successes here. However, as part of our operational business, we also saw supply chain restrictions and increased energy costs as challenges, both of which are also effects of the COVID-19 pandemic and the war that has been raging in Ukraine since February 2022.

In 2022, our Company achieved significant milestones in spite of the challenging global situation. This included, in particular, the public listing of Daimler Truck Holding AG on the German Stock Index ("DAX40"). Another milestone was undoubtedly the large number of new products unveiled this year. They are intended to ensure that Daimler Truck plays a leading role, in particular in the area of sustainability.

Daimler Truck remains committed to fulfilling its social responsibility as a major company in the transportation sector. Sustainability has played a particularly important part, as in the prior year. The Supervisory Board will also continue to be thoroughly involved here.

The 2022 financial year has shown that Daimler Truck made the right decisions for the further development and positioning of our Company, even under challenging circumstances. This was made possible by the great work done by all employees, managers and the Board of Management and gave us reason to continue to look to the future with confidence.

Tn the following, we report to you on the work of the Supervisory Board and its committees in the 2022 financial year.

Responsibilities and working methods of the Supervisory Board
The Supervisory Board of Daimler Truck Holding AG fully performed the duties entrusted to it in the 2022 financial year. The responsibilities of the Supervisory Board are defined in particular by the German Stock Corporation Act (Aktiengesetz or "AktG"), the Articles of Incorporation of Daimler Truck Holding AG, and the Rules of Procedure for the Supervisory Board and its committees. As part of its activities, the Supervisory Board is naturally very concerned to take the recommendations and suggestions in the currently valid version of the German Corporate Governance Code ("DCGK") into account as far as possible.

As part of its responsibilities, the Supervisory Board continuously advised and supervised the Board of Management in their management of the Company and provided support on important topics relating to the strategic orientation and future development of the Company and the Daimler Truck Group.

In the 2022 financial year, the Supervisory Board also reviewed many business transactions requiring approval and granted its approval after comprehensive consultation. In many cases, these business transactions arose from Daimler Truck's strategic orientation and included product projects, sustainability issues, financial and investment projects and plans as well as other significant processes. The Supervisory Board was also provided with comprehensive and in-depth information by the Board of Management about further business transactions and other measures taken by corporate management, which it carefully examined and discussed with the Board of Management. This also included circumstances in the 2022 financial year resulting from significant geopolitical and economic changes.

Acting according to its statutory duties, the Supervisory Board also examined whether the annual- and consolidated financial statements, the combined management report with integrated non-financial statement for the Daimler Truck Group and the other financial and sustainabiltity reports besides the non-financial statement were prepared in accordance with the applicable requirements and were in compliance with them.

Joe Kaeser, Chairman of the Supervisory Board of Truck Holding AG.

In the course of the 2022 financial year, the Supervisory Board also received regular reports and information from the Board of Management covering the important economic developments of the Daimler Truck Group and its segments. In this respect, the Board of Management kept the Supervisory Board informed on a continuous basis, in particular, about the intended business policy and other fundamental issues relating to corporate planning, in particular financial, investment and personnel planning; the liquidity and profitability of the Company and the Group; the position of the Company and the Group, including its segments and their specific revenue trends; as well as the course of business. The Board of Managements' reports also included developments in the procurement, sales and capital markets, the financial environment and shareholder structure. In view of the increasing importance of sustainability issues in the transport and logistics sector, the Board of Management informed the Supervisory Board several times on strategic-, technological- and planning measures as part of the sustainable development of the business model.

The members of the Supervisory Board made ongoing preparations for the meetings on the basis of documents that were made available to them by the Company in good time before these meetings. Preparation for the meetings also included separate preliminary discussions of shareholders and employees, in which members of the Board of Management also took part. The committees of the Supervisory Board worked intensively on the preparations for the meetings of the Supervisory Board within their particular areas of responsibility. Michael Brosnan, Chairman of the Audit Committee, and Joe Kaeser as the Chairman of the Supervisory Board, together with other members of the Supervisory Board, also held bilateral meetings with members of the Board of Management and management of the Company to exchange views.

Topics in the 2022 Financial Year

In the 2022 financial year, the Supervisory Board of Daimler Truck Holding AG held seven meetings and passed three written resolutions. The meetings of the Supervisory Board were also held as video conferences. The overview given at the end of this report contains more information about the meeting formats and the meeting participation of the members. The meetings of the Supervisory Board were characterized by an open and constructive dialog. In addition to the intensive discussion of the relevant business transactions and measures, the Supervisory Board focused further on the exchange of information at regular executive sessions held in the absence of the Board of Management.

At its meeting on March 23, 2022, the Supervisory Board dealt with the remuneration of the Board of Management, the annual and consolidated financial statements and the combined management report and additional financial reports including the non-financial statement of the Group and the Dependency Report prepared for the period before the demerger. Further topics included, in particular, important strategic matters in the area of truck drives and preparations for the Annual General Meeting on June 22, 2022. The Supervisory Board also focused on regulating the consideration of significant sustainability issues in corporate governance. This was carried out against the background of the ongoing amendment of the German Corporate Governance Code at this time.

Important projects in the field of transport, now focusing on battery-electric and hydrogen-powered vehicles, were also a key aspect of the May 17, 2022 meeting. The Supervisory Board also dealt with the interim report for the first quarter of 2022 for information purposes, received a corresponding financial update and once again discussed issues relating to sustainability in corporate governance.

The constituent meeting of the Supervisory Board which took place after the first Annual General Meeting of June 22, 2022 was dedicated entirely to corporate governance. Alongside the election of ten shareholder representatives by the Annual General Meeting, all ten employee representatives were appointed by court order, effective by the end of the Annual General Meeting. The constituent meeting therefore mainly dealt with the staffing of the committees and the election of the Chairman and Deputy Chairman of the Supervisory Board.

At the meeting held on August 11, 2022, in addition to the informational discussion of the interim report for the 1st half of 2022, the focus was on business transactions in the operating unit. Questions of sustainability and further planning were also of primary importance here for the further development of the structural autonomy of the Daimler Truck Group.

As well as dealing with issues of strategy, which will be addressed separately in this report, the agenda for the Supervisory Board meeting on September 30, 2022 as part of the Supervisory Board's Strategy Days already included planning measures of the Annual General Meeting in the 2023 financial year.

At its November 11, 2022 meeting, the Supervisory Board dealt thoroughly with issues relating to remuneration of the Board of Management, corporate governance and corporate planning. This report covers these topics separately. The Supervisory Board also discussed the Interim Report for the third quarter of 2022 and reviewed the information provided by the Board of Management on ongoing projects and the Company's expectations concerning the capital markets.

Corporate governance, Declaration of Compliance (with the German Corporate Governance Code), and requirements profile for the Board of Management and the Supervisory Board

In the 2022 financial year, the Supervisory Board consistently dealt with issues of corporate governance. At its August 11, 2022 meeting, the Supervisory Board discussed at length the content of the new German Corporate Governance Code ("GCGC 2022"), which came into effect at the end of June 2022, and the significance of it for its work, after it had already examined the GCGC 2022 in depth at its March 23, 2022 meeting, which at that time was still under consultation. At its constituent meeting on June 22, 2022, the Supervisory Board established a Mediation Committee within the meaning of the German Co-determination Act (Mitbestimmungsgesetz or "MitbestG") and amended its Rules of Procedure accordingly.

At its meeting on November 11, 2022, the Supervisory Board once again dealt in detail with corporate governance issues and with a first draft of the 2022 Declaration of Compliance.

The Supervisory Board also discussed questions about corporate governance with the Company's Chief Legal and Compliance Officer. In this context, the Supervisory Board also dealt with the implementation of the key recommendations of the GCGC 2022 and, in particular, the independence of shareholder representatives within the meaning of the GCGC.

The 2022 Declaration of Compliance with the GCGC was adopted in December 2022 in accordance with Section 161 German Stock Corporation Act ("AktG"). With the justified exceptions provided therein, all recommendations of the Code are complied with. In the interest of good corporate governance, the members of the Supervisory Board of the Company are required to disclose conflicts of interest to the entire Supervisory Board. Such conflicts of interest may particularly arise from an advisory or board position with customers, suppliers or creditors of the Company or with other third parties. There were no such conflicts of interest during the reporting period.

Against the background of the changes to the 2022 GCGC, the Supervisory Board decided to make specific adjustments to the Rules of Procedure for the Supervisory Board and its committees. This adjustment takes into account, in particular, the increased focus of the Supervisory Board's supervisory and advisory role on sustainability in corporate governance as defined by the new GCGC 2022. These changes were approved at the November 11, 2022 Supervisory Board meeting.

At its meeting of November 11, 2022, the Supervisory Board also discussed the requirements profiles for the Board of Management and Supervisory Board. The composition of the Board of Management and Supervisory Board of Daimler Truck Holding AG is based on the principles of diversity in aspects such as educational and professional background, gender, and age. The Supervisory Board has combined these diversity concepts with the requirements of German legislation regarding equal participation of women and men in executive positions and other requirements relating to the expertise that members of these bodies need to possess. These combined requirements are presented in the overall requirements profiles for the composition of the Board of Management and Supervisory Board. In light of the new recommendations of the 2022 Corporate Governance Code on sustainability and financial expertise, the Supervisory Board decided, on the recommendation of the Presidential and Remuneration Committee, to include appropriate changes in the overall requirements profiles of the Board of Management and Supervisory Board. The most significant change for both requirements profiles concerns the requirement for expertise in sustainability issues relevant to Daimler Truck for the composition of both bodies. After preparation by the Presidential and Remuneration Committee, the Supervisory Board identified these sustainability issues and assessed the sustainability expertise of the Board of Management and Supervisory Board. In view of the Audit Committee having financial expertise as recommended by the 2022 GCGC, the Supervisory Board also made an addition to the overall requirements profile and spent time fulfilling this requirement.

Based on the requirements profile for the Supervisory Board, the Supervisory Board also created a qualification matrix reflecting the implementation status of the requirements profile and discussed its structure and intended publication in the Declaration on Corporate Governance.

As well as establishing the relevant requirements profiles by means of resolution, at its meeting of November 11, 2022, the Supervisory Board determined that the requirement profiles for the current composition of the respective bodies of the Company, which were established on the very same day, were fulfilled for both the Board of Management and the Super visory Board. Following changes to the composition of the Supervisory Board during the course of the election of employee representatives on November 22, 2022, the Super visory Board reassessed fulfillment on December 8, 2022 and approved the publication of the qualification matrix for the Supervisory Board in the Declaration on Corporate Governance.

According to Section 96 Subsection 2 of the German Stock Corporation Act (“AktG”), at least 30% of the members of the supervisory boards of listed companies subject to equal co-determination must be women and 30% men. This quota is to be met by the Supervisory Board as a whole. If the shareholder representatives or employee representatives object to the overall fulfillment to the Chairman of the Supervisory Board prior to the election, the minimum proportion for this election must be met separately by the shareholder representatives and the employee representatives. Since there was no objection to the overall fulfillment, the gender quota must be met in full by the Supervisory Board. Without prejudice to overall fulfillment, however, the shareholder and employee sides also met the minimum share for their respective side in financial year 2022 as a whole. In the period up to the implementation of Section 96 Subsection 2 of the German Stock Corporation Act (“AktG”), the Supervisory Board already decided on December 10, 2021, to set a target of at least 30% women and 30% men, which was met. The Supervisory Board’s nominations to the 2022 Annual General Meeting also took into account the statutory provisions on gender quotas.

On December 31, 2022, the Supervisory Board of Daimler Truck Holding AG comprised 6 women (of which 3 were shareholder or employee representatives) and 14 men (of which 7 were shareholder or employee representatives).

Remuneration of the Board of Management
The remuneration system applicable to the members of the Board of Management in the 2022 financial year was determined by the Supervisory Board at its constituent meeting of December 10, 2021. On the basis of this, the Supervisory Board set the targets for the 2022 financial year at its March 23, 2022 meeting on the recommendation of the Presidential and Remuneration Committee. The Supervisory Board also determined the target achievement for the 2021 financial year. The 2022 remuneration system was presented to the Annual General Meeting of Daimler Truck Holding AG on June 22, 2022 for approval pursuant to Section 120a Subsection 1 of the German Stock Corporation Act (“AktG”). Approval was given at the Annual General Meeting with a large majority of 96.20% being in favor. In November and December 2022 as well as in February 2023, after preparation by the Presidential and Remuneration Committee and the Audit Committee, the Supervisory Board once again dealt in depth with the remuneration system for the members of the Board of Management and decided on amendments to this system. The modified Board of Management remuneration system will be submitted to the Annual General Meeting in 2023 in accordance with Section 120a Subsection 1 of the German Stock Corporation Act (“AktG”) for approval. The adjustments are subject to the approval of the Board of Management remuneration system by the Annual General Meeting.

Supervisory Board Strategy Days
From September 26 to 30, 2022, the Supervisory Board held the first Strategy Days of Daimler Truck Holding AG, following the foundation of the Daimler Truck Group, at the headquarters of Daimler Truck North America LLC in Portland, USA. As part of this multi-day event, the Supervisory Board dealt extensively with the strategic orientation of the Daimler Truck Group, including the business strategy. Together with the responsible representatives of the management of the Daimler Truck Group and in particular the members of the Board of Management, the Supervisory Board discussed the plans for the further strategic direction and sustainability issues important to the Group in detail. Another special focus was on the technology transformation, in the context of which the Supervisory Board dealt in depth with the strategic planning in battery-electric and hydrogen-powered transport. In addition to detailed discussions on strategic issues, the Supervisory Board also used the time in Portland to hold a meeting on September 30, 2022.

Discussion and resolution on corporate planning (Daimler Truck Business Planning)
At its November 11, 2022 meeting, the Supervisory Board discussed and passed a resolution on Daimler Truck Business Planning for the coming financial years. The Supervisory Board had access to comprehensive documents for this purpose, which also highlighted the risks and opportunities including from sustainability-related objectives in the corporate planning in particular. In addition, the Supervisory Board turned its attention to the liquidity risk management framework developed by the Company.

Composition of the Supervisory Board and its committees
The Supervisory Board of Daimler Truck Holding AG consists of twenty Supervisory Board members. From the end of the first Annual General Meeting of Daimler Truck Holding AG on June 22, 2022, it was to be staffed by ten employee representatives and ten shareholder representatives, in accordance with the German Co-determination Act (“MitbestG”), following the conclusion of status proceedings initiated by the Board of Management. The term of office of twenty Supervisory Board members elected by the Annual General Meeting on December 2, 2021 before the Daimler Truck spin-off became effective ended upon the conclusion of the Annual General Meeting on June 22, 2022. Due to the court appointment of employee representatives and the election of shareholder representatives by shareholders at the Annual General Meeting, the Supervisory Board had an equal composition as of the end of the Annual General Meeting. The election procedure for employee representatives on the Supervisory Board was concluded on

November 22, 2022. Employees elected ten employee representatives to the Supervisory Board. Existing court-appointed positions of employee representatives expired upon this election. New members of the Supervisory Board who joined following their election were given specific support by the Company in their new tasks in a structured onboarding process.

By means of the resolution of December 10, 2021, the Supervisory Board of Daimler Truck Holding AG had already set up and staffed a Presidential, Audit and Nomination Committee. At its constituent meeting of June 22, 2022, the Supervisory Board also set up a Mediation Committee in accordance with the relevant provisions of the German Co-determination Act ("MitbestG"). At its meeting on November 11, 2022, the Supervisory Board passed a resolution to rename the Presidential Committee the Presidential and Remuneration Committee. Following the election of the employee representatives, the Supervisory Board turned its attention to the election of employee representatives in the committees by means of a written resolution. The committees had the following members in the financial year 2022:

Presidential and Remuneration Committee
At its June 22, 2022 meeting, the Supervisory Board elected Marie Wieck and Roman Zitzelsberger to be members of the Presidential and Remuneration Committee. In accordance with the Rules of Procedure, Joe Kaeser, as Chairman of the Supervisory Board is also Chairman of the Presidential and Remuneration Committee, and Michael Brecht is Deputy Chairman, also in accordance with the Rules of Procedure. After the renewed election as employee representative on November 22, 2022, Roman Zitzelsberger was again elected as a member of the Presidential and Remuneration Committee.

Audit Committee
Michael Brosnan, Akihiro Eto, Harald Wilhelm, Michael Brecht, Jörg Köhlinger and Thomas Zwick were elected to the Audit Committee on June 22, 2022. On June 22, 2022, the Audit Committee elected Michael Brosnan as its Chairman and Michael Brecht as its Deputy Chairman. Michael Brecht, Jörg Köhlinger and Thomas Zwick were re-elected to the Audit Committee in December 2022, after the election of the employee representatives. The Audit Committe in turn re-elected Michael Brecht as its Deputy Chairman.

Nomination Committee
On June 22, 2022, the Supervisory Board elected Marie Wieck and Renata Jungo Brüngger as additional members of the Nomination Committee to join Joe Kaeser, who, as Chairman of the Supervisory Board, is also Chairman of the Nomination Committee in accordance with the Rules of Procedure.

Mediation Committee
The Supervisory Board established a Mediation Committee for the first time on June 22, 2022 and elected Marie Wieck and Roman Zitzelsberger as new members to the Mediation Committee. In accordance with the Rules of Procedure, Chairman of the Supervisory Board Joe Kaeser also occupies the position of Chairman of the Mediation Committee, and Michael Brecht is its Deputy Chairman, also in accordance with the Rules of Procedure. After re-election as an employee representative on November 22, 2022, Roman Zitzelsberger was re-elected as a member of the Mediation Committee.

Changes to the Board of Management and the Supervisory Board
The composition of the Supervisory Board of Daimler Truck Holding AG was subject to several changes in the 2022 financial year due to the impact of the German Co-determination Act ("MitbestG") on the Supervisory Board, in the course of the first Annual General Meeting and through the election of employee representatives.

At its meeting on March 9, 2023, the Supervisory Board appointed on the basis of the recommendation of the Presidential and Remuneration Committee Karin Rådström, responsible for the Mercedes-Benz Trucks brand and the regions Europe and Latin America, for the duration of five more years from February 1, 2024, i.e. until January 31, 2029, as member of the Board of Management. There were no further changes to the Board of Management in the 2022 financial year.

The term of office of twenty Supervisory Board members elected by the Annual General Meeting on December 2, 2021 before the Daimler Truck spin-off became effective upon the conclusion of the Annual General Meeting on June 22, 2022.

At the first Annual General Meeting of Daimler Truck Holding AG on June 22, 2022, the following ten shareholder representatives were elected to the Supervisory Board by the shareholders with immediate effect and with a term of office lasting until the end of the Annual General Meeting in the 2026 financial year:

- Michael Brosnan, Osterville, Massachusetts, United States;
- Jacques Esculier, Saanen, Switzerland;
- Akihiro Eto, Tokyo, Japan;
- Laura Ipsen, Reston, Virginia, United States;
- Renata Jungo Brüngger, Horgen, Switzerland;
- Joe Kaeser, Munich, Germany;
- John Krafcik, Austin, Texas, United States;
- Martin H. Richenhagen, Duluth, Georgia, United States;
- Marie Wieck, Cold Spring, New York, United States;
- Harald Wilhelm, Stuttgart, Germany.

Upon request, the Stuttgart District Court appointed the following ten employee representatives to the Supervisory Board effective the end of the Annual General Meeting on June 22, 2022, until the effective conclusion of the election procedure:

- Michael Brecht, Gernsbach, Germany;
- Bruno Buschbacher, Frankenthal, Germany;
- Harald Dorn, Münchweiler/Rodalb, Germany;
- Carmen Klitzsch-Müller, Weissach, Germany;
- Jörg Köhlinger, Frankfurt, Germany;
- Jörg Lorz, Warburg, Germany;
- Claudia Peter, Rastatt, Germany;
- Andrea Reith, Neu-Ulm, Germany;
- Roman Zitzelsberger, Stuttgart, Germany;
- Thomas Zwick, Landau, Germany.

At its constituent meeting of June 22, 2022, the Supervisory Board thereupon elected Joe Kaeser as its Chairman and Michael Brecht as its deputy.

The election procedure for employee representatives on the Supervisory Board was concluded on November 22, 2022. The employees elected the following ten employee representatives to the Supervisory Board with immediate effect with a term of office until 2027:

- Michael Brecht, Gernsbach, Germany;
- Bruno Buschbacher, Frankenthal, Germany;
- Raymond Curry, Detroit, Michigan, United States;
- Carmen Klitzsch-Müller, Weissach, Germany;
- Jörg Köhlinger, Frankfurt am Main, Germany;
- Jörg Lorz, Warburg, Germany;
- Andrea Reith, Neu-Ulm, Germany;
- Andrea Seidel, Stuttgart, Germany;
- Roman Zitzelsberger, Stuttgart, Germany;
- Thomas Zwick, Landau, Germany.

The following employee representatives resigned from the Supervisory Board with effect from November 22, 2022:

- Harald Dorn, Münchweiler/Rodalb, Germany;
- Claudia Peter, Rastatt, Germany.

Following the election of employee representatives, the Supervisory Board re-elected Michael Brecht as Deputy Chairman of the Supervisory Board.

Work in the committees
The **Presidential and Remuneration Committee** held five meetings in the 2022 financial year. The committee's work focused in particular on issues relating to corporate governance and the remuneration of the Board of Management. The Presidential and Remuneration Committee also gave its support to the Chairman of the Supervisory Board in his work and turned its attention to taking on external and other mandates by members of the Board of Management, HR matters and Directors and Officers' insurance ("D&O insurance").

The **Audit Committee** held seven meetings in the 2022 financial year. Further details can be found in the report of the Audit Committee.

The **Nomination Committee** held one meeting in the 2022 financial year. The subject of this meeting was, in particular, the preparation of the Supervisory Board's nominations for the Annual General Meeting on June 22, 2022 for re-election of the ten shareholder representatives on the Supervisory Board. As part of this activity, the Nomination Committee took into account in particular the overall requirements profile and diversity concept and competence profile for the Supervisory Board integrated within it. The recommendations on the election proposals of the Supervisory Board adopted by the Nomination Committee aimed to meet the aforementioned requirements.

There was no reason to convene the **Mediation Committee** in the 2022 financial year.

Audit of the annual and consolidated financial statements for the 2022 financial year
The annual financial statements of Daimler Truck Holding AG and the combined management report for Daimler Truck Holding AG and the Group for 2022 were duly audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, and received an unqualified audit opinion. This also applies to the 2022 Consolidated Financial Statements compiled in accordance with IFRS.

At its meeting on March 9, 2023, the Supervisory Board discussed the annual financial statements of the Company, the consolidated financial statements, the combined management report and the proposal on the appropriation of distributable profits, each of which was issued with an unqualified audit opinion by the auditors, the non-financial statement of the group integrated in the combined management report, which was reviewed by the auditors with limited assurance as well as further unaudited sustainability reporting integrated into the combined management report.

The members of the Supervisory Board had extensive draft documents at their disposal for preparation purposes, including the Annual Report with the consolidated financial statements compiled in accordance with IFRS, the combined management report, including the non-financial statement of the Group, further sustainability reporting, the Declaration on Corporate Governance, the annual financial statements of Daimler Truck Holding AG, the proposal for the appropriation of distributable profits of the Board of Management, the Remuneration Report and the audit reports of KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, for the annual financial statements of Daimler Truck Holding AG, the consolidated financial statements including the combined management report and the reporting on the accounting-related internal control system, as well as the draft report of the Supervisory Board and the recommendations of the Audit Committee, which also dealt in detail with the aforementioned topics.

The Audit Committee and the Supervisory Board dealt with these documents in detail and discussed them intensively in the presence of the auditors, who reported on the results of their audit and particularly addressed the key audit matters and the relevant audit procedures, including the conclusions drawn, and were available to answer additional questions and provide information. Following the final review of the audit by the Audit Committee and its own review, the Supervisory Board endorsed with the findings of the external audit. It determined that there were no objections to be raised and adopted the financial statements compiled by the Board of Management and the combined management report, including the non-financial statement audited with limited assurance. The 2022 financial statements of the Company were thus adopted. On this basis, the Supervisory Board endorsed the proposal of the Board of Management concerning the appropriation of distributable profits.

The Supervisory Board also adopted the report of the Supervisory Board, the Declaration on Corporate Governance and the Remuneration Report, which was prepared together with the Board of Management in accordance with Section 162 of the German Stock Corporation Act ("AktG").

2022 Annual General Meeting and preparations for the 2023 Annual General Meeting

The first Annual General Meeting of Daimler Truck Holding AG as a listed company took place in Stuttgart on June 22, 2022 as a virtual Annual General Meeting within the meaning of Section 1 of the Act on Measures in the Law on Company, Cooperative, Association, Foundation and Home Ownership to Combat the Effects of the COVID-19 Pandemic ("COVMG").

At its meeting on March 23, 2022, the Supervisory Board approved the agenda and proposed resolutions for the Annual General Meeting. In the run-up to the Annual General Meeting, Joe Kaeser, Chairman of the Supervisory Board, held in-depth discussions with investors and voting proxies on the role of the Supervisory Board in corporate governance during the self-styled "governance roadshows".

At the Annual General Meeting, the resolutions proposed by the Supervisory Board were adopted by a large majority. This included, in particular, the individual election of shareholder representatives explained above and the discharge of members of the Supervisory Board for the 2021 financial year.

In preparation for the 2023 Annual General Meeting, on September 30, 2022, the Supervisory Board passed a resolution on the conditions for staging the Annual General Meeting. At its meeting on March 9, 2023, the Supervisory Board also approved the agenda and the proposed resolutions for the 2023 Annual General Meeting.

Appreciation

The Supervisory Board would like to express its thanks to all employees of the Daimler Truck Group and the members of the management and the Board of Management for their commitment and hard work in the 2022 financial year and their active contribution to the Company's success.

Special thanks should also be given to Claudia Peter and Harald Dorn who made a particularly outstanding contribution to Daimler Truck through their hard work and commitment to the Supervisory Board and who left the Supervisory Board in the 2022 financial year.

Leinfelden-Echterdingen, March 2023

The Supervisory Board

Joe Kaeser
Chairman

A.01

Individualized disclosure of participation in meetings by the members of the Supervisory Board of Daimler Truck Holding AG in the 2022 financial year

	Participation	Attendance (%)
2022		
Supervisory Board		
Joe Kaeser (Chairman)	7/7	100
Michael Brecht (Deputy chairman)*	7/7	100
Michael Brosnan	7/7	100
Bruno Buschbacher*	7/7	100
Raymond Curry* (since November 22, 2022)	1/1	100
Jacques Esculier	5/7	71
Akihiro Eto	7/7	100
Laura Ipsen	6/7	86
Renata Juno Brüngger	7/7	100
Carmen Klitzsch-Müller*	6/7	86
Jörg Köhlinger*	7/7	100
John Krafcik	7/7	100
Jörg Lorz*	7/7	100
Andrea Reith*	7/7	100
Martin Richenhagen	7/7	100
Andrea Seidel* (since November 22, 2022)	1/1	100
Marie Wieck	7/7	100
Harald Wilhelm	7/7	100
Roman Zitzelsberger*	7/7	100
Thomas Zwick*	7/7	100
Harald Dorn* (until November 22, 2022)	6/6	100
Claudia Peter* (until November 22, 2022)	6/6	100
*Employee representative		
Presidential and Remuneration Committee		
Joe Kaeser (Chairman)	5/5	100
Michael Brecht	5/5	100
Marie Wieck	5/5	100
Roman Zitzelsberger	5/5	100
Audit Committee		
Michael Brosnan (Chairman)	7/7	100
Michael Brecht	7/7	100
Akihiro Eto	7/7	100
Jörg Köhlinger	7/7	100
Harald Wilhelm	7/7	100
Thomas Zwick	7/7	100
Nomination Committee		
Joe Kaeser (Chairman)	1/1	100
Renata Jungo Brüngger	1/1	100
Marie Wieck	1/1	100
Mediation Committee		
Joe Kaeser (Chairman)	0/0	/
Michael Brecht	0/0	/
Marie Wieck	0/0	/
Roman Zitzelsberger	0/0	/

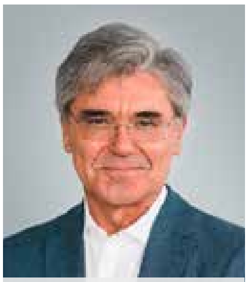
A.02

Disclosure of the session mode

Committee	Number of meetings	thereof as face-to-face[1]	thereof as video or telephone conferences
Supervisory Board	7	3	4
Presidential and Remuneration Committee	5	3	2
Audit Committee	7	2	5
Nomination Committee	1	0	1
Mediation Committee	0	0	0

1 A face-to-face meeting is a meeting to which members of the Supervisory Board have been invited to participate on site. Attendance by video or telephone link is also possible during an in-person meeting however.

The Supervisory Board

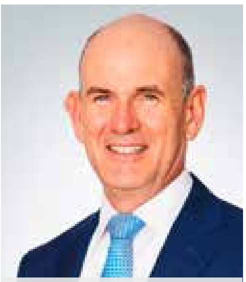

Joe Kaeser


Michael Brecht*


Michael Brosnan


Bruno Buschbacher*


Raymond Curry*


Jacques Esculier

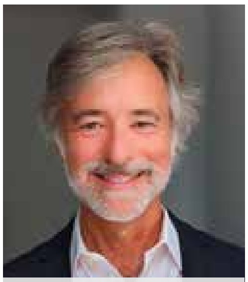

Akihiro Eto


Laura Ipsen


Renata Jungo Brüngger


Carmen Klitzsch-Müller*


Jörg Köhlinger*


John Krafcik


Jörg Lorz*


Andrea Reith*


Martin H. Richenhagen


Andrea Seidel*


Marie Wieck


Harald Wilhelm


Roman Zitzelsberger*


Thomas Zwick*

* employee representatives.

The Supervisory Board

Joe Kaeser
Chairman of the Supervisory Board –
shareholder representative.
Chairman of the Presidential and Remuneration Committee, the Nomination Committee and the Mediation Committee.
Chairman of the Supervisory Board of Siemens Energy AG.

Michael Brecht
Deputy Chairman of the Supervisory Board –
employee representative.
Deputy Chairman of the Presidential and Remuneration Committee, the Audit Committee and the Mediation Committee.
Chairman of the Group- and General Works Council of Daimler Truck AG. Chairman of the Works Council of the Mercedes-Benz plant in Gaggenau.

Michael Brosnan
Shareholder representative.
Chairman of the Audit Committee.
Former Chief Financial Officer of Fresenius Medical Care AG & Co. KGaA.

Bruno Buschbacher
Employee representative.
Chairman of the General Works Council of EvoBus GmbH.
Chairman of the Works Council of the Mercedes-Benz plant in Mannheim.

Raymond Curry (since November 22, 2022)
Employee representative.
President of the United Auto Workers trade union.

Jacques Esculier
Shareholder representative.
Former Chairman of the Board of Management and CEO of WABCO Holdings Inc.

Akihiro Eto
Shareholder representative.
Member of the Audit Committee.
Former Member of the Board of Management, President and Global Chief Operating Officer of Bridgestone Corporation.

Laura Ipsen
Shareholder representative.
President and Chairwoman of the Board of Management of Ellucian Company L.P.

Renata Jungo Brüngger
Shareholder representative.
Member of the Nomination Committee.
Member of the Board of Management of Mercedes-Benz Group AG and Member of the Board of Management of Mercedes-Benz AG.

Carmen Klitzsch-Müller
Employee representative.
Chairman of the Works Council of the Daimler Truck AG headquarters at the Stuttgart site.

Jörg Köhlinger
Employee representative.
Member of the Audit Committee.
District Manager Central of IG Metall (Metalworkers' Union).

John Krafcik
Shareholder representative.
Former CEO Waymo LLC.

Jörg Lorz
Employee representative.
Deputy Chairman of the Group Works Council of Daimler Truck AG. Chairman of the Works Council of the Mercedes-Benz plant in Kassel.

Andrea Reith
Employee representative.
Deputy Chairwoman of the General Works Council of EvoBus GmbH.
Chairwoman of the Works Council of the EvoBus GmbH plant Ulm/Neu-Ulm.

Martin H. Richenhagen
Shareholder representative.
Former President and Chairman of the Board of Management of AGCO Corporation.

Andrea Seidel (since November 22, 2022)
Employee representative.
Deputy Chairwoman of the Group Spokespersons' Committee and the General Spokespersons' Committee of the executive employees of Daimler Truck AG. Chairwoman of the Management Representative Committee of the executive employees of Daimler Truck Leinfelden-Echterdingen headquarters.

Marie Wieck
Shareholder representative.
Member of the Presidential and Remuneration Committee, the Nomination Committee and the Mediation Committee.
Executive Partner at Ethos Capital.

Harald Wilhelm
Shareholder representative.
Member of the Audit Committee. Member of the Board of Management of Mercedes-Benz Group AG and of Mercedes-Benz AG. Chairman of the Supervisory Board of Mercedes-Benz Mobility AG.

Roman Zitzelsberger
Employee representative.
Member of the Presidential and Remuneration Committee and the Mediation Committee.
District Manager Baden-Württemberg of IG-Metall.

Thomas Zwick
Employee representative.
Member of the Audit Committee.
Deputy Chairman of the General Works Council of Daimler Truck AG.
Chairman of the Works Council of the plant in Wörth.

Harald Dorn (resigned on November 22, 2022)
Employee representative.
Chairman of the Group and General Spokespersons' Committee of executive employees of Daimler Truck AG.

Claudia Peter (resigned on November 22, 2022)
Employee representative.
First authorized representative of IG Metall Gaggenau.

All shareholder representatives on the Supervisory Board are elected until 2026.
All employee representatives on the Supervisory Board are elected until 2027.
All current members of the Supervisory Board are also members of the Supervisory Board of Daimler Truck AG.

Detailed information on the members of the Supervisory Board, their positions on other supervisory boards or comparable monitoring boards and their curriculum vitae, as well as information on the committees of the Supervisory Board and their members, can be found on the Company's Website.

Objectives and Strategy

Trucks and buses are the backbone of our economy and society. The world stands still without them. At Daimler Truck, we like to say with conviction and pride: "We work for all who keep the world moving" – for the haulers who transport goods from ports around the world to supermarkets, construction sites and hospitals. For transport providers who bring people to work, school or on holiday. For the public services that keep our streets and cities clean, and for many more. We work for all who keep the world moving – this is our purpose and motivates us every single day.

A.03
Our Purpose, Our Vision, Our Strategy

OUR PURPOSE | For all who Keep the World Moving

OUR STRATEGY | Lead Transformation and Lead Profitability

Add Value for **Society** We strive for sustainability	Add Value for **Customers** We enhance our customer's business	Add Value for **Shareholders** We create superior value
Lead Technology Transformation We drive ZEV	**Focus on Core** We focus on core business and leverage globally	**Lead Service Transformation** We drive superior services
Partnerships We join forces	**People & Culture** We inspire	**Lean Organization** We deliver

OUR VISION | Leading Sustainable Transportation

Our long-term goals
Daimler Truck is one of the world's leading manufacturers of commercial vehicles. Our brands are firmly established in many regions of the world. With our Financial Services segment, we offer our customers a complete package of vehicles, financing and leasing products and other services.

In 2022, we refined our corporate strategy with a clear goal: We want to "lead transformation and lead profitability." This reflects our ambition to lead the transformation of our industry and simultaneously operate profitably and sustain growth.

Both are key to our future success and to delivering on our promise to society, our customers and shareholders.

How we achieve our long-term goals: Our strategy

In order to achieve our long-term objectives, we focus on three strategic levers:

1. Lead technology transformation – "*We drive ZEV*"

   We want to live up to our commitment to enable CO_2-neutral transport on the roads by 2050. Among other things, we will be offering battery-electric and hydrogen-powered trucks and buses that are CO_2-neutral in terms of "tank-to-wheel" emissions.

   We are also focusing on digitalization in vehicles and the backend, as well as automating transportation.

2. Focus on core – "*We focus on core business and leverage globally*"

   We must prioritize in which areas we will focus our engineering capabilities and investment. A decisive criterion is which current or new technologies, products and services meet the requirements and wishes of our customers and society in the long-term. We want to combine our activities in order to be even stronger in the future.

3. Lead service transformation – "*We drive superior services*"

   We are promoting the transformation to a service offering that provides a state-of-the-art physical and digital service ecosystem to best support our customers' businesses. The transformation to emission-free vehicles enables additional growth and business opportunities.

We are working on these prerequisites
Partnerships help us accelerate change even further. With the right partners, we can reduce our own investment requirements, gain access to important expertise, achieve economies of scale more quickly and offer our customers a comprehensive service portfolio. "*We join forces*"

Our employees are fundamental to our progress and success. In order to continue attracting top talent to Daimler Truck in future, we will continue to work tirelessly on nurturing an attractive working environment, corporate culture and the professional and personal development of our global team. "*We inspire*"

In times of massive transformation in our industry, efficient use of resources is essential. We will continue to focus on a lean and agile organization with highly efficient structures and processes. "*We deliver*"

How our segments are implementing the Daimler Truck strategy

Trucks North America underpinned its claim to play a pioneering role in CO_2-neutral transportation with the start of series production of the battery-electric eCascadia in mid-2022. The Freightliner eM2 will be added to the growing CO_2-neutral product lineup when it goes into series production by mid-2023. Trucks North America is working with various partners to promote the expansion of charging and refilling infrastructure for battery-electric and hydrogen-powered commercial vehicles in the United States. At the same time, Trucks North America is continuing to work with technology partners in the field of autonomous driving to bring a self-driving Freightliner Cascadia series production truck ("SAE Level 4") onto the road by the end of the decade.

Mercedes-Benz continues to accelerate the decarbonization of road transportation. The series models of the eActros and the eEconic are already being rolled out to customers in Europe. The next model will be the heavy-duty long-haul electric truck, Mercedes-Benz eActros LongHaul, which will undergo customer trials in 2023 and is scheduled to be ready for series production in 2024. Additionally, Mercedes-Benz is working with various partners to advance the expansion of charging and refilling infrastructure for battery-electric and hydrogen-powered vehicles in Europe.

Trucks Asia is driving CO_2-neutral transport forward with its FUSO brand and is launching the series version of the fully electric Next Generation eCanter in 2023 – both in Japan and in other markets such as Europe, Australia and New Zealand. In India, Trucks Asia intends to continue the growth of the BharatBenz brand more than ten years after its successful market introduction. Ten new vehicles were unveiled for this purpose in 2022. Trucks Asia also aims to expand its position in China, the world's single largest market for heavy-duty commercial vehicles. The production of heavy-duty Mercedes-Benz semi-trailer tractors, which launched in China in 2022 as part of the joint venture with Beijing Foton Daimler Automotive ("BFDA"), also contributed to this.

Daimler Buses is focusing on growth in profitable markets and intends to tap the North American market with a new Mercedes-Benz touring coach tailored to local requirements. The strategic course is also set with regard to CO_2-neutrality: Daimler Buses intends to offer battery-electric or hydrogen-powered models in every product segment by 2030. In the city bus segment, only new vehicles that are CO_2-neutral in driving operation are to be sold in the core market of Europe from 2030. Daimler Buses also already offers customers an overall e-mobility system for operating an electric fleet. This includes the construction of the power supply infrastructure, including the corresponding construction measures, which are offered as turnkey solution, if required.

Financial Services aims to make a significant contribution to Daimler Truck's service growth. In its core business of leasing and financing, the segment plans to increase the market share of all trucks and buses sold by Daimler Truck to around 30% in the medium term. Financial Services also plans to open up new markets and launch new products and service solutions.

What does sustainability mean to us?
Sustainability is an important part of our long-term objectives and consequently of many strategic projects that we are launching. Sustainability means much more than CO_2-neutral products. We take responsibility for the environment and society and pursue sustainable corporate governance. We focus on where we can contribute to a more liveable world. First and foremost, we start with our production facilities - all our European plants have a CO_2-neutral balance sheet since 2022. For our production facilities in India, Japan and in the United States, this step is planned by 2025. By 2039, we aim to have CO_2-neutral production at all our plants worldwide.

We employ more than 100,000 people worldwide. They are our most important asset - and we take various measures to ensure that they feel comfortable at work, can develop their potential and maintain their mental and physical wellbeing.

We are also committed to respecting and upholding human rights throughout our entire value chain. We expect all our suppliers to act in accordance with international social standards and legal environmental protection requirements. We oblige our direct suppliers to implement essential and recognized sustainability standards.

The safety of the drivers of our trucks and buses, as well as of all other road users, is our top priority and a central aspect of our vehicle and technology development. Sustainable action is also reflected in our social commitment to the regions and communities in which we are rooted.

We want sustainable success for our Company. This means we want to offer the best products for our customers and an attractive investment for our shareholders. For our employees, we create sustainable jobs and an attractive working environment. For society, we uphold our responsibilities as a reliable industry partner.

Further comprehensive information can be found in chapter Sustainability at Daimler Truck of our combined management report with non-financial statement of the group.

Only by acting sustainably, can we achieve long-term success. And that's exactly what we are committed to do: leading sustainable transportation – for all who keep the world moving.

B Combined Management Report with Non-Financial Statement of the Group

including Sustainability at Daimler Truck

B Combined Management Report with Non-Financial Statement of the Group

including Sustainability at Daimler Truck

1 The content of this section was not submitted to an audit in the context of the statutory audit of our Combined Management Report. Our auditor, KPMG AG, Berlin, has nevertheless conducted an independent assurance engagement on the Non-Financial Statement of the Group, contained in this section, to obtain limited assurance.

▼▲ This content is part of the Non-Financial Statement of the Group and subject to a separate audit with limited assurance.

Corporate Profile

Business model

A good 125 years ago, Gottlieb Daimler and Carl Benz founded the modern transport industry with their first trucks and buses. This became today's Daimler Truck Group (hereinafter also referred to as "Daimler Truck" or "Group") – one of the largest commercial vehicle manufacturers in the world, with over 40 production facilities around the world and more than 100,000 employees. The Company has clearly formulated its overarching objective ("purpose"): The Group works for all who keep the world moving. Daimler Truck customers deliver goods reliably, punctually and safely to their destinations and make people mobile. The Company provides the technologies, products and services its customers need. The same can also be said for the transformation to CO_2-neutral commercial vehicles. Daimler Truck wants to make sustainable transport a success, with great technological expertise and a clear view of customer requirements.

Daimler Truck was spun off from Daimler AG (now Mercedes-Benz Group AG) in 2021. Daimler Truck Holding AG is the parent company of the Group with its registered office in Stuttgart and its headquarters in Leinfelden-Echterdingen, Germany. It was founded in March 2021 to implement the spin-off from Daimler AG and has been listed on the stock exchange since December 2021. The Group has major manufacturing operations in Brazil, Germany, France, India, Japan, Mexico, Turkey and the United States, as well as branches in most countries around the world.

The Daimler Truck Group brings seven vehicle brands under one roof: BharatBenz, Freightliner, FUSO, Mercedes-Benz, Setra, Thomas Built Buses and Western Star. Its truck product range includes light-, medium- and heavy-duty trucks for long-distance, distribution and construction transport, special vehicles used mainly in the municipal sector, and industrial engines. The range of bus products includes city buses and inter-city buses, touring coaches and bus chassis. Trucks account for the majority of total unit sales.

In addition to selling new and used commercial vehicles, the Group also offers aftersales services and connectivity solutions, the latter under the Detroit Connect, FUSO Connect, Mercedes-Benz Uptime and Fleetboard brands, for example. In addition, Daimler Truck Financial Services is a strong brand for customized financial and mobility services.

Reporting is based on five segments: Trucks North America, Mercedes-Benz, Trucks Asia, Daimler Buses and Financial Services. Trucks North America, Mercedes-Benz, Trucks Asia and Daimler Buses together make up the "automotive segments." These automotive segments comprise the development, production, and sale of trucks, buses, engines and related services under the corresponding brands. In addition, other business operations, particularly in the area of autonomous driving ("SAE Level 4"), as well as projects managed by headquarters that are not allocated to the segments and especially eliminations, are combined in the "reconciliation". Together with the reconciliation, the automotive segments form the "Industrial Business."

This Combined Management Report is for the 2022 financial year. In this report, we have combined the management reports for Daimler Truck Holding AG and the Group. We have expanded the Combined Management Report to contain the chapter Sustainability at Daimler Truck, including the non-financial statement of the Group.

Activities of the segments

Trucks North America is the leading manufacturer of heavy-duty trucks in North America by unit sales and number two in the “vocational market”, the segment for construction vehicles and special vehicles. The segment produces and markets commercial vehicles and chassis under the Freightliner, Western Star, and Thomas Built Buses brands. With its class 5-8 trucks, it covers the medium- to heavy-duty truck segment. Trucks North America also supplies trucks for off-road applications, as well as long-haul vehicles and school buses. The segment’s production network comprises 15 production locations in the United States and Mexico. This gives Trucks North America the flexibility to adapt its production to market conditions in a cost-efficient manner.

Mercedes-Benz is the highest-selling truck brand in the EU30 region (European Union, United Kingdom, Switzerland and Norway). The segment develops, produces, and sells trucks under the Mercedes-Benz brand in Europe, the Middle East, Africa, and Latin America, and is also responsible for the sale of FUSO brand trucks in Europe and Latin America. Its product range includes light-, medium- and heavy-duty-trucks as well as special vehicles. The trucks from Mercedes-Benz are designed for a wide range of applications, including long-distance haulage, heavy-duty distribution, regional line haul, urban delivery, municipal services, off-road utility vehicles, and logistics. The segment also produces its own drivetrains at several production sites in Germany and Brazil. Through its dealer network, Mercedes-Benz also offers its customers services such as maintenance, repairs, spare parts, digital services, and fleet management.

Furthermore, Mercedes-Benz sells used commercial vehicles through its TruckStore sites. The segment’s production network comprises twelve locations in Europe, Latin America and Africa.

Trucks Asia combines the operations of Mitsubishi Fuso Truck and Bus Corporation (“MFTBC”), based in Japan, and Daimler India Commercial Vehicles (“DICV”), based in India. The segment has a strong position in Japan, Indonesia, India and other major markets around the world. It develops, produces and sells FUSO and BharatBenz trucks and buses, and also distributes Mercedes-Benz trucks and buses in numerous Asian markets. Mitsubishi Fuso Truck and Bus Corporation also manufactures industrial engines.

The production network of Trucks Asia includes nine locations in Japan, India, Indonesia, Europe and China. Trucks Asia is active in China through Daimler Truck China (“DTC”) and sells imported trucks of the Mercedes-Benz brand. Beijing Foton Daimler Automotive Co. Ltd (“BFDA”), the joint venture with Beiqi Foton Motor Co. Ltd (“Foton”), produces trucks under the Auman brand. Since 2022, the joint venture has also been selling locally produced tractors under the Mercedes-Benz brand for the Chinese market.

Daimler Buses is a full-service provider of buses and chassis with permissible gross weights exceeding eight tons. With its Mercedes-Benz and Setra brands, the segment is the top-selling manufacturer in its traditional core markets of the EU30, Brazil, Argentina and Mexico. The product range of Daimler Buses covers coaches, intercity buses, city buses and bus chassis. While Mercedes-Benz buses predominantly stand for high-quality technology at cost-effective operating costs, the Setra brand is aimed at an upmarket clientele.

For aftersales service and spare parts, Daimler Buses operates its own brand, OMNIplus, and for used vehicles its own dealer network, BusStore. The segment’s production network comprises ten sites in Europe, Latin America and Africa

Financial Services is one of the world's largest captive financial services providers in the commercial vehicle sector. It supports the sales of the Group's truck and bus brands with tailored financial services, which include leasing and financing packages as well as insurance and rental solutions. In addition, the provision of fleet management and services solutions as well as integrated service offerings are planned. Financial Services plays a vital role for the Group's customers, enabling them to use and maintain their vehicles on flexible and reasonable terms. The financial services operations have the clear objective of building and maintaining the loyalty of the Group's customer base as well as contributing to the Group's financial success.

All segments are committed to the core ambition of Daimler Truck: From 2039 onwards, the Group aims to offer only new vehicles in the regions Europe, North America and Japan that are CO_2-neutral in driving operation (tank-to-wheel). To that end a comprehensive zero-emission product portfolio is being built. By the end of 2022, Daimler Truck already had eight CO_2-neutral models in series production. In addition, the cellcentric GmbH & Co. KG ("cellcentric") joint venture with the Volvo Group aims to develop, produce and market hydrogen fuel cells and systems. Daimler Truck is helping to kick off a suitable charging infrastructure by launching pilot projects with a number of strategic partnerships. In order to further accelerate the transition to CO_2 neutrality, tailor-made financial services for alternative drive system technologies will also be offered in the future.

B.01

Group structure of Daimler Truck[1]

Trucks North America	Mercedes-Benz	Trucks Asia	Daimler Buses	Financial Services
Revenue[2]: €22.0 billion	**Revenue[2]: €20.2 billion**	**Revenue[2]: €6.5 billion**	**Revenue[2]: €3.7 billion**	**Revenue[2]: €1.8 billion**
Active workforce[3]: 28,227	**Active workforce[3]: 40,884**	**Active workforce[3]: 16,214**	**Active workforce[3]: 15,184**	**Active workforce[3]: 1,770**

1 Presentation of the main brands per segment.
2 Year 2022.
3 At December 31, 2022. This reflects the active workforce excluding vacation employment as a full-time equivalent.

Important Events 2022

2022 was an exceptional year in many respects: The conditions for the first year as an independent company were extremely challenging. The war of aggression on Ukraine, the energy crisis triggered by it, the high inflation in many regions and the ongoing supply chain constraints. Last year, Daimler Truck's global workforce continued to work with great dedication on behalf of all who keep the world moving. The consistent further development of optimal transport solutions within the framework of the dual strategy was the top priority. On the following pages, you can review the first year of Daimler Truck in its entrepreneurial independence along the most important events.

Important Events

Daimler Truck supports Ukrainian population
Daimler Truck has reacted with deep dismay to the start of the war against Ukraine. On February 27, 2022, Daimler Truck decided to stop all business activities in Russia until further notice. Employees from all over the world expressed their solidarity with the Ukrainian population and provided concrete support in the form of trucks and buses for aid deliveries as well as donations in kind and money for relief operations. This also included a larger monetary donation, which was collected by the Daimler Truck workforce and doubled by the Company.

Daimler Truck moves into DAX
Daimler Truck Holding AG has moved up to the DAX stock index with effect from March 21, 2022, after the Company had already been listed in the MDAX shortly before. The DAX stock index tracks the performance of the 40 largest German stock corporations in terms of market capitalization and with the highest revenue on the Regulated Market of the Frankfurt Stock Exchange.

First series-produced eActros operating for DB Schenker
The first fully electric series-produced Mercedes-Benz eActros is driving for DB Schenker: Karin Rådström, CEO Mercedes-Benz Trucks, has handed over an eActros 300 for heavy distribution transport to the logistics service provider. DB Schenker uses the eActros to transport palletized shipments in the Leipzig area.

Premiere of the Mercedes-Benz Tourrider in California
The new Mercedes-Benz Tourrider, a touring coach specially developed for the North American market, celebrated its premiere at the Motorcoach Expo of the United Motorcoach Association ("UMA") in Long Beach, California. Daimler Coaches North America, part of the Daimler Buses segment, presented two versions: the upmarket Tourrider Business and a luxury coach for the first-class segment, the Tourrider Premium.

New Innovation Center opened in India
Daimler Truck opened its product development and IT center Daimler Truck Innovation Center India ("DTICI") in Bangalore, India, in March. Daimler Truck Innovation Center India is a new, Company-owned incubator where scalable innovations for the global product portfolio are created. Daimler Truck Innovation Center India uses India's comprehensive talent pool in the area of engineering and IT to develop forward-looking products that are intended to give all Daimler Truck brands worldwide a competitive edge.

Daimler Truck brand FUSO celebrates 90th anniversary
Daimler Truck's Asian subsidiary Mitsubishi Fuso Truck & Bus Corporation (MFTBC; "FUSO"), celebrated the 90th anniversary of the FUSO brand. The origin of the iconic FUSO name dates back to May 1932, when Mitsubishi's first bus, the "B46 type shared car" rolled off the assembly line at the Kobe shipyard of the former Mitsubishi Shipbuilding Company and was branded FUSO. This name was suggested by an engineer at the shipyard. It originally refers to a large sacred tree and is now used as the name for the hibiscus flower.

After the outbreak of the war against Ukraine, Daimler Truck provided trucks and buses for aid deliveries. The company has also provided additional support for the population affected by the war with numerous donations in kind and money.

Daimler Truck subsidiary TORC Robotics working with leading U.S. logistics companies

Daimler Truck is one of the leading truck manufacturers in the development of autonomous trucks ("SAE Level 4"). With its independent subsidiary TORC Robotics, Inc., Daimler Truck is driving the development of autonomous truck transportation in the United States. TORC Robotics, Inc. has taken the next step and is working with leading U.S. logistics companies to bring autonomous trucks into real-world use. For example, TORC Robotics, Inc. created the "Torc Autonomous Advisory Council" ("TAAC") with key logistics industry players to integrate extensive industry expertise into its development process. In addition, TORC Europe GmbH also opened a technology and software development center in Stuttgart in April 2022.

Daimler Truck publishes 2021 Sustainability Report

Holistic understanding of sustainability, CO_2-neutral products and production by 2039, responsibility for employees and society, and the creation of clear liabilities with strong corporate governance: Daimler Truck is committed to the decarbonization of the commercial vehicle industry and has firmly anchored sustainability in its business strategy with a focus on the ESG (environmental, social, and responsible corporate governance) framework.

Development milestone: Daimler Truck tests fuel-cell truck with liquid hydrogen

Daimler Truck reached the next milestone on the road to completely CO_2-neutral transport, also with hydrogen-based drives. Since 2021, a Mercedes-Benz GenH2 Truck fuel-cell prototype has been undergoing intensive testing - both on the in-house test track and on public roads. In the summer of 2022, Daimler Truck put another prototype into operation to test the use of liquid hydrogen. The prototype filling station installed for this purpose at the development and testing center in Wörth enables refueling with liquid hydrogen.

Virtual Annual General Meeting: Daimler Truck reaffirms its claim to leadership on the road to sustainable transport

At its first Annual General Meeting, the Board of Management of Daimler Truck Holding AG reaffirmed the mission of Daimler Truck to play a decisive role in shaping the industry's transformation towards sustainable transport and to create added value for customers, shareholders and employees. In its first year of independence, the Company consistently pursued its clear strategy of fully levering its earnings potential despite major external uncertainty factors.

End of June, 2022 Daimler Truck hosted its first Annual General Meeting as independently listed company.

Daimler Truck, TRATON Group and Volvo Group kick off joint Venture for a European high-performance charging infrastructure
Daimler Truck, TRATON Group and Volvo Group completed the final step towards forming the previously announced joint venture for the development of charging infrastructure in Europe. With Anja van Niersen as CEO, the new joint venture is to make an important contribution to the Green Deal of the European Union and thus to climate-neutral freight transport by 2050. The plan is to offer at least 1,700 high-performance green energy charge points and to set up and operate them near highways and logistics hubs in Europe.

Electric in series production: The Mercedes-Benz eEconic rolls off the production line at the Wörth plant
Daimler Truck is accelerating the electrification of its vehicle fleet: The Mercedes-Benz eEconic for municipal use has gone into series production at the Wörth site in the southern Rhineland-Palatinate. Thus, the second model of the battery-electric Mercedes-Benz trucks will roll off the production line in Wörth, following the series launch of the eActros for urban distribution haulage in October 2022.

Daimler Truck acquires stake in German high-tech engineering company Manz
Daimler Truck has become an important anchor shareholder in the German high-tech engineering company Manz AG through a capital increase of around ten percent. In addition, in a first step both companies have signed a cooperation agreement on a strategic partnership to establish a pilot line for the production of lithium-ion battery cells and for the assembly of batteries at Daimler Truck's Mannheim site.

Daimler Truck introduces all-new Western Star 57X long-haul truck in North America
Daimler Truck North America presented the all-new Western Star 57X long-haul truck in the US. The iconic truck offers a striking front-end design and characteristic chrome look and is the latest family member of the X-Series product family. Like its sister series 47X and 49X, the 57X stands for Western Star-typical toughness, productivity and efficiency. The all-new 57X is designed primarily for customers who travel on long-distance routes, especially in the small-fleets segment or as owner operators.

Daimler Truck subsidiary FUSO unveils the Next Generation e-Canter
Daimler Truck subsidiary Mitsubishi Fuso Truck and Bus Corporation unveiled the all-new next-generation model of the all-electric light-duty truck FUSO eCanter in Japan. Following the world premiere in Japan, the European premiere of the Next Generation eCanter took place at the IAA Transportation 2022 in Hanover. Production will start in 2023. Mitsubishi Fuso Truck and Bus Corporation will also launch the new vehicle in further markets in the coming years.

Mercedes-Benz buses: Right of way for the transformation to electromobility
Daimler Buses is vigorously pushing ahead with the transformation to e-mobility with buses in cities and metropolitan areas. The Mercedes-Benz eCitaro celebrated its premiere with NMC 3 high-performance batteries at the IAA Transportation 2022 in Hanover. Daimler Buses also announced the launch of the eCitaro Range Extender with fuel cell for 2023.

Daimler Buses is vigorously pressing ahead with the transformation to e-mobility with buses in cities and metropolitan areas. The fully electric Mercedes-Benz eCitaro celebrated its premiere at the IAA Transportation 2022.

Mercedes-Benz Trucks presents the eActros LongHaul for long-distance transport for the first time at the IAA Transportation 2022 in Hanover
Following the market launch of the eActros for heavy-duty distribution transport in 2021, Mercedes-Benz Trucks has also ignited the next stage for battery-electric heavy-duty long-haul transport and presented the Mercedes-Benz eActros LongHaul for the first time at the IAA Transportation 2022 in Hanover. The eActros LongHaul is scheduled to be ready for series production in 2024 with a range of around 500 kilometers per battery charge.

Mercedes-Benz eActros LongHaul receives the "2023 Truck Innovation Award"
The Mercedes-Benz eActros LongHaul has won the "2023 Truck Innovation Award". The prestigious industry award is presented to particularly innovative trucks by the "International Truck of the Year" jury, which is made up of 25 experienced commercial vehicles journalists from important international media in Europe and other countries. Decisive for the vote were the innovative overall technological concept with LFP battery technology, the new e-axle, as well as Mercedes-Benz Trucks' high development speed.

Daimler Truck celebrates ten years of business operations in India, aims for CO_2-free 0perations in Chennai by 2025
Daimler India Commercial Vehicles ("DICV"), a wholly-owned subsidiary of Daimler Truck, celebrated ten years of business operations in India. Daimler India Commercial Vehicles started in 2012 with the ambition to transform the Indian commercial vehicle industry with new benchmarks in engineering, safety and comfort with locally produced BharatBenz branded trucks and buses. Daimler India Commercial Vehicles is also highly committed to sustainability. The Daimler Truck subsidiary is working on 100% CO_2-neutral production by 2025.

Daimler Buses starts production of the next generation of Setra coaches: New ComfortClass and TopClass roll off the production line
The Daimler Busses plant in Neu-Ulm has begun series production of the new Setra ComfortClass and TopClass 500. The first Setra TopClass and ComfortClass of the next generation rolled off the assembly line in the second half of 2022. This underscores the site's role as a competence center for coaches in the Daimler Buses production network and plays a key role in ensuring that the new coaches are put on the road in the highest Setra quality.

Daimler Truck carries out first altitude tests with fuel-cell truck
A Mercedes-Benz GenH2 truck prototype successfully completed its first high-altitude tests on public roads. During the week-long test drives, the Daimler Truck engineers repeatedly crossed the Brenner Pass with the fuel-cell semi-trailer truck carrying a typical load, on the 120 km highway stretch between Bolzano and Innsbruck. The Mercedes-Benz GenH2 truck is being developed particularly for flexible and demanding applications in the important segment of heavy-duty transport and long-haul applications.

Daimler Truck introduces electric Freightliner eCascadia into series production in North America
After well over one million test miles (over 1.6 million kilometers) in daily customer operation, Daimler Truck and its U.S. brand Freightliner have presented the production version of the all-electric eCascadia. The start of production was in 2022.

Expansion of CO_2-neutral energy supply to the production sites through photovoltaics
For the CO_2-neutral transport of goods and the carriage of passengers, Daimler Truck also wants to make its global production CO_2-neutral. Since this year, the European Daimler Truck locations have been obtaining electricity from solar, wind, and hydroelectric power. The next step, the expansion of self-supply from renewable energies thanks to an additional photovoltaic system is in the construction phase.

Daimler Truck reaches important milestone in China with the start of local production of Mercedes-Benz trucks for the Chinese market
Beijing Foton Daimler Automotive Co., Ltd. ("BFDA"), the joint venture of Daimler Truck and Foton Motor, celebrated the first locally produced Mercedes-Benz trucks at its new production site in Huairou, Beijing. With the start of series production, Daimler Truck is opening a new chapter in China. Ten years after the start of business operations in China, Beijing Foton Daimler Automotive Co., Ltd. is further expanding its presence and leveraging potential for profitable growth. Trucks manufactured under the Auman brand are still produced and marketed in China.

Daimler Truck Financial Services launches in eight additional countries
Financial Services launched business in eight additional countries during 2022 (Argentina, Belgium, the Netherlands, Italy, Spain, the United Kingdom, Turkey, and Germany). As a result, the segment was active in 15 markets at the end of 2022. With leasing and financing solutions, the Financial Services national companies play a key role in promoting electric drives in the transportation sector. In the future, the national companies will also broker special insurance packages for truck and bus customers.

Performance measurement system

Financial performance measures

EBIT
EBIT is used as the measure of operating profit for the Group, the Industrial Business and its segments, as well as for Financial Services. As earnings before interest and income taxes, EBIT reflects the profit responsibility of the segments.

The respective EBIT is derived from gross profit, which is the result of revenue less cost of sales. Operating profit is then calculated, with consideration of selling expenses, general administrative expenses, research and non-capitalized development expenditures, and other income and expenses. The EBIT of the Industrial Business additionally includes other reconciliation items of the Group that cannot be allocated to the segments. The EBIT for Financial Services already includes the interest result from operating activities, which is typical for the banking business.

To provide a more transparent picture of our ongoing business, we also calculate and report adjusted EBIT for the Group, the Industrial Business and its segments and Financial Services. The adjustments include individual items if they lead to material effects in a reporting year. These individual items may in particular relate to legal proceedings and related measures, restructuring measures and M&A transactions.

Return on sales (Industrial Business)
The return on sales is used to assess sales-based profitability in the Industrial Business. It is calculated as the ratio of EBIT to revenue. Revenues are primarily influenced by unit sales. Based on the adjusted EBIT, we also report the adjusted return on sales for the Industrial Business and its segments.

Free cash flow (Industrial Business)
The main indicator of the financial strength of the Daimler Truck Group is the free cash flow of the Industrial Business. In addition to cash flows from operating activities, this also includes cash flows from investing activities of the Industrial Business. The cash flows from the purchase and sale of marketable debt securities and similar cash investments included in cash flows from investing activities are eliminated, as these securities are classified as cash and cash equivalents and their change is therefore not part of the free cash flow of the Industrial Business.

On the other hand, effects in connection with the recognition of rights of use resulting from lessee accounting, which are mainly non-cash-effective, are included in the free cash flow of the Industrial Business. The free cash flow of the Industrial Business also includes other reconciliation items not attributable to the segments.

For a more transparent presentation of the ongoing business, we additionally identify and report an adjusted free cash flow of the Industrial Business.

Investments in property, plant and equipment
The Group's investments in property, plant and equipment are a key performance indicator for Daimler Truck. They serve to further enhance the attractiveness and future viability of our product range and production processes. In addition to investments in plant and equipment, this item also includes investments in land, buildings and operating facilities.

Research and development
The Group's research and development expenditures are another key performance indicator for us. This indicator is used to support decision making on future activities with regard to the technological challenges ahead, and thus to further strengthen the competitive position of Daimler Truck. In addition to research and non-capitalized development expenditures, the Group's capitalized development expenditures are also included.

Return on equity (Financial Services)
For Financial Services, profitability is assessed on the basis of return on equity. The return on equity is calculated as EBIT divided by quarterly average equity. If the return on equity exceeds the cost of equity, we create value for shareholders in the Financial Services segment. Based on adjusted EBIT, we also report an adjusted return on equity for Financial Services.

New business (Financial Services)
New business is a key performance indicator for Financial Services. The figure indicates the newly concluded contract volume of leasing and financing contracts.

Non-financial performance measures

In addition to financial measures, we use various non-financial measures to manage the Company. Of particular importance in this respect are the unit sales of the Industrial Business. They are calculated as the total of vehicle sales in the Industrial Business less intersegment Group transactions. In addition, Daimler Truck pursues non-financial goals in the area of sustainability, which are described in more detail in the chapter Sustainability at Daimler Truck.

Definition of sensitivities

EBIT and adjusted EBIT, research and development expenditures as well as investments in property, plant and equipment are considered to be at the prior year's level if they are within a range of minus 5.0% to +5.0%. If there is a change in a range between minus 5.0% and minus 15.0% or between +5.0% and +15.0%, we refer to a slight decrease or a slight increase compared with the prior year. If the change is more than +15.0% or less than minus 15.0% compared with the prior year, we classify this as a significant increase or a significant decrease.

The free cash flow of the Industrial Business is considered to be at the prior year's level if it is within a range of minus 10.0% to +10.0%. If there is a change in a range between minus 10.0% and minus 25.0% or between +10.0% and +25.0%, we refer to a slight decrease or a slight increase compared with the prior year. If the change is more than +25.0% or less than minus 25.0% compared with the prior year, we classify this as a significant increase or a significant decrease.

The overall market as well as unit sales and revenue is considered to be at the prior year's level if it is within a range of minus 2.0% to +2.0%. If there is a change in a range between minus 2.0% and minus 7.5% or between +2.0% and +7.5%, we refer to a slight decrease or a slight increase compared with the prior year. If the change is more than +7.5% or less than minus 7.5% compared with the prior year, we classify this as a significant increase or a significant decrease.

Key performance indicators

Key performance indicators for the Daimler Truck Group within the meaning of German Accounting Standard No. 20 for 2022 include the following performance measures at Group level: revenue, EBIT and adjusted EBIT, investments in property, plant and equipment and research and development expenditures (including capitalized development costs). The most important for the Industrial Business are both unit sales and free cash flow. The adjusted return on equity and new business constitute the most important performance measures for the Financial Services segment.

For the year 2023, investments in property, plant and equipment as well as research and development expenditures will no longer be classified separately as key performance indicators, as changes in these measures are already reflected in the other performance indicators. Nevertheless, we will continue to provide an outlook at Group level for 2023.

Detailed information on the development of financial and non-financial performance indicators can be found in the chapters Economic Conditions and Business Development, Profitability, Liquidity and Capital Resources, Financial Position, Sustainability at Daimler Truck, as well as in the Outlook in the Combined Management Report.

Declaration on Corporate Governance

The combined Declaration on Corporate Governance for the Company and the Group pursuant to Sections 289f and 315d of the German Commercial Code (Handelsgesetzbuch or "HGB") can be found in the chapter Declaration on Corporate Governance in the Annual Report and on the Company's Website. Pursuant to Section 317 Subsection 2 Sentence 6 of the German Commercial Code ("HGB"), the auditor's review of the statements pursuant to Section 289f Subsections 2 and 5 and Section 315d of the German Commercial Code ("HGB") is limited to determining whether such statements have actually been provided.

Economic Conditions and Business Development

The world economy

Two geopolitical factors ensured that the global economy did not perform with the originally anticipated momentum in 2022: the almost continuous zero-COVID policy in China with regional lockdowns and the Russia-Ukraine war. Fossil fuels and raw materials, which Russia and Ukraine are important producers of, had temporarily became significantly scarcer, particularly in the eurozone. The additional price pressure resulting from rising energy prices weighed on both companies and private households and accelerated the increase in inflation rates already observed since the middle of 2021. In 2022, the global inflation was 7.6%. This prompted leading central banks to adopt a more restrictive monetary policy. Despite this deteriorating backdrop, the global gross domestic product ("GDP") rose in real terms by 3.0% year on year, with developed economies recording a growth of 2.6%. Emerging markets increased their economic output by 3.6% in real terms.

The growth prospects of the US economy in 2022 had deteriorated in the course of the reporting year. The rise in consumer prices, also driven by core inflation, forced the US Federal Reserve ("Fed") to adopt a much more restrictive monetary policy. The Fed thus raised the key interest rate to a range of 4.25% to 4.5% by the end of 2022. Although the pandemic-related pent-up demand and the robust labor market created a favorable environment, high inflation had an increasingly dampening effect, so that the US economy grew by 2.1% in real terms in 2022.

The countries of the eurozone responded to the Russia-Ukraine war with economic sanctions, to which the Russian side responded with their own countermeasures. Russia initially reduced gas supply to Germany, for completely cutting off direct deliveries in the course of year. The reduced supply of gas caused prices in the eurozone to rise significantly, which was also reflected in the electricity markets. The rise in energy prices accelerated the growth of both producer and consumer prices. The rate of inflation in the eurozone rose to 8.4% in 2022. This increased the pressure on the European Central Bank ("ECB") to raise its key interest rate. The GDP growth rate in the eurozone in particular in the first half of the year was favored by the prior-year low level due to the pandemic, meaning that real GDP still increased by 3.5% in 2022.

While COVID-19 lost prominence in many regions of the world, the Chinese government followed a strict zero-COVID policy course until December, 2022. Repeated lockdowns caused a significant decline in the speed of economic growth. Although the economy recovered over the course of the reporting year, the Chinese economy grew at a significantly slower rate of 3.0% than the self-imposed target of 5.5%.

In this context, exchange rates were volatile. The exchange rate of the US dollar against the euro ranged between 0.96 and 1.15 during the year. At year-end, the euro was about 6% weaker than at the end of 2021. The Japanese yen fluctuated against the euro within a range of 126 to 148. By the end of the year, the euro had strengthened by nearly 8%. The euro lost around 11% against the Brazilian real.

The commercial vehicle market

Although the global economy performed worse than expected in the year under review, some of the important truck unit sales markets saw growth. A high backlog of orders and pent-up demand led to an upward trend in the commercial vehicle industry despite the supply chain situation remaining strained. In North America, the market for heavy-duty trucks ("Class 8") grew by around 15% to 309 thousand units. As a result, we exceeded the scope of our forecast of 255 to 295 thousand units in the combined management report for 2021. Unit sales of heavy trucks in the EU30 region (European Union, United Kingdom, Switzerland and Norway) were less dynamic, but still positive. The market volume increased by around 7% to 296 thousand units in the reporting year. This confirms our forecast of 260 to 300 thousand units updated in the Interim Report for the third quarter of 2022 (combined management report 2021: 240 to 280 thousand units). In Brazil, the market level of the prior year was kept for heavy trucks. The markets for heavy trucks in Japan and China were negative performers. In Japan, the market volume declined by around 33%, while in China the market more than halved (-71%), also due to special effects. The Indian market for trucks over 9t, on the other hand, recovered from the low level of the prior year with growth of around 54%.

The performance of important sales markets for heavy buses was mixed in the reporting year. For example, the market volume in the EU30 region fell compared with the prior year and thus remained below the pre-pandemic level. In Brazil, on the other hand, the market for heavy buses showed a clear upward trend.

Business development

Unit sales

Daimler Truck sold a total of 520,291 (2021: 455,445) vehicles in 2022, which was significantly above the prior-year level. The forecast of 500 to 520 thousand for 2022 provided in the combined management report for 2021 was therefore confirmed.

The **Trucks North America** segment achieved unit sales of 186,779 trucks (+15%) in 2022 due to strong market demand and despite bottlenecks in supply chains. In the US, we were able to significantly increase our unit sales with 157,878 trucks by 13% compared with the prior year. In Canada, we also achieved a significant increase in unit sales to 14,539 (2021: 12,389) units and in Mexico to 12,000 (2021: 7,685) units. As a result, the Trucks North America segment was able to achieve the forecast of 175 to 195 thousand for 2022 provided in the combined management report for 2021.

In the year 2022, the **Mercedes-Benz** segment sold significantly more than in the prior year with 166,369 (2021: 141,331) vehicles. Despite the bottlenecks in the supply chains, the increase in unit sales was mainly due to market recovery in the EU30 region. Our unit sales in the EU30 region increased significantly by 30% to 86,287 units. In addition, unit sales increased by 4% to 36,188 units in Brazil, our main market in Latin America. As a result, the Mercedes-Benz segment was able to achieve the forecast of 155 to 175 thousand units.

Unit sales in the **Trucks Asia** segment increased significantly by 9% to 155,967 trucks. Despite the bottlenecks in the supply chains, the increase in unit sales was mainly due to the markets outside Japan. In a recovering market in Indonesia, we sold a total of 43,963 units, representing a significant increase of 29%. In the EU30 region, we recorded a significant increase in unit sales of 18% to 9,449 units compared with the prior-year level. Conversely, in Japan, we recorded a 13% decline in unit sales to 28,304 trucks and buses due to bottlenecks in supply chains. The forecast of 140 to 160 thousand units has therefore been reached.

Unit sales from our Chinese joint venture Beijing Foton Daimler Automotive Co., Ltd. (“BFDA”), to which trucks of the Auman brand and, since the fourth quarter of 2022, Mercedes-Benz trucks produced in China also contribute, remained significantly below the prior year’s level at 49,159 units (2021: 102,981). The development of unit sales was affected by the significant market decline due to the introduction of the China VI emission standard and the general economic situation in China.

Unit sales in the **Daimler Buses** segment were significantly above the prior-year level in 2022 at 24,041 units (+28%). The increase in unit sales resulted primarily from stronger market demand in Brazil, our main market in Latin America. With 10,783 units in Brazil, we sold 70% more than in the prior year. In the EU30 region, unit sales of 6,325 were at the prior-year level. Accordingly, unit sales corresponded to the forecast of 20 to 25 thousand units provided at the beginning of 2022.

In the 2022 reporting year, the **Financial Services** segment leased or financed more than one in five new vehicles of the Daimler Truck Group in 15 markets. At year-end 2022, the segment had a total contract volume of €24.2 billion (+43%). This growth was partly attributable to positive exchange rates in North and South America. Adjusted for exchange rate effects, the contract volume increased by 38%. On the other hand, the growth was due to the start of operations in Germany and the acquisition of further companies and business operations from the Mercedes-Benz Group after the spin-off (so-called Phase 2 transactions). Adjusted for exchange-rate effects and adjusted for the contract volume of these markets, this equates to growth of 19%. Financial Services concluded worldwide new financing and leasing contracts in a total amount of €9.4 billion last year (+63%). As a result, new business came within the forecast range of €9 to €10 billion in the Interim Report for the second quarter of 2022, but exceeded the original forecast from the combined management report 2021 (€8 to €9 billion).

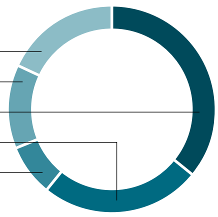
B.02
Unit sales[1]

	2022	2021	% change
Daimler Truck Group	520,291	455,445	+14
Trucks North America	186,779	162,156	+15
Mercedes-Benz	166,369	141,331	+18
Trucks Asia	155,967	143,411	+9
Daimler Buses	24,041	18,736	+28

1 The total of the segments does not correspond to unit sales at Group level due to eliminations between the segments.

B.03
Unit sales structure of Daimler Truck

EU30	18%
Latin America[1]	13%
North America	36%
Asia	25%
Other markets	8%



1 Excluding Mexico.

B.04
Market shares[1]

in %	2022	2021	2022/2021 Change in percentage points
Trucks North America			
North America[2] Class 8	40.0	40.0	–
North America[2] Class 6-7	37.6	35.9	+1.7
North America[2] Class 6-8	39.3	38.7	+0.6
Mercedes-Benz			
EU30[3] HDT	20.0	18.6	+1.4
EU30[3] MDT	29.3	22.6	+6.7
EU30[3] HDT/MDT	20.9	19.1	+1.8

1 Based on information from registration authorities of the regions and on estimates in individual markets.
2 United States, Canada and Mexico.
3 European Union, United Kingdom, Switzerland and Norway.

Order situation

The vehicle segments produce both vehicles preconfigured by the manufacturer and vehicles equipped to order in accordance with customers' requirements. In this context, we flexibly adjust capacities for individual models to changing demand.

The incoming orders in financial year 2022 were at a high level due to our attractive product portfolio and strong market demand. The bottlenecks in the supply chains meant that we were not able to fully serve customer demand and our order backlog was slightly above the prior-year level.

Investment and research activities

Investments in property, plant and equipment

The investments in property, plant and equipment of the Daimler Truck Group amounted to €898 million for 2022 and were therefore higher than in the prior year (2021: €762 million). This was above the slight increase forecast for 2022 in the combined management report 2021.

All segments focused on transformation. Investments were made primarily in new technologies (for example emission-free vehicles and digitalization) and the further development of existing products, as well as in the expansion of sales and spare parts centers.

Investments in property, plant and equipment in the **Trucks North America** segment amounted to €216 million and were therefore at the prior-year level (2021: €214 million). They largely comprised investments in future technologies (for example emission-free vehicles), automated driving and the expansion of the spare parts center to further strengthen our aftersales business.

The investments in property, plant and equipment in the **Mercedes-Benz** segment were mainly influenced by the expansion of its own sales structure, the further development of the product portfolio in Latin America and optimization of the powertrain. Overall, investments in property, plant and equipment amounted to €431 million by the end of 2022 and were therefore significantly higher than in the prior year (2021: €353 million).

Investments in property, plant and equipment in the **Trucks Asia** segment amounted to €153 million in 2022 and were therefore significantly higher than in the prior year (2021: €128 million). These were mainly driven by investments in e-mobility, digitalization and new technologies as well as the expansion and optimization of infrastructure. These investments supported the transformation to new technologies, establishment of a sustainable and competitive product portfolio and increased market share.

At €85 million, investments in property, plant and equipment in the **Daimler Buses** segment were significantly higher than in the prior year (2021: €62 million). The focal points in 2022 were the construction of the new Bus World Home Service Center in Berlin and the expansion of the site in Holysov, Czech Republic. Further measures aimed to increase efficiency in the existing product portfolio in order to further strengthen competitiveness.

Research and development
Daimler Truck adheres to its strategic objectives in its research and development expenditure (including capitalization) and focuses on transformation. In 2022, the focus was on emission-free vehicles and automated driving. For example, there has been development and mileage for automated driving was advanced. Furthermore, investments have also been made in fuel efficiency and optimizing the existing product portfolio. Research and development expenditure amounted to €1,785 million (including capitalization) and were therefore slightly higher than in the prior year (2021: €1,574 million). This confirms the forecast for 2022 as a whole provided in the combined management report for 2021.

Of the development costs, €167 million was capitalized (2021: €176 million), equivalent to a capitalization rate of 9% (2021: 11%). Amortization of capitalized research and development expenditure amounted to €120 million in the year under review (2021: €183 million).

Expenditure on research and development in the **Trucks North America** segment amounted to €599 million and thus rose significantly compared with the prior year (2021: €467 million), which was significantly influenced by the exchange rate. Thereby the focus was on the continued development of zero-emission vehicles, increasing fuel efficiency and performance of existing products.

In 2022, research and development expenditure in the **Mercedes-Benz** segment continued to focus on zero-emission vehicles, powertrain projects for complying with future emission standards and the further development of the product portfolio in Latin America. Services amounted to €736 million, therefore slightly above the prior year's level (2021: €690 million).

The research and development expenditure of the **Trucks Asia** segment of €194 million was slightly below the prior year's level (2021: €204 million), largely influenced by the exchange rate against the Japanese yen. The focus was on the development of all-electric vehicles and digital services as well as the further development of the existing portfolio.

In the **Daimler Buses** segment, €148 million was invested in research and development in 2022 (2021: €123 million). Expenditure was therefore significantly above the prior year's level. The focus in 2022 continued to be on the transformation of the existing product portfolio with regard to emission-free drives (for example, eCitaro Fuel Cell). In addition, the current diesel product portfolio has been further developed.

Profitability, Liquidity and Capital Resources, Financial Position

In order to provide better insight into profitability, liquidity and capital resources, and financial position, the condensed consolidated statement of income, condensed consolidated statement of cash flows, and condensed consolidated statement of financial position are presented for, in addition to the Daimler Truck Group, for the "Industrial Business" and for "Financial Services." The Industrial Business and Financial Services columns represent a business perspective. The Industrial Business comprises the vehicle segments Trucks North America, Mercedes-Benz, Trucks Asia and Daimler Buses, and the reconciliation. Financial Services corresponds to the Financial Services segment. The eliminations of intra-Group transactions between the Industrial Business and Financial Services are generally allocated to the Industrial Business and are reported in the reconciliation.

Due to rounding, individual figures may not add up precisely to the totals shown and percentages presented may not accurately reflect the absolute values to which they relate.

Profitability

Statement of income of the Daimler Truck Group
The **revenue** of the Daimler Truck Group amounted to €50.9 billion in 2022 and was significantly above the figure for the prior year (2021: €39.8 billion). At €49.2 billion, the revenue of Industrial Business was also significantly above the prior-year figure of €38.6 billion. The increase in revenue was mainly due to the significant increase in unit sales, improved net pricing in the automotive segments and a favorable exchange-rate development (in particular the US-dollar).

The revenue forecast for the Daimler Truck Group of €45.5 to €47.5 billion for 2022 in the combined management report 2021 was therefore significantly exceeded. In the interim report for the third quarter of 2022, the forecast was increased to €50.0 to €52.0 billion. This expectation was fulfilled at the end of the year. Similarly, the revenue forecast for the Industrial Business of €44.0 to €46.0 billion from the combined management report 2021 was significantly exceeded. The increased revenue forecast for the Industrial Business to between €48.0 to €50.0 billion in the interim report for the third quarter of 2022 was met at the end of the year. The **adjusted return on sales of the Industrial Business,** at 7.7%, falls within the forecasted bandwidth of between 7% and 9%. ↗ B.05 ↗ B.06

B.05
Revenue by segment and region

	2022	2021	22/21
in millions of euros			% change
Daimler Truck Group	50,945	39,764	+28
Segments			
Trucks North America	22,039	15,782	+40
Mercedes-Benz	20,213	16,113	+25
Trucks Asia	6,499	5,969	+9
Daimler Buses	3,689	3,211	+15
Financial Services	1,759	1,122	+57
Reconciliation	-3,253	-2,434	-34
Regions			
Europe	15,330	13,091	+17
of which, Germany	5,532	5,266	+5
North America	22,587	16,216	+39
of which, United States	19,175	13,786	+39
Asia	6,546	5,690	+15
of which, Japan	2,864	3,248	-12
Latin America[1]	4,587	3,011	+52
Other markets	1,895	1,756	+8

1 Excluding Mexico.

Cost of sales came to €41.5 billion in the reporting year, a significant increase compared to the prior year of 28%. The increase in cost of sales was mainly due to the significant increase in unit sales and cost of materials, exchange-rate effects as well as additional costs and inefficiencies due to bottlenecks in the supply chains.

Overall, **gross profit** remained at the prior-year level at 18.5%. ↗ **B.06**

Selling expenses increased by €0.2 billion to €2.9 billion, among other things due to impairments in connection with Russia-Ukraine war. In relation to revenue, selling expenses decreased from 6.8% to 5.7%. ↗ **B.06**

In the past financial year, **general administrative expenses** increased significantly from €1.6 billion to €2.0 billion. The increase was mainly due to expenses in connection with the spin-off and expenses for personnel cost-optimization programs. In relation to revenue, general administrative expenses were on prior-year level with 3.8%. ↗ **B.06**

At €1.6 billion, **research and non-capitalized development costs** in the year 2022 were significantly above the prior-year level (2021: €1.4 billion). Further information on the Group's research and development activities can be found in Economic Conditions and Business Development in the Combined Management Report. ↗ **B.06**

Other operating income of €0.7 billion was significantly below the level of the prior year (2021: €1.7 billion). In the prior year, the profit from the loss of control over the joint venture cellcentric GmbH & Co. KG ("cellcentric") led to a positive effect on earnings of €1,215 million. ↗ **B.06**

In 2022, **profit on equity-method investments, net,** of minus €226 million was significantly below the level of the prior year (2021: €106 million). On the one hand, this development was mainly due to the negative earnings contribution of the Beijing Foton Daimler Automotive Co., Ltd. joint venture ("BFDA"), which was attributable to a significant decline in unit sales and market. On the other hand, the development was due to the impairment of the equity-method carrying amount of Daimler Kamaz Truck Holding GmbH ("DKTH"). Due to the Russia-Ukraine war, the Group decided on February 27, 2022 to cease the business activities in Russia until further notice. As a result, on December 30, 2022 the Daimler Kamaz Truck Holding GmbH was sold. Therefore an impairment test was performed in the first quarter of 2022 resulting in an impairment of the equity-method carrying amount. ↗ **B.06**

Other financial income, net increased to €90 million (2021: €80 million). ↗ **B.06**

Earnings before interest and taxes ("EBIT") of €3.5 billion in the 2022 financial year was at the figure for the prior year of €3.4 billion. Positive effects on EBIT resulted mainly from increased unit sales due to market recovery, improved net pricing, positive effects from exchange-rate developments, and a positive development of the aftersales business. This was offset by the absence of the positive earnings effect from the fuel cell joint venture cellcentric GmbH & Co. KG. The forecast of a slight decrease for 2022 made in the combined management report 2021 was therefore exceeded at the end of the year. In addition, the forecast of a slight increase in EBIT in the interim report for the third quarter of 2022 was also exceeded. **Adjusted EBIT** came to €4.0 billion (2021: €2.6 billion). The forecast of a significant increase in adjusted EBIT for 2022 referred to in the combined management report for 2021 was thus confirmed. ↗ **B.06**

The reconciliation from EBIT to adjusted EBIT is shown in table. ↗ **B.08**

Interest income/expense, net improved from minus €83 million to minus €46 million. ↗ **B.06**

The tax expense recorded under **income taxes** decreased from €891 million to €686 million. The effective tax rate was therefore 19.9% in 2022 financial year, which was influenced by income from deferred taxes of €376 million mainly in connection with temporary valuation differences. ↗ **B.06**

The Group's **net profit** of €2.8 billion was significantly above the result for the prior year (2021: €2.4 billion). Of the net profit, €99 million was attributable to **non-controlling interests** (2021: €36 million). The share of **net profit attributable to shareholders of Daimler Truck Holding AG** in the net profit amounted to €2.7 billion (2021: €2.3 billion). ↗ **B.06**

Further information on the individual items of the consolidated statement of income is provided in Notes 5 ff of the Consolidated Financial Statements.

B.06

Condensed consolidated statement of income

	Daimler Truck Group		Industrial Business		Financial Services	
	2022	2021	**2022**	2021	**2022**	2021
In millions of euros						
Revenue	**50,945**	39,764	**49,186**	38,641	**1,759**	1,122
Cost of sales	**-41,513**	-32,518	**-40,224**	-31,812	**-1,289**	-706
Gross profit	**9,432**	7,245	**8,963**	6,829	**470**	416
Selling expenses	**-2,928**	-2,722	**-2,806**	-2,625	**-121**	-97
General administrative expenses	**-1,957**	-1,635	**-1,741**	-1,481	**-216**	-154
Research and non-capitalized development costs	**-1,618**	-1,398	**-1,618**	-1,398	**–**	–
Other operating income/expense	**703**	1,681	**520**	1,671	**181**	10
Profit/loss on equity-method investments, net	**-226**	106	**-226**	106	**0**	0
Other financial income/expense, net	**90**	80	**93**	82	**-4**	-3
EBIT	**3,496**	3,357	**3,185**	3,184	**310**	173
Interest income/expense net	**-46**	-83	**-41**	-80	**-5**	-3
Profit before income taxes	**3,449**	3,274	**3,144**	3,104	**305**	171
Income taxes	**-686**	-891	**-630**	-818	**-56**	-73
Net profit	**2,763**	2,383	**2,514**	2,286	**249**	97
thereof attributable to non-controlling interests	**99**	36				
thereof attributable to the shareholders of Daimler Truck Holding AG	**2,665**	2,347				
Earnings per share (in euros) based on profit attributable to the shareholders of Daimler Truck Holding AG						
Basic and diluted	**3.24**	2.85	–	–	–	–

Revenue and EBIT of the segments

The revenue of the **Trucks North America** segment increased in 2022 financial year, among other things, due to the significant increase in unit sales by 40% to €22,039 million.

The increase in unit sales, particularly in the North America region, had a positive impact on gross profit. Additional positive effects resulted from improved net pricing, exchange-rate development and a positive development in the aftersales business. This was offset by additional costs and bottlenecks in the supply chains and increased cost of materials and functional costs due to inflation and development of personnel costs. Overall, the gross profit increased from 17.1% to 17.5%. The adjustments included expenses in connection with the spin-off for €3 million (2021: €13 million).

EBIT amounted to €2,376 million (2021: €1,440 million), adjusted EBIT to €2,379 million (2021: €1,452 million). At 10.8%, the adjusted return on sales was above the adjusted return on sales in the prior year of 9.2% and within the forecast range of 10% to 12%. ↗ B.07 ↗ B.08

The revenue of the **Mercedes-Benz** segment increased by 25% to €20,213 million in the 2022 financial year, essentially due to the significant increase in unit sales.

The increase in unit sales, which was due in particular to market recoveries in the EU30 region (European Union, United Kingdom, Switzerland and Norway), had a positive impact on gross profit. Additional positive effects resulted from improved net pricing, favorable exchange-rate development, positive development of the aftersales business and the license agreement with Beijing Foton Daimler Automotive Co., Ltd. However, the increased cost of materials had a negative impact on the result. Gross profit increased from 16.3% to 18.2%. The adjustments included expenses for personnel cost-optimization programs of €169 million (2021: €113 million) and expenses in connection with the spin-off of €67 million (2021: €64 million) and expenses in connection with the Russia-Ukraine war in the amount of €205 million (M&A transactions).

EBIT amounted to € 1,188 million (2021: €483 million), adjusted EBIT to €1,629 million (2021: €770 million). The adjusted return on sales of 8.1% was above that of the prior year of 4.8%. This was mainly due to the development in the new vehicle and aftersales business as well as the license agreement with Beijing Foton Daimler Automotive Co., Ltd. The adjusted return on sales forecast of 6% to 8% for 2022 in the combined management report 2021 was therefore exceeded. At the end of the year, adjusted return on sales was within the forecast corridor, which was increased in the interim report for the third quarter of 2022 to 7% to 9%. ↗ B.07 ↗ B.08

The revenue of **Trucks Asia** increased in the 2022 financial year, among other aspects, due to the significant increase in unit sales to €6,499 million (2021: €5,969 million).

Positive effects on gross profit resulted from the increase in unit sales, which was mainly due to market recovery in Indonesia, India and EU30 regions, improved net pricing and a positive development in the aftersales business. This was offset by the decrease in unit sales in Japan, the equity-method investments of the joint venture Beijing Foton Daimler Automotive Co., Ltd. due to the significant market decline in China, increased cost of materials and additional costs as well as bottlenecks in the supply chains. Furthermore, the economic effects of the COVID-19-related lockdowns adversely affected the result. Gross profit thus decreased from 20.1% to 17.6%. The adjustments included special effects in connection with the spin-off in the amount of €1 million (2021: €10 million) and impairment in connection with the Russia-Ukraine war in the amount of €8 million (M&A transactions).

EBIT amounted to €161 million (2021: €417 million), adjusted EBIT to €171 million (2021: €427 million). At 2.6%, the adjusted return on sales was lower than the adjusted return on sales in the prior year of 7.2%. The expectation of the adjusted return on sales of 3% to 5% forecast for 2022 in the combined management report 2021 could not be met due to the market development in China. The forecast of 1% to 3% updated in the interim report for the second quarter of 2022 is hereby confirmed. ↗ B.07 ↗ B.08

The revenue of **Daimler Buses** increased in the 2022 financial year, among other aspects, due to significant increase in unit sales of 15% to €3,689 million.

The increase in unit sales was mainly attributable to the region Latin America, in particular the main market Brazil, which positively influenced gross profit. Further positive effects resulted from improved net pricing, the exchange-rate development and a positive development in the aftersales business. Opposite effects were mainly due to the increased cost of materials. As a result, gross profit increased from 10.5% to 11.6%. The adjustments included expenses for personnel cost-optimization programs of €56 million (2021: €28 million) and expenses in connection with the sale of Minibus GmbH in the amount of €7 million (2021: €27 million), expenses in connection with the spin-off of €2 million (2021: €20 million) and expenses in connection with the Russia-Ukraine war in amount of €1 million (M&A transactions).

EBIT amounted to minus €52 million (2021: minus €152 million) and adjusted EBIT €14 million (2021: minus €77 million). The adjusted return on sales of 0.4% was above that of the prior year of minus 2.4%. The Daimler Buses segment was thus able to confirm the forecasted adjusted return on sales of over 0%.
↗ B.07 ↗ B.08

The business development of **Financial Services** in 2022 was materially impacted by the integration of the acquired financial services business in the region of Europe and South America. This, combined with the favorable exchange-rate development, resulted in a significant increase in new business and the contract volume. Compared with the prior year, this led to a significant increase in revenue (+57%).

Gross profit for Financial Services improved slightly compared with the prior year, in particular due to an increase in Operating profit of financing and leasing business in North America as well as favorable exchange-rate development. Opposite effects resulted in particular from higher costs due to the significant increase in new business and a significant increase in project-related expenses. These included the integration of the acquired financial services business and ensuring business operations.

The major increase in other income/expenses in 2022 compared with the prior year was due in particular to non-recurring income in connection with the acquisition of the financial services business in the region Europe and South America. This income in the amount of €117 million (2021: €20 million expenses) is fully included in the adjustments (M&A transactions).

This led to an EBIT of €310 million (2021: €173 million). The adjusted EBIT of €193 million remained at the prior-year level (2021: €193 million). The resulting return on equity was adjusted accordingly from 15.9% (2021: 11.1%) to an **adjusted return on equity** of 9.9% (2021: 12.4%). As a result, adjusted return on equity was within the increased forecast corridor of 9% to 11% in the interim report for the second quarter of 2022, but exceeded the forecast from the combined management report 2021 (5% to 7%).

The **reconciliation** of the operating segments' EBIT to Group EBIT comprises gains and losses at the corporate level as well as the effects on earnings of eliminating intra-Group transactions between the segments.

Items at the corporate level resulted in expenses of €421 million in the 2022 financial year (2021: €999 million). In the prior year, income from the fuel-cell joint venture cellcentric GmbH & Co. KG led to a positive earnings effect of €1,215 million. Adjustments in the amount of €61 million (2021: minus €1,209 million) included expenses in connection with the spin-off (M&A transactions). ↗ B.08

The elimination of intra-Group transactions resulted in an expense in the 2022 financial year of €67 million (2021: €3 million).

B.07

EBIT of the Industrial Business

	Industrial Business		Trucks North America		Mercedes-Benz		Trucks Asia		Daimler Buses		Reconciliation	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
In millions of euros												
Revenue	49,186	38,641	22,039	15,782	20,213	16,113	6,499	5,969	3,689	3,211	-3,253	-2,434
Cost of sales	-40,224	-31,812	-18,178	-13,099	-16,533	-13,489	-5,353	-4,770	-3,261	-2,873	3,102	2,418
Gross profit	8,963	6,829	3,861	2,683	3,680	2,625	1,145	1,199	427	338	-151	-15
Selling expenses	-2,806	-2,625	-432	-310	-1,586	-1,446	-658	-698	-247	-245	116	73
General administrative expenses	-1,741	-1,481	-609	-564	-724	-552	-243	-226	-221	-199	56	60
Research and non-capitalized development costs	-1,618	-1,398	-599	-467	-616	-570	-161	-164	-134	-108	-108	-90
Other income/expense	387	1,859	155	98	433	426	77	306	123	61	-402	968
EBIT	3,185	3,184	2,376	1,440	1,188	483	161	417	-52	-152	-488	996

B.08

Reconciliation of EBIT to adjusted EBIT

	Trucks North America	Mercedes-Benz	Trucks Asia	Daimler Buses	Financial Services	Reconciliation	Daimler Truck Group
in millions of euros							
2022							
EBIT	2,376	1,188	161	-52	310	-488	3,496
Legal proceedings (and related measures)	–	–	–	–	–	–	–
Restructuring measures	–	169	–	56	–	–	224
M&A transactions	3	273	10	11	-117	61	240
Adjusted EBIT	2,379	1,629	171	14	193	-427	3,959
Return on sales/equity (in %)	10.8	5.9	2.5	-1.4	15.9	–	–
Adjusted return on sales/equity (in %)[1]	10.8	8.1	2.6	0.4	9.9	–	–
2021							
EBIT	1,440	483	417	-152	173	996	3,357
Legal proceedings (and related measures)	–	–	–	–	–	–	–
Restructuring measures	–	113	–	28	–	–	141
M&A transactions	13	174	10	47	20	-1,209	-946
Adjusted EBIT	1,452	770	427	-77	193	-214	2,552
Return on sales/equity (in %)	9.1	3.0	7.0	-4.7	11.1	–	–
Adjusted return on sales/equity (in %)	9.2	4.8	7.2	-2.4	12.4	–	–

1 The adjusted return on sales is calculated as the ratio of adjusted EBIT to revenue. The adjusted return on equity is determined as the ratio of adjusted EBIT to the average quarterly equity.

Liquidity and capital resources

Principles and objectives of the financial management

Financial management at the Daimler Truck Group comprises capital structure management, cash and liquidity management, the management of market price risks (currencies, interest rates, commodity prices) as well as the management of pension assets and credit-default and country risks. Global financial management was carried out uniformly by the Treasury organization of the Daimler Truck Group within the framework of the legal provisions for all Group companies. It fundamentally operates within a predefined framework of guidelines, limits and benchmarks; organizationally, it is separate at the operational level from the settlement, financial control, reporting and accounting functions.

Capital structure management arranges the capital structure of the Group and its subsidiaries. The capital resources of the financial services, production, sales or financing companies of Daimler Truck are allocated in accordance with the principles of cost- and risk-optimized financial and capital resources.

Liquidity management is intended to ensure that the Group is always able to meet its payment obligations. To this end, the Group records the cash flows from operating activities and from financial transactions in a rolling planning. Financing requirements are met by means of suitable liquidity management instruments (for example bank loans, bonds); the Group invests surplus liquidity in the money and/or capital market, taking expected returns and risks into account. Factoring is frequently used to a limited extent to manage liquidity.

Our goal is to provide the liquidity that is deemed to be necessary at the best possible cost. In addition to operating liquidity, the Daimler Truck Group has further liquidity reserves that are available at short notice. The components of these additional resources are receivables from the financial services business that can be securitized on the capital market, a contractually committed syndicated credit facility (“revolving credit facility”), and an additional revolving credit facility agreed in 2022.

Cash management determines cash requirements and surpluses on a centralized basis. In this context, liquidity is concentrated centrally in bank accounts of the Daimler Truck Group via cash pooling procedures in various currencies. Most payments between Group companies are made via internal clearing accounts, so that the number of external payment flows is kept to a minimum. The Daimler Truck Group has established standardized processes and systems to manage its bank and internal clearing accounts and to carry out automated payment transactions.

Market price risk management aims to limit the impact of fluctuations in currency exchange rates, interest rates and commodity prices on the earnings of the segments and the Group. To this end, the Group-wide risk volume (“exposure”) for these market price risks is first determined. For currencies, net exposure constitutes the relevant risk volume, which is reduced by netting foreign currency items among the Group companies. The Group then makes its hedging decisions on this basis. This includes the volume to be hedged, the period to be hedged, and the choice of hedging instruments. The hedging strategy is defined at Group level and implemented uniformly. Decision-making bodies are internal committees for market price risks that meet regularly.

The **management of pension assets** (“plan assets”) includes the investment of the assets held to cover the pension obligations. The plan assets are legally separate from corporate assets and are mainly invested in funds; they are not available for general corporate purposes. On the basis of the expected development of the pension obligations, the plan assets are spread across various asset categories, for example equities, fixed-income securities, alternative investments and real estate, with the assistance of risk/return optimization. The Group measures the performance of its asset investments on the basis of defined reference indices. The risks of capital investments are limited by means of a Group-wide guideline. In addition, local regulations are in place for the risk management of individual plan assets. Additional information on pension plans and similar obligations is provided in Note 23.

The risk volume considered in the **management of credit default risks** includes all creditor positions of the Daimler Truck Group worldwide vis-à-vis financial institutions, issuers of securities and customers in the Financial Services business and the Industrial Business. The credit risk vis-à-vis financial institutions and issuers of securities arises primarily from the investment of liquid funds in the context of liquidity management and from the use of derivative financial instruments. The management of these credit risks is essentially based on an internal limit system that is geared to the creditworthiness of the financial institution or issuer. The credit risk vis-à-vis customers in the Industrial Business results from the relationship with authorized dealers and general agents, other corporate customers and private customers. Credit risk management is based on a uniform risk management process. Depending on the identified risk, credit collateral is requested. Financial Services manages the credit risk with respect to end customers in its financial services business on the basis of a uniform risk management process. This process defines minimum requirements for the credit and leasing business and sets standards for credit processes and for the identification, measurement, and management of risks. Key elements for the management of credit risks are an appropriate credit assessment supported by statistical risk classification procedures, as well as a structured portfolio analysis and monitoring.

Country risk management includes several risk aspects: The risk from capital investments in subsidiaries and joint ventures, the risk from cross-border financing of Group companies in risk countries, and the risk from direct sales to customers in those countries. The Daimler Truck Group has an internal rating system in which all countries in which the Daimler Truck Group operates are classified into risk categories. Risks from cross-border receivables are partially covered by export credit insurance, letters of credit and bank guarantees in favor of the Daimler Truck Group. Furthermore, an internal committee determines and limits the amount of hard currency portfolios at Financial Services companies in risk countries.

Further information on the management of market price, credit default and liquidity risks is provided in Note 34.

Cash flows

The **cash flows from operating activities** ↗ B.09 in 2022 resulted in a cash outflow of €0.5 billion (2021: cash inflow €2.1 billion). Profit before income taxes was above the prior year. The positive result was mainly due to the improved net pricing of the vehicle segments, an advantageous exchange rate development (in particular the US dollar) and a significant increase in unit sales.

The increase in inventories was mainly due to bottlenecks in the supply chains, as well as a high number of vehicles in the delivery process. In addition, raw materials and supplies increased due to the expected production volume for 2023. This, together with the increase in trade receivables, compensated for by an increase in trade payables, led to a negative change in working capital of €0.9 billion (2021: €0.5 billion). Working capital corresponds to the total of inventories, trade receivables, and trade payables.

The changes in trade receivables of the Daimler Truck Group included positive effects from factoring activities of €0.2 billion (2021: €30 million) with external banks. The receivables sold were derecognized as all risks and rewards were transferred to the banks.

The decline in cash flows from operating activities was also due to the increase in receivables from Financial Services. The positive performance of the portfolio, in particular in the North and South American markets, led to significantly higher receivables from financial services, which more than offset repayments from the current portfolio.

Prior to the acquisition of the Financial Services business, pre-existing contractual relationships existed between the Daimler Truck Group as acquirer and the acquired Financial Services business in connection (“Pre-existing Relationships”) with the transfer of trucks and buses to the Financial Services companies for lease to end customers and the assumption of risks and rewards arising from residual values. These contractual relationships were terminated with the acquisition of the Financial Services companies. Fulfillment of the pre-existing relationships at fair value led to cash outflow of €0.2 billion. These are reported in the cash flows from operating activities and allocated in full to the Financial Services segment.

In prior year, other non-cash expense and income and income from sale of assets included a special effect in connection with the sale of 50.00% of the shares in cellcentric GmbH & Co. KG. Furthermore, the allocations of €0.3 billion to pension funds in Germany and increased tax payments, particularly in the USA, had a negative impact on the cash flows from operating activities in 2022.

In the reporting period, payments were made for personnel cost-optimization programs resulting from the agreed cost-cutting measures and socially responsible job reductions.

The **cash flows from investing activities** ↗ B.09 resulted in a cash outflow of €4.2 billion (2021: cash inflow €4.3 billion). The decrease compared to prior year resulted on the one hand from the fact that, until the spin-off in December 2021, Daimler Truck was still in cash pooling with the Mercedes-Benz Group AG. On the other hand, cash of €2.0 billion was transferred to the Mercedes-Benz Group in 2022 as consideration in connection with the acquired financial services business. Due to the repayment of financing liabilities by Daimler Truck, €1.3 billion of this amount was allocated to the Industrial Business. In addition, shares in public funds amounting to €0.7 billion were acquired in the financial year.

Furthermore, the sale of 50.00% of cellcentric GmbH & Co. KG to the Volvo Group significantly affected cash flow in 2021 and resulted in a cash inflow of €0.6 billion.

B.09
Condensed consolidated statement of cash flows

	Daimler Truck Group		Industrial Business		Financial Services	
	2022	2021	**2022**	2021	**2022**	2021
In millions of euros						
Cash and cash equivalents at beginning of period	**7,244**	1,663	**6,904**	1,556	**340**	107
Profit before income taxes	**3,449**	3,274	**3,145**	3,103	**304**	171
Depreciation and amortization/impairments	**1,120**	1,160	**1,105**	1,110	**15**	50
Other non-cash expense and income and income from sale of assets	**285**	-1,361	**424**	-1,382	**-139**	21
Change in operating assets and liabilities						
Inventories	**-1,143**	-1,307	**-1,122**	-1,309	**-21**	2
Trade receivables	**-631**	-348	**-569**	-192	**-62**	-156
Trade payables	**904**	1,171	**933**	1,144	**-29**	27
Receivables from financial services	**-3,385**	66	**-2**	–	**-3,383**	66
Vehicles on operating leases	**-141**	186	**119**	179	**-260**	7
Other operating assets and liabilities	**106**	-118	**130**	-127	**-24**	9
Dividends received from equity-method investments	**13**	12	**13**	12	**–**	–
Income taxes paid/refunded	**-1,100**	-635	**-1,147**	-524	**47**	-111
Cash flows from operating activities	**-523**	2,100	**3,030**	2,014	**-3,553**	86
Additions to property, plant and equipment and intangible assets	**-1,132**	-1,080	**-1,102**	-1,061	**-30**	-19
Net cash flows from the acquisition of Financial Services business	**-2,004**	–	**-1,271**	–	**-732**	–
Investments in shareholdings and proceeds from disposal of other shareholdings	**-161**	468	**-161**	468	**–**	–
Acquisition and disposal of marketable debt securities and similar investments	**-989**	4,662	**-984**	4,669	**-5**	-7
Other	**119**	210	**120**	207	**-1**	2
Cash flows from investing activities	**-4,167**	4,260	**-3,399**	4,284	**-768**	-24
Change in financing liabilities	**3,409**	6,415	**1,696**	5,711	**1,713**	704
Dividends paid	**-52**	-26	**-52**	-26	**–**	–
Transactions with the Mercedes-Benz Group until the spin-off	**-23**	-7,264	**21**	-2,559	**-44**	-4,704
Internal equity and financing transactions	**–**	–	**-2,656**	-4,165	**2,656**	4,165
Cash flows from financing activities	**3,334**	-875	**-991**	-1,040	**4,325**	165
Effect of exchange-rate changes on cash and cash equivalents and cash equivalents	**56**	96	**54**	90	**2**	6
Cash and cash equivalents at end of period	**5,944**	7,244	**5,597**	6,904	**347**	340

The **cash flows from financing activities** ↗ **B.09** resulted in a cash inflow of €3.3 billion (2021: cash outflow €0.9 billion). The change compared with the prior year resulted mainly from borrowing on the international money and capital markets in the amount of €4.1 billion. Debt financing was provided by issuing bonds in the US, Canada and the Netherlands. The cash inflows were reduced by repayments to external banks in 2022.

In addition, the decrease in payments due to transactions with the Mercedes-Benz Group prior to the spin-off had a positive effect on cash flow from financing activities in the comparative period. In 2022, this led to a cash outflow of €23 million (December 2021: €7.3 billion).

Since December 31, 2021, cash and cash equivalents decreased by €1.3 billion after adjusting for exchange-rate effects. Cash and cash equivalents reflect the cash inflows from the borrowings in the United States, the Netherlands and Canada, as well as the cash outflows from operational activities, the acquisition of the Financial Services business, shares in public funds, and from the repayment of financing liabilities. Liquidity, which also includes interest-bearing securities and similar financial investments, decreased by €0.3 billion to €7.1 billion.

Free cash flow of the Industrial Business

The measure used by Daimler Truck for the financial strength of its industrial activities is the **free cash flow of the Industrial Business** ↗ **B.10**, which is derived from the published cash flows from operating and investing activities. The cash flows from the purchase and sale of marketable debt securities and similar cash investments included in cash flows from investing activities are eliminated, as these securities are classified as cash and cash equivalents and their change is therefore not part of the free cash flow of the Industrial Business. The repayment of the financing liabilities by the Daimler Truck Group, which is part of the transferred consideration of the acquired financial services business and was financed by the Industrial Business, has been eliminated because it is not part of the operating activities of the Industrial Business. On the other hand, effects in connection with the recognition of rights of use resulting from lessee accounting, which are mainly non-cash, are included in the free cash flow of the Industrial Business.

Other adjustments include the cash flows to be reported in cash flows from financing activities in connection with the acquisition or disposal of interests in subsidiaries without a control agreement. Other adjustments also include the Daimler Truck Headquarters allocation to Financial Services and miscellaneous adjustments to reflect the economic amount of investments or divestments that are wholly or partially non-cash in nature.

In 2022, the **free cash flow of the Industrial Business** amounted to €1.7 billion in 2022 and thus slightly exceeded the forecast target at the prior-year level (2021: €1.6 billion), in line with the combined management report 2021.

The increase in free cash flow of the Industrial Business by €0.2 billion to €1.7 billion reflected the strong revenue and earnings situation. A higher level of inventories had the opposite effect, on the one hand due to a high number of vehicles in the delivery process and on the other hand to bottlenecks in the supply chains, mainly as a result of the global impact of the semiconductor bottleneck. By the end of 2022 fiscal year, however, a significant improvement in the situation was achieved with the help of the high efforts of working capital-management. At the end of 2022, the inventory of new vehicles was only moderately above the level of the previous year. Irrespective of this, inventories of raw materials and supplies increased due to an expected increase in the production volume in 2023.

Factoring activities with external banks in the amount of €0.2 billion (2021: €30 million) and internal factoring agreements with Financial Services in the amount of €0.4 billion (2021: €0.3 billion) also had a positive impact on free cash flow of the Industrial Business. Extensive customer advance payments also led to an increase in free cash flow of €0.1 billion.

Furthermore, M&A transitions from the fuel cell joint venture cellcentric GmbH & Co. KG in 2021 and transactions in 2022 had an impact on the change in free cash flow of the Industrial Business compared to 2021. In the area of automated driving, in particular, higher disbursements compared to the previous year of €0.1 billion were made for the ongoing build-up of technical development expertise and the recruitment of new employees. In addition, there were higher income tax payments and a special allocation to the pension fund in 2022.

For a more transparent presentation of the ongoing business, we identify and report an **adjusted free cash flow of the Industrial Business** ↗ B.10. The adjustments from M&A transactions had a positive impact from the fuel cell joint venture cellcentric GmbH & Co. KG in the prior year, and in the current year were effects from the spin-off of Daimler Truck-Group from the former Daimler AG. Further adjustments resulted from restructuring measures. The adjusted free cash flow of the Industrial Business resulted in a cash inflow of €2.0 billion (2021: €1.3 billion).

B.10
Free cash flow of the Industrial Business

In millions of euros	2022	2021	22/21 Change
Cash flows from operating activities	3,030	2,014	+1,016
Cash flows from investing activities	-3,399	4,284	-7,683
Change in marketable debt securities and similar investments	984	-4,669	+5,653
Right-of-use assets	-190	-85	-105
Net cash flows from acquisition of the Financial Services business	1,271	–	+1,271
Other adjustments	50	12	+38
Free cash flow of the industrial Business	1,746	1,556	+190
Restructuring measures	131	143	-12
M&A transactions	100	-392	+492
Adjusted free cash flow of the industrial Business	1,976	1,308	+668

B.11

Reconciliation of CFBIT to free cash flow of the Industrial Business

In millions of euros	2022	2021
CFBIT of the Industrial Business	**3,027**	2,160
Income taxes paid/refunded	-1,147	-524
Interest paid/received	-12	-51
Other reconciliation items	-122	-29
Free cash flow of the Industrial Business	**1,746**	1,556

In addition to the derivation from the published cash flows from operating and investing activities, the **free cash flow of the Industrial Business** can be derived from the cash flows before interest and taxes ("CFBIT") of the segments. The reconciliation from the CFBIT of the Daimler Truck Group to the free cash flow of the Industrial Business also includes taxes and interest paid. In addition to the eliminations between the segments, the other reconciliation items include items that are attributable to the Industrial Business but for which the segments are not responsible. Table ↗ B.11 shows the reconciliation from the CFBIT to the free cash flow of the Industrial Business.

The **CFBIT of the Industrial Business** is derived from EBIT and changes in operating assets and liabilities ("net assets") and also includes additions of right-of-use assets. The settlement of the existing financing liabilities by the Daimler Truck Group, which is part of the transferred consideration of the acquired Financial Services business and was financed by the Industrial Business, is eliminated as it is not part of the operating activities of the Industrial Business. Table ↗ B.12 shows the composition of CFBIT for the Industrial Business. Table ↗ B.13 shows for the Industrial Business the reconciliation from CFBIT to **adjusted CFBIT** and the **adjusted cash conversion rate**.

An adjusted cash conversion rate of 0.9 was achieved for the Industrial Business of the Daimler Truck Group. This slightly exceeds the previous year's value of 0.8.

B.12

CFBIT

	Industrial Business	
In millions of euros	2022	2021
EBIT	**3,185**	3,184
Change in working capital	-758	-356
Net financial investments	-162	505
Net investments in property, plant and equipment and intangible assets	-1,165	-1,069
Depreciation and amortization/impairments	1,105	1,110
Other	820	-1,214
CFBIT	**3,027**	2,160

B.13

Reconciliation to adjusted CFBIT

	Industrial Business	
In millions of euros	2022	2021
CFBIT	**3,027**	2,160
Restructuring measures	131	143
M&A transactions	100	-392
Adjusted CFBIT	**3,257**	1,912
Adjusted EBIT	**3,767**	2,359
Adjusted cash conversion rate[1]	**0.9**	0.8

1 The adjusted cash conversion rate is calculated as the ratio of adjusted CFBIT to adjusted EBIT.

The **net liquidity of the Industrial Business** ↗ B.14 is calculated as the total amount as shown in the balance sheet of cash, cash equivalents and marketable debt securities and similar investments included in liquidity management, less the currency-hedged nominal amounts of financing liabilities.

B.14

Net liquidity of the Industrial Business

In millions of euros	Dec. 31, 2022	Dec. 31, 2021	22/21 Change
Cash and cash equivalents	5,597	6,904	-1,307
Marketable debt securities and similar investments	1,092	99	+993
Liquidity	**6,689**	7,003	-314
Financing receivables/ liabilities	1,423	-966	+2,389
Market valuation and currency hedging for financing liabilities	-582	-14	-568
Financing receivables/liabilities (nominal)	**841**	-980	+1,821
Net liquidity	**7,530**	6,024	+1,506

To the extent that the Group's internal refinancing of the Financial Services business is provided by the companies of the Industrial Business, this amount is deducted in the calculation of the net debt of the Industrial Business.

Compared with December 31, 2021 the net liquidity of the Industrial Business increased by €1.5 billion to €7.5 billion. The increase was mainly due to the positive free cash flow of the Industrial Business of €1.7 billion. This was offset by equity increases in the Financial Services segment by the Industrial Business.

Net debt at the Group level, which mainly resulted from the refinancing of the leasing and sales financing business, increased compared to December 31, 2021 by €5.1 billion to €14.3 billion. ↗ B.15

B.15
Net debt of the Daimler Truck Group

In millions of euros	Dec. 31, 2022	Dec. 31, 2021	22/21 Change
Cash and cash equivalents	5,944	7,244	-1,300
Marketable debt securities and similar investments	1,145	139	+1,006
Liquidity	7,089	7,383	-294
Financing liabilities	-20,839	-16,599	-4,240
Market valuation and currency hedges for financing liabilities	-582	-14	-568
Financing liabilities (nominal)	-21,421	-16,613	-4,808
Net debt	-14,331	-9,230	-5,101

Contingent liabilities and other financial obligations

As of December 31, 2022, the best estimate of **contingent liabilities** amounted to €632 million (2021: € 612 million). In context of its usual business activity, the Group has entered into **other financial obligations** of €1,009 million (2020: €592 million), which exceeded the liabilities shown in the Consolidated Statement of Financial Position as of December 31, 2022.

At both December 31, 2022 and December 31, 2021, the Daimler Truck Group had issued irrevocable loan commitments that had not been not utilized as of those dates.

In addition, there are other financial obligations arising from the post-divestment liability resulting from the spin-off in 2019 and the spin-off and demerger in 2021.

Detailed information on contingent liabilities and other financial obligations can be found in Note 32 of the Notes to the Consolidated Financial Statements.

Refinancing

The financing transactions carried out by Daimler Truck in the 2022 financial year were primarily for the acquisition and refinancing of the leasing and sales financing business. To this end, Daimler Truck made use of various financing instruments in different currencies and markets. These include bank loans, bonds with medium and long maturities in the capital market, and the securitization of customer receivables in the financial services business (“asset-backed securities”).

The situation on the money and capital markets in the reporting year was characterized by high volatility in view of geopolitical and economic risks. The rapid and significant rise in interest rates, particularly in the second and third quarters, due to major interest rate hikes by most central banks, resulted in a significantly more difficult refinancing environment for issuers with increased risk premiums across all maturities. During the reporting period, the Group covered its refinancing needs by issuing bonds and asset-backed securities (“ABS”) transactions. In the United States, Canada and Europe, this takes the form of so-called benchmark issues (bonds with a high nominal volume) by Daimler Truck Finance North America LLC, Daimler Truck Finance Canada Inc., and Daimler Truck International Finance B.V respectively.

Another important source of refinancing in the 2022 financial year was **bank loans**, particularly for the currency areas of the Brazilian reais, Japanese yen, and the Mexican pesos. These loans were provided by globally active banks as well as by banks operating nationally. The lenders also included government financing institutions (such as the Brazilian Development Bank).

In August 2021, an agreement was concluded with a consortium of international banks to provide a syndicated **credit facility**, of €5.0 billion. The facility has an initial term of five years with two one-year extension options, one of which can still be utilized. Daimler Truck does not intend to utilize the credit facility.

In September 2022, a revolving credit line of €1.0 billion with a term of 24 months was concluded with an international banking group. There is an option to increase the credit line further by €500 million within the first 18 months of the term. This credit facility was not utilized as of the reporting date.

The credit facility of €13.0 billion (“bridge facility”), concluded in August 2021, which was used for the interim financing of capital market transactions in the course of the acquisition of companies in the Financial Services segment from the Mercedes-Benz Group, was fully repaid and terminated as planned in the reporting year.

B.16
Benchmark issuances

Issuer	Volume	Month of emission	Maturity
Daimler Truck International Finance B.V	500 Mio. €	04.2022	10.2023
Daimler Truck International Finance B.V	625 Mio. €	04.2022	04.2025
Daimler Truck International Finance B.V	625 Mio. €	04.2022	04.2027
Daimler Truck Finance North America LLC	500 Mio. US$	04.2022	04.2024
Daimler Truck Finance North America LLC	650 Mio. US$	04.2022	04.2025
Daimler Truck Finance North America LLC	650 Mio. US$	04.2022	04.2027
Daimler Truck Finance Canada Inc.	600 Mio. C$	09.2022	09.2025
Daimler Truck Finance Canada Inc.	200 Mio. C$	09.2022	09.2027

B.17
Refinancing instruments

	Average interest rates		Carrying values	
	Dec. 31, 2022	Dec. 31, 2021	**Dec. 31, 2022**	Dec. 31, 2021
		in %		In millions of euros
Bonds and liabilities from ABS transactions	**3.32**	2.31	**12,362**	8,058
Liabilities to financial institutions	**7.19**	3.00	**6,049**	6,241
Deposits in the direct banking business	**12.24**	9.27	**805**	552

The carrying amounts of the main refinancing instruments as well as the weighted average interest rates are shown in table ↗ B.17. As of December 31, 2022, these are mainly related to the following currencies: 43% to US dollar, 13% to Brazilian reais, 13% to euros, and 10% to Canadian dollar.

As of December 31, 2022, the total financing liabilities shown in the Consolidated Statement of Financial Position amounted to €20.8 billion (2021: €16.6 billion).

Detailed information on the amounts and maturities of the main items of financing liabilities can be found in Note 25 to the Consolidated Financial Statements. Note 26 to the Consolidated Financial Statements also provides information on the maturities of other financial liabilities.

Credit ratings

Credit ratings of Daimler Truck remained unchanged from the rating agencies in the 2022 fiscal year. Daimler Truck has thus received a solid investment grade rating from the rating agencies S&P Global Ratings and Moody's with a stable outlook.

The BBB+ / A-2 ratings (long-term and short-term) from **S&P Global Ratings** reflect the assessment of the agency that Daimler Truck has a strong market position in the most profitable markets of the United States and Europe. In addition, S&P noted positively that Daimler Truck is on track to achieve its profitability targets and has improved its cost structure.

Moody's A3 rating (long-term, Prim-2 short-term) for Daimler Truck reflects the considerable size of the Group as one of the world's largest commercial vehicle manufacturers by revenue, its good diversification with seven individual brands, and its leading positions in the American and European markets. Moody's also pointed to the global recovery of truck markets and the potential of Daimler Truck to increase its margins through efficiency measures, as well as the companies conservative financial policy coupled with strong liquidity.

B.18
Credit ratings

	End of 2022
Long-term credit rating	
S&P	**BBB+**
Moodyʼs	**A3**
Short-term credit rating	
S&P	**A-2**
Moodyʼs	**P-2**

Financial position

Compared with December 31, 2021, **total assets** increased from €54.8 billion to €64.0 billion. The increase included €1.0 billion in positive exchange rate effects; adjusted for these effects, the increase was €8.2 billion. Financial Services accounted for €25.5 billion of total assets (2021: €17.9 billion), corresponding to 39.9% of all assets in the Daimler Truck Group (2021: 32.7%).

Table ↗ **B.19** shows the Condensed Statement of Financial Position of the Daimler Truck Group as well as the Industrial Business and Financial Services.

B.19

Condensed consolidated statement of financial position

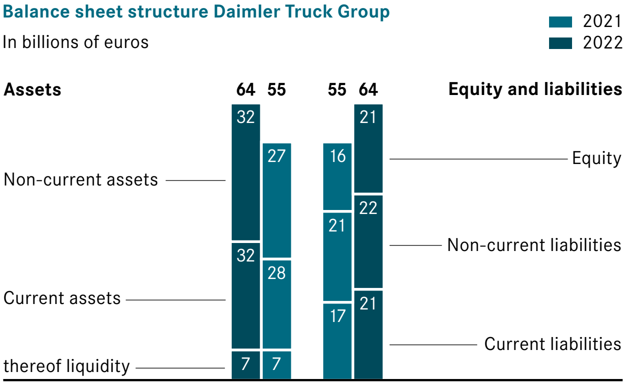
	Daimler Truck Group		Industrial Business		Financial Services	
	2022	December 31, 2021	2022	December 31, 2021	2022	December 31, 2021
In millions of euros						
Assets						
Intangible assets	2,779	2,700	2,735	2,688	44	12
Property, plant and equipment	7,993	7,860	7,928	7,784	65	76
Equipment on operating leases	4,433	3,542	3,617	3,294	816	248
Receivables from Financial Services	22,425	16,098	–	–	22,425	16,098
Equity-method investments	1,073	1,369	1,073	1,369	–	–
Inventories	8,815	7,793	8,782	7,783	33	10
Trade receivables	4,682	3,962	4,260	3,647	422	315
Cash and cash equivalents	5,944	7,244	5,597	6,904	347	340
Marketable debt securities and similar investments	1,145	139	1,092	99	53	40
thereof current	1,124	105	1,092	99	32	6
thereof non-current	21	34	–	–	21	34
Other financial assets	1,505	1,360	702	897	803	463
Other assets	3,175	2,733	2,637	2,409	537	324
Total	63,969	54,800	38,424	36,874	25,545	17,926
Equity and liabilities						
Equity	20,606	16,423	18,388	14,858	2,218	1,565
Provisions	6,096	7,161	5,954	7,047	142	114
Financing liabilities	20,839	16,599	-1,422	966	22,262	15,633
thereof current	7,511	5,479	-4,856	-3,185	12,367	8,664
thereof non-current	13,328	11,120	3,433	4,151	9,895	6,969
Trade payables	5,317	4,359	5,267	4,243	50	116
Other financial liabilities	4,826	4,300	4,288	3,887	538	413
Contract and refund liabilities	3,811	3,419	3,811	3,419	–	–
Other liabilities	2,474	2,539	2,139	2,453	335	85
Total	63,969	54,800	38,424	36,874	25,545	17,926

At 50.6%, current assets as a proportion of the balance sheet total were slightly below the level of the previous year (2021: 51.0%). At 32.8%, current liabilities as a proportion of the balance sheet total were above the level of the previous year (2021: 31.6%). Table ↗ B.20 shows the balance sheet structure by maturity.

B.20

Balance sheet structure Daimler Truck Group

In billions of euros



Intangible assets of €2.8 billion (2021: €2.7 billion) included €0.7 billion of goodwill (2021: €0.6 billion), €0.8 billion of capitalized development costs (2021: €0.7 billion), €1.3 billion (2021: €1.4 billion) of concessions, industrial property rights and similar rights (thereof €0.9 billion for the right to use the brand Mercedes-Benz for an indefinite period of time). The development costs capitalized in the year under review amount to €167 million (2021: €176 million) and correspond to 9.4% (2021: 11.2%) of the Group's total research and development expenditure.

Property, plant and equipment (including right-of-use assets) of €8.0 billion were slightly above the previous year (2021: €7.9 billion). Investments in property, plant and equipment increased from €762 million to €898 million. At our production and assembly plants, investments were primarily made in new technologies (for example zero-emission vehicles and digitalization) and in the further development of existing products. In addition, sales and spare-parts centers were expanded. Investments in property, plant and equipment at the sites in Germany amounted to €294 million (2021: €280 million).

Equipment on operating leases and **receivables from financial services** increased in total to €26.9 billion (2021: €19.6 billion); adjusted for currency translation, there was an increase of €6.6 billion. This is mainly due to the Financial Services business acquired from the Mercedes-Benz Group, but also due to new business and exchange rate effects. The share of total assets accounted for by the leasing and sales financing business was 42.0% and above the level of the previous year (2021: 35.8%).

Equity-method investments decreased to €1.1 billion (2021: €1.4 billion). The decline resulted among other effects from the impairment of the carrying amount and subsequent sale of the investment in the Russian joint venture Daimler Kamaz Truck Holding GmbH.

Inventories increased from €7.8 billion to €8.8 billion; the share of total assets is also higher year-on-year at 13.8% (2021: 14.2%). The currency-adjusted increase of €0.8 billion was due to the bottlenecks in the supply chains. This led to a delay of completion in production of a significant number of trucks. Furthermore, raw materials and supplies increased due to the expected production volume for the year 2023.

Trade receivables of €4.7 billion were above the figure for the previous year (€4.0 billion). The increase was primarily due to the development of unit sales and pricing.

Cash and cash equivalents decreased from €7.2 billion to €5.9 billion due to repayments of loans to banks.

The Group's **equity** increased compared to December 31, 2021 from €16.4 billion to €20.6 billion. Positive effects were due to the Group's net profit of €2.8 billion, the effects of currency translation of €0.1 billion and actuarial gains from defined-benefit pension plans of €1.2 billion. Equity attributable to the shareholders of Daimler Truck Holding AG increased accordingly to €20.1 billion (2021: €15.9 billion).

Whereas total assets increased by 17%, equity increased by 25% compared with the previous year. Accordingly, the Group's **equity ratio** was above the level of the previous year at 32.2% (2021: 30.0%); the equity ratio for the Industrial Business was 47.9% (2021: 40.3%).

Provisions of €6.1 billion are lower year-on-year (2021 €7.2 billion); at 9.5%, their share of the balance sheet total is also lower year-on-year (2021: 13.1%). Provisions for pensions and similar obligations decreased to €1.1 billion (2021: €2.5 billion). The decrease in the present value of pension obligations to €5.9 billion (2021: €8.0 billion) was offset by the fair value of plan assets to fund these obligations of €5.4 billion (2021: €6.1 billion). In particular, the increased discount rate led to a reduction in the present value of pension obligations.

Provisions also relate to obligations for product warranties of €2.0 billion (2021: €1.7 billion), for staff and social matters of €1.6 billion (2021: €1.5 billion) for liability and litigation risks and official proceedings of €1.0 billion (2021: €1.1 billion), and other provisions of €0.4 billion (2021: €0.4 billion).

Financing liabilities of €20.8 billion were above the level of the previous year (2021: €16.6 billion). The currency-adjusted increase of €3.7 billion is mainly attributable to the refinancing of the Financial Services business acquired from the Mercedes-Benz Group in the reporting period. Refinancing was achieved through borrowings on the capital markets and bilateral bank loans.

Of the financing liabilities, 54.5% are related to bonds, 29.0% to liabilities to banks, 4.9% to liabilities from ABS transactions, 3.9% to deposits in the direct banking business, 5.7% to liabilities from leasing relationships and 2.0% to loans to third parties.

Compared to December 31, 2021, **trade payables** increased by €1.0 billion to €5.3 billion. One the one hand, the increase was attributable to a higher order and production volume and on the other hand to higher prices from suppliers.

Further information on the recognized assets, equity and liabilities of the Group can be found in the consolidated statement of financial position ↗ **D.03**., the consolidated statement of changes in equity ↗ **D.05** and the relevant notes to the consolidated financial statements.

Overall assessment of the economic situation

The past financial year was also characterized by the effects of the COVID-19-related lockdowns in China and the associated disruptions in global supply chains. In addition, the environment was far more challenging due to the Russia-Ukraine war than could be foreseen at the beginning of the year, particularly in view of the increase in energy prices and inflation overall.

Daimler Truck is meeting these challenges by actively managing all functions. For example, by serving regions and products with the highest contribution margins. Daimler Truck was not able to fully meet demand as supply was permanently lower than demand.

Overall, the outlook for 2022 in the combined management report for 2021 was confirmed, and revenue and EBIT were even exceeded. The outlook in the interim reports for the 2022 full year were raised accordingly for revenue and EBIT. At the same time, Daimler Truck continues to work on improving profitability and the transformation to CO_2-neutral transport.

Daimler Truck Holding AG

(condensed version in accordance with the German Commercial Code (Handelsgesetzbuch or “HGB”))

In addition to the reporting on the Daimler Truck Group, the development of Daimler Truck Holding AG is explained here.

Daimler Truck Holding AG is the parent company of the Daimler Truck Group and has its headquarters in Stuttgart (Germany).

Due to its position as the listed parent company of the Daimler Truck Group, Daimler Truck Holding AG is responsible for a wide range of tasks, particularly in the external presentation of the Daimler Truck Group. These tasks include, in particular, external financial reporting and the fulfillment of other statutory disclosure requirements and tax requirements placed on the tax group. The Group-wide, central functions are based at the level of Daimler Truck AG – which provides services to Daimler Truck Holding AG. Daimler Truck Holding AG is structured as a management company with the Board of Management and which provides management services in the Group. The Company has no employees of its own below the level of the Board of Management – apart from a few employees with dual employment contracts. The financing of the Daimler Truck Group is secured centrally by Daimler Truck AG and the other companies of the Group, where appropriate, in conjunction with guarantees provided by Daimler Truck Holding AG.

The annual financial statements of Daimler Truck Holding AG are compiled in accordance with the German Commercial Code (“HGB”). For Daimler Truck Holding AG as a management company, net profit represents the most significant performance indicator. Net profit is considered to be at the prior year’s level if it is within a range of minus 5.0% to +5.0%. If there is a change in a range between minus 5.0% and minus 15.0% or between +5.0% and +15.0%, we refer to a slight decrease or a slight increase compared with the prior year. If the change is more than +15.0% or less than minus 15.0% compared with the prior year, we classify this as a significant increase or a significant decrease.

The Consolidated Financial Statements follow the International Financial Reporting Standards (“IFRS”) as applicable in the European Union (“EU”). This results in some accounting differences with regard to recognition and measurement. These primarily relate to management remuneration and the measurement of equity interests, receivables and liabilities, measurement of provisions, financial instruments and deferred taxes.

The annual financial statements of Daimler Truck Holding AG are prepared in accordance with accounting regulations under commercial law and the supplementary provisions under stock corporation law. Unless otherwise stated, the annual financial statements are presented in millions of euros (€) and compared with the values as of December 31, 2021.

The statement of income is prepared in accordance with the cost of sales method mostly used internationally. The comparative period for the statement of income is the short financial year of the prior year.

Profitability

The **profitability** of Daimler Truck Holding AG in the financial year was significantly influenced by the profit transfer resulting from the control and profit and loss transfer agreement with Daimler Truck AG, which totaled €1,393 million (2021: €1,218 million).

General administrative expenses amounted to €55 million (2021: €14 million). This mainly included personnel expenses of €23 million (2021: €3 million), other non-production-related external services amounting to €13 million (2021: €1 million) and other indemnity insurance of €8 million (2021: €0 million). The increase over the prior year was mainly due to the short financial year and the resulting reduction in business operations and holding activities of the prior year.

Other operating income amounted to €23 million (2021: €1 million). This mainly contained the charging for provision of management services for Daimler Truck AG of €17 million. Compared to prior year, the increase resulted mainly due to the short financial year and the corresponding reduced holding activates of the prior year.

Net profit amounted to €1,362 million (2021: €1,206 million) and was therefore above our expectations (as stated in the prior year’s outlook report) of a significant reduction in net profit. For the 2022 financial year, the Company reported a distributable profit of €1,362 million (2021: €1,206 million). It will be proposed to the Annual General Meeting to distribute €1,070 million (€1.30 per no-par-value registered share entitled to dividend) from the distributable profit of Daimler Truck Holding AG for the 2022 financial year to the shareholders and to carry forward the distributable profit remaining after the distribution of €292 million to new accounts.

The **economic position** of Daimler Truck Holding AG in its function as a management company primarily depends on the development of its subsidiaries. Daimler Truck Holding AG participates in the operating results of the subsidiaries through the profit transfer of Daimler Truck AG. This means that the economic situation of Daimler Truck Holding AG corresponds to that of the Group as a whole, which is illustrated in chapter Profitability, Liquidity and Capital Resources, and Financial Position of the combined management report.

B.21
Condensed Statement of Income of Daimler Truck Holding AG

In millions of euros	2022	March 25, 2021 – December 31, 2021
Revenue	0	1
Cost of sales	0	–
General administrative expenses	-55	-14
Other operating income	23	1
Operating loss	-32	-12
Profits received due to a profit transfer agreement	1,393	1,218
Interest income/expense, net	1	0
Net profit	1,362	1,206
Distributable profit	1,362	1,206

Liquidity and Capital Resources and Financial Position

At €17,865 million, **total assets** were €1,494 million above the prior year's level.

Non-current assets remained unchanged from the prior year at €15,100 million and consisted exclusively of the 100% equity interest in Daimler Truck AG shown under financial assets.

Receivables and other assets rose by €1,494 million year on year to €2,765 million and mainly included receivables from affiliated companies of €2,603 million. In the amount of €1,393 million, these largely resulted from the control and profit and loss transfer agreement with Daimler Truck AG and in the amount of €1,184 million from receivables from intragroup clearing transactions within the scope of central financial and liquidity management.

At €0 million, **cash and cash equivalents** remained unchanged compared with the prior year. Due to the cash management structure, the operating bank account of Daimler Truck Holding AG is balanced daily.

Cash flows from operating activities amounted to minus €20 million in the 2022 financial year (2021: minus €14 million). Compared to previous year, the reduction in operating profit had a negative impact on cash flows from operating activities.

The **cash flows from investing activities** in the 2022 financial year came to €1,218 million (2021: €0 million) and resulted primarily from the profit transfer of Daimler Truck AG.

The **cash flows from financing activities** of minus €1,198 million (2021: €14 million) resulted from the change in receivables and liabilities of intragroup clearing transactions within the scope of central financial and liquidity management.

The **equity** of Daimler Truck Holding AG rose by €1,362 million to €17,668 million in the reporting year. Equity increased mainly due to the distributable profit of the 2021 financial year of €1,206 million, which was fully allocated to other retained earnings.

The **share capital** amounted to €822,951,882 and is divided into 822,951,882 no-par-value registered shares.

The **capital reserve** as of December 31, 2022 was €14,277 million (2021: €14,277 million). Of this, €14,277 million from the spin-off and contribution transactions of the prior year was allocated to the capital reserve in accordance with § 272 Subsection 2 No. 1 of the German Commercial Code ("HGB").

Provisions rose by €5 million to €15 million and resulted primarily from personnel provisions, other legal obligations and the obligation to prepare and audit the annual financial statements.

Liabilities rose by €127 million to €182 million and mainly included liabilities from the fiscal entity for VAT purposes (€164 million).

B.22
Balance sheet structure of Daimler Truck Holding AG

In millions of euros	December 31, 2022	December 31, 2021
Assets		
Financial assets	15,100	15,100
Non-current assets	15,100	15,100
Receivables and other assets	2,765	1,271
Cash and cash equivalents	0	0
Current assets	2,765	1,271
	17,865	16,371
Equity and liabilities		
Share capital	823	823
Capital reserve	14,277	14,277
Retained earnings	1,206	0
Net profit	1,362	1,206
Equity	17,668	16,306
Other provisions	15	10
Provisions	15	10
Liabilities to subsidiaries	164	49
Other liabilities	18	6
Liabilities	182	55
	17,865	16,371

Risks and Opportunities

The business development of Daimler Truck Holding AG as a management company depends primarily on the development of its direct and indirect subsidiaries worldwide and is therefore subject to substantially the same risks and opportunities as those of the Daimler Truck Group through the earnings. Daimler Truck Holding AG generally participates in the risks of the associated companies and subsidiaries of the Daimler Truck Group in proportion to its respective ownership interest. The risks and opportunities are presented in the chapter Risk and Opportunity Report of the combined management report. In addition, relationships with our subsidiaries and associated companies may result in charges arising from legal or contractual contingent liabilities (in particular financing) as well as impairments of the shares in Daimler Truck AG. Based on the criteria set out in section Risk and Opportunity Report of the combined management report, the extent and probability of occurrence of the opportunities are considered to have increased significantly compared with the previous year, and the risks are considered to have increased slightly.

Subsequent Liability

Pursuant to Section 133 Subsections 1 and 3 of the German Transformation Act (Umwandlungsgesetz or “UmwG”), Daimler Truck Holding AG is jointly and severally liable with Mercedes-Benz Group AG for the fulfillment of liabilities remaining with Mercedes-Benz Group AG, which were incurred prior to the spin-off and hive-down on December 9, 2021 taking effect, if they fall due within five years of the announcement of the registration of the spin-off and hive-down in the commercial register of Mercedes-Benz Group AG and claims against Daimler Truck Holding AG are determined as a result thereof by a court or in another manner described in Section 133 of the German Transformation Act (“UmwG“), or a judicial or official enforcement action is taken or applied for.

The aforementioned period is ten years for pension obligations based on the German Company Pensions Act (“Betriebsrentengesetz”) established prior to the effective date of the spin-off and hive-down. Daimler Truck Holding AG does not expect any outflow of liquidity in this respect due to the sufficiently available special-purpose assets of the other legal entities.

The provisions in this context, in particular the procedure for regulating internal compensation between the participating legal entities, can be found in the Group separation agreement, which is an annex to the spin-off and hive-down agreement of August 6, 2021. The spin-off and hive-down became effective on December 9, 2021 by entry in the commercial register.

The potential obligations from subsequent liability pursuant to Section 133 of the German Transformation Act (“UmwG”) between Mercedes-Benz Group AG and Daimler Truck Holding AG amounted to €21,485 million for Daimler Truck Holding AG (thereof due in 2022: €5,301 million).

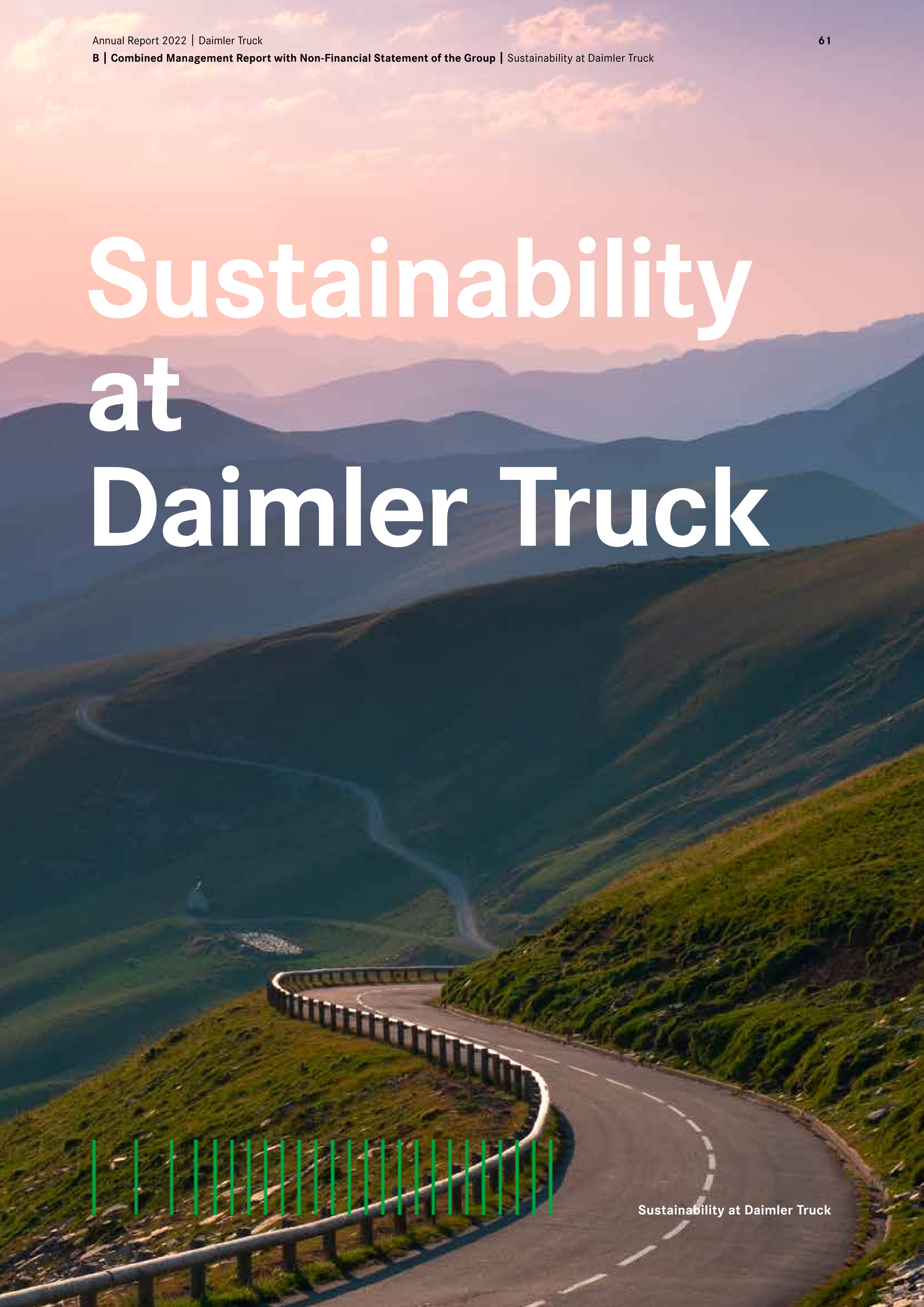
On the basis of the current assessment, an actual outflow of liquidity from Daimler Truck Holding AG is considered unlikely.

Outlook

The profitability, liquidity and capital resources, and financial position of Daimler Truck Holding AG are determined by the business development and success of its direct and indirect operating subsidiaries, in whose development it participates directly and indirectly through profit and loss transfer agreements and dividend distributions.

For 2023, we expect the net profit of Daimler Truck Holding AG to be significantly above the level of the 2022 financial year. In particular, we anticipate a significantly higher profit transfer from Daimler Truck AG.

Furthermore, due to the interconnectedness of Daimler Truck Holding AG with the Group companies, we refer to our statements in the chapter Outlook of the combined management report, which in particular also reflect the expectations for the parent company.



Sustainability at Daimler Truck

Sustainability at Daimler Truck

Sustainability at Daimler Truck
Our focus areas

GOVERNANCE

ENVIRONMENT

SOCIAL

This content is part of the non-financial statement of the Group and subject to a separate audit with limited assurance.

GOVERNANCE

We highlight our responsibilities towards the environment and society with strong, forward-looking corporate governance.

Sustainability at Daimler Truck

Responsible corporate governance

GRI 2-12/-13/-14/-18/-19 SDG 8, 16

As a globally leading manufacturer of commercial vehicles, our goal is to develop and bring sustainable and thus future-proof transport solutions for the transport of goods and people to the road. We take the associated responsibility for our employees, the environment and society very seriously. We view sustainability holistically and as an integral part of our core business. Furthermore, the United Nations' 17 Sustainable Development Goals ("SDGs") serve us as a guide to refine in detail our own commitment to sustainable development and respect for human rights with their help.

The framework we have chosen for our responsible activities is called "ESG" (Environment, Social, Governance - sustainability in the language of the financial markets). Therefore, we focus on the three topics of responsible corporate governance, environment and social.

Governance
Our aim is to be a company with which business partners like doing business and where employees like to work – in brief: A company to trust. Our actions are based on responsibility: We adhere to the corporate governance rules and integrate sustainability into our short and long-term decisions. We encourage open dialog with our stakeholders and support environmental and social initiatives. We manage compliance and ESG risks with proven systems – backed up by our internal audits. We also ensure transparent sustainability reporting to the capital market. On this basis, we set our goals and manage their achievement with the corresponding key figures.

Sustainability is also anchored in the remuneration system. Thus, there is a non-financial target component for the Board of Management, as well as for senior managers. Corporate success is also influenced by goals that focus on sustainability, in addition to business and technology goals. Further information on the remuneration of the The Supervisory Board and the The Board of Management can be found on our website.

Environment
As an organization with responsible corporate governance, we are dedicated to protecting the environment and the climate. We are committed to the goals of the Paris Agreement and are paving the way towards CO_2-neutral transportation. From 2039, we plan to sell only vehicles that are CO_2-neutral in driving mode in North America, Europe and Japan. The first series-production vehicles are already in operation.

The supply chain also forms part of our sustainability efforts. We expect our suppliers to act in accordance with the legal requirements for environmental protection. We also require our direct suppliers to comply with our Company's sustainability standards.

For the CO_2-neutral transportation of goods and people, we also aim to make our global production CO_2-neutral by 2039. We reached a milestone during the reporting year: Our European production plants are CO_2-neutral on balance. Our production sites in India, Japan and the US are also expected to be CO_2-neutral by 2025.

B.23
Overview Governance

Ambition	Achievements
Governance We follow good corporate governance and integrate sustainability into our business targets and our management compensation.	– Sustainable business strategy and Governance setup. – First Daimler Truck materiality analysis conducted. – Sustainability reporting integrated into Annual Report.
Compliance We prevent and manage compliance and ESG-risks with standardized systems.	– Adaption of the Compliance Management System ("CMS") to the requirements of Daimler Truck after the spin-off. – Roll out of various compliance trainings. – Monitoring process and annual adequacy and effectiveness checks of the CMS were carried out. – Update of the standards for business partners to the requirements after the spin-off.
Engagement	– Support for the Ukrainian population through donations in kind and money. – Continuation of the ProCent initiative from Daimler Truck and thus support of many projects. – Official participant at the UN Global Compact since April 2022.

Social

There are three areas at the heart of our social responsibility: Our employees, fair working conditions and respecting and supporting human rights throughout our value chain, as well as road user safety. We employ more than 100,000 people worldwide. They are our most important asset and we take a variety of measures to ensure that they feel comfortable in the workplace, develop their potential and maintain their health.

We also take social responsibility for our supply chain. Our suppliers around the world are committed to adhering to our social and environmental standards, paying their employees fairly, ensuring safe working conditions, respecting human rights and combating child and forced labor.

Safety is part of our DNA and one of our most important obligations – not just toward our customers, but toward all road users. We aim to prevent accidents in road traffic. That is why we are continuously enhancing our safety and assistance systems and advancing autonomous driving. We develop our products in accordance with the highest safety standards, which we regularly verify through internal quality controls and external certifications.

Materiality analysis

GRI 3-1/-2 SDG 16

As the basis of our sustainability reporting, but also to orientate our sustainable business strategy, we conducted a materiality analysis for the Daimler Truck Group in summer 2022. Based on the Daimler Truck corporate strategy, regulatory developments and current industry trends, we identified the key topics for Daimler Truck and prioritized them. For a holistic view, we analyzed both the business relevance of sustainability issues and the impact on our environment and the people around us. These two perspectives were explored through the involvement of various stakeholders. On the one hand, we examined the positive and negative impact of our business activities with a comprehensive competitive analysis, an SDG impact assessment and expert interviews. On the other hand, we looked at the impact of sustainability issues on our business performance and results through an online survey of both our employees and our truck fleet customers and analyzed the relevant ESG rating requirements.

The results of the analysis including recommendations for action were presented to the Sustainability Steering Committee ("SSC") and the Corporate Sustainability Board ("CSB").

The results of the materiality analysis confirms the focal topics for our sustainable business strategy. Eight areas of action were identified as essential. From an external and internal perspective, the focal point here is on the ecological aspects of our business – above all, on combating climate change, resource efficiency and preventing pollution. Together with the social requirements of respect and support for human rights as well as occupational health and safety, which were highly rated by our employees in particular, these constitute the most relevant topics for us, which we want to orient our sustainability management and reporting towards more strongly in the future. The topics of green supply chain, compliance and traffic safety will also be the focal points of our ESG and Group management.

B.24

Materiality Analysis

* SDG: Sustainable Development Goals

Governance

GRI 2-13

In the reporting year, Daimler Truck prioritized sustainability as the top management task and created clear responsibility structures for the topic of sustainability in the Group. The Board of Management meets on a regular basis as the Corporate Sustainability Board ("CSB") to discuss sustainability issues of importance to the company. Within the Board of Management, Chairman Martin Daum is responsible for the topic of sustainability in accordance with the allocation plan. The Supervisory Board advises and supervises the Board of Management, in particular with regard to sustainability issues. At the same time, some members of the Audit Committee have expertise in the area of sustainability reporting and its auditing. The management and organizational structures established in the 2021 reporting year are intended to strategically support our sustainability goals. For this purpose, the Sustainability Steering Committee ("SSC") was created across the board, as well as working groups for the focus topics E, S and G.

Within the Legal and Compliance department, a team for sustainability management deals with the relevant management issues. In addition to sustainability reporting, it is also responsible for the further development of the sustainable business strategy, human rights compliance and stakeholder management. This function reports to the Chairman of the Board of Management via the Company's Chief Legal and Compliance Officer.

Further relevant information can be found in the Declaration on Corporate Governance.

Principles and policies

GRI 2-23

We have anchored our values and principles in our Declaration of Principles on Social Responsibility and Human Rights, as well as in our overarching Daimler Truck Code of Conduct and in other topic-specific policies.

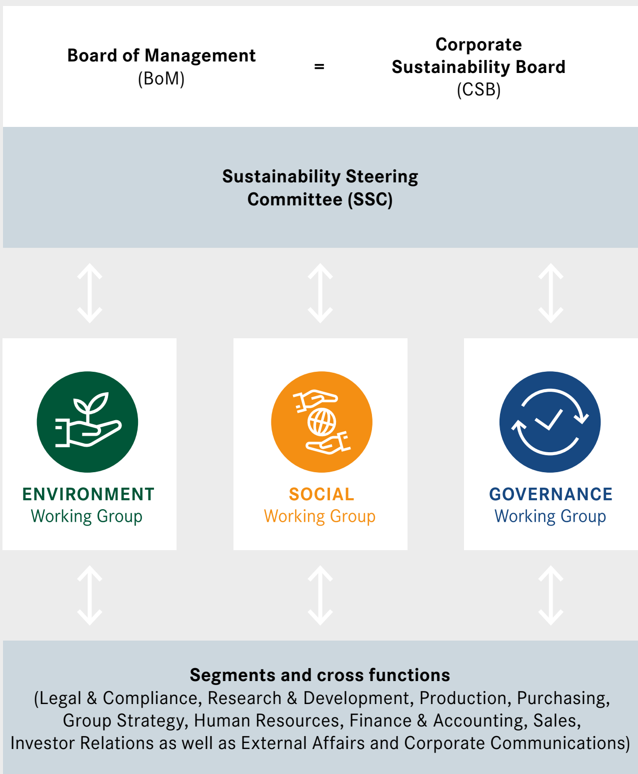
By policies we mean the overarching in-house regulations of the Daimler Truck Group that provide the Group's framework and which are directly binding for all employees and members of executive bodies defined in the scope of application.

Specifications on responsibilities, process, quality, translation, approval, implementation and discontinuation, communication and documentation of policies are laid down in the Policy Management Manual.

The House of Policies ("HoP") is the official platform for the entire Daimler Truck Group to create a transparent, effective and legally compliant policy landscape throughout the Group. All employees have access to the HoP and corresponding training courses are also offered.

B.25

Governance Structure



The central management and decision-making body for all sustainability topics (Corporate Sustainability Board – "CSB") is part of the Board levels of Daimler Truck Holding AG and Daimler Truck AG. Under the leadership of the Chairman of the Board of Management, the Corporate Sustainability Board meets at least twice a year.

The Sustainability Steering Committee ("SSC") is composed of senior management level representatives of the segments and representatives of various functional units. The SSC, under the direction of the Chief Legal & Compliance Officer, advises – as required – on the course of action at least once a quarter and assesses the sustainability performance reported by the working groups.

The processing of the focus topics from the sustainable business strategy is organized and structured by the respective responsible departments in working groups. Progress made and any important decisions are reported to the SSC and the CSB or submitted to them for a decision.

Compliance

GRI 2-27, 3-3, 205-1/-2/-3, 206-1, 207 SDG 16

We are convinced: Only those who act ethically and legally responsible will remain successful in the long term. Compliance with rules and a corresponding compliance culture therefore assume a high priority at Daimler Truck.

Compliance and responsible corporate governance are in line with our understanding of sustainable business. Daimler Truck has therefore implemented an established Compliance Management System ("CMS"), which comprises programs and processes to comply with legal requirements and to prevent misconduct. Daimler Truck informs and raises the awareness of its employees on compliance issues through numerous training measures and communication campaigns.

Compliance management focus areas

Value-based compliance is an indispensable part of our daily business activities and means that we aim to comply with laws and internal regulations. Our intention is to encourage compliant conduct throughout the entire company around the world by taking specific measures. In the following, we explain how we are pursuing our main objectives, what are the regulations and policies providing us with orientation in this regard, and which specific measures we are implementing.

The main objectives of our Group-wide compliance activities are:

- Combating corruption
- Preserving maintaining and promoting fair competition
- Ensuring compliance with technical and regulatory requirements
- Respecting and supporting human rights
- Adherence to data protection laws
- Preventing money laundering and terrorist financing
- Complying with sanctions and export regulations

Combating corruption

The objective of our compliance measures is to minimize corruption in all business activities. We therefore critically examine our business partners and transactions and deal with authorities and public officials in a particularly sensitive manner.

An important component of our anti-corruption compliance management system is Transparency International's Corruption Perception Index. We see increased corruption risks in the area of sales activities in high-risk countries as well as in our business relations with authorized dealers and general distributors worldwide.

Maintaining and promoting fair competition

Our Group-wide Antitrust Compliance Program is oriented to national and international standards to ensure fair competition. It comprises a binding, globally valid Daimler Truck Group standard that defines how matters of antitrust law are to be assessed and how the work with industry associations has to be carried out. It is based on the standards of the underlying European regulations and takes into account established legal practice at European antitrust authorities, as well as the rulings of European courts.

Additional guidelines and practical toolkits are also intended to support our employees worldwide in recognizing situations that are critical under antitrust law and acting in accordance with the regulations. This is particularly important when employees deal with competitors, cooperate with dealers and general distributors, and participate in trade association work.

Ensuring compliance with technical and regulatory requirements

Product compliance for Daimler Truck means compliance with technical and regulatory requirements, standards and laws that are relevant to business activities around the world.

Our objective is to identify risks within the product creation process - i.e., in product development and certification – as well as in product reliability process at an early stage, including the implementation of preventative measures. In doing so, we take into account the fundamental spirit of laws and regulations as well as internal specifications and processes in development and production as well as after the vehicles have been placed on the market.

The Product Compliance Management System ("PCMS") defines principles, structures and processes in order to provide our employees with certainty and guidance, especially in terms of challenging questions on how to interpret technical regulations. Furthermore, the PCMS also includes minimum standards for handling our products in the field regarding safety, regulatory conformity and emissions issues.

Respecting and supporting human rights

We are strongly committed to respect and support human rights and we also expect this from our business partners throughout the value chain. With our Human Rights Compliance Management System ("Human Rights CMS"), we pursue a systematic approach to fulfilling our human rights due diligence obligations. The Human Rights CMS is based on internationally recognized standards, such as the United Nations Guiding Principles on Business and Human Rights ("UNGPs"), which are the basis for regulatory and legislative business and human rights efforts worldwide.

As part of the CMS, we systematically review on a risk basis whether human rights are respected in our controlled Group companies and in our supply chain, and have defined various measures, both to prevent and minimize potential adverse impacts on human rights through our companies and our business activities, and to remedy them. Further information can be found in the chapter Human rights.

Adhering to data protection laws
At Daimler Truck, data and the systematic evaluation of data are the basis for new business models, innovative technologies and efficient processes. However, data not only opens up business opportunities, but its handling requires special care as comprehensive data protection requirements apply both in Europe and globally.

In the year under review, we at Daimler Truck adopted a commitment to data responsibility which defines a clear framework on how we handle data based on the three guiding principles of “added value for the customer”, “business potential” and “responsible use of data”.

The Chief Data Privacy Officer performs the tasks defined by law to comply with data protection regulations.

Daimler Truck’s “Global Data and Information Policy” lays the foundation for responsible and legally compliant handling of information and data worldwide. It defines a binding minimum standard for all Group units. Besides that, the requirements of the EU General Data Protection Regulation and the applicable local data protection laws are to be considered.

At the same time, our Data Compliance Management System supports the Group in systematically planning, implementing, and continuously monitoring measures to ensure compliance with the data protection requirements.

Daimler Truck has established a central reporting procedure for all information security incidents: The Information Security Incident Management Process. Employees and contractors are instructed to report all potential personal data breaches and information security violations via this process. During the year under review, a small number of cases were reported to the responsible data protection authorities. This did not result in any official measures against the company.

The contact details of the Chief Data Privacy Officer are publicly available. Customers with data protection concerns can always contact the Chief Data Privacy Officer. In the year under review, Daimler Truck did not have any cases in which data protection supervisory authorities took action following a customer complaint.

Preventing money laundering and financing of terrorism
The purpose of compliance in the prevention of money laundering and terrorist financing is both to prevent the placement of funds from criminal transactions into the legal economic cycle and the financing of terrorist associations via transactions with Daimler Truck. Therefore, we have implemented global minimum standards, processes and safeguards throughout the Group to comply with all applicable anti-money laundering laws.

Daimler Truck has appointed a Group Anti-Money Laundering Officer. He ensures compliance across divisions at Daimler Truck Holding AG and all of its Group companies and is responsible for Group-wide standards and processes pursuant to the German Anti-Money Laundering Act.

The Anti-Money Laundering Officer is assisted by two deputy Anti-Money Laundering Officers. One deputy is responsible for ensuring compliance measures for the prevention of money laundering and terrorist financing for the Industrial Business, while the other deputy is responsible for the segment Financial Services.

Complying with sanctions and export regulations
A central Group unit for export control, sanctions, anti-money-laundering and dangerous goods pursues a combined compliance approach with the aim to ensure all applicable personal sanctions (sanctions compliance) and goods-related sanctions (export control compliance) in the best way possible throughout the Group.

As a minimum standard of Daimler Truck, regardless of its applicability, the sanctions lists of the EU, the United Kingdom and the US (including the US Office of Foreign Assets Control (“OFAC”); US Bureau of Industry and Security (“BIS”)) are checked through an IT-system in every business transaction. Group-wide export control ensures, both through its worldwide internal policy and through its IT-supported export control management system, that applicable national and supranational export control prohibitions and licensing requirements are observed for all exports or shipments of export control-relevant goods initiated by Daimler Truck or controlled majority companies.

Compliance Management System

Through our Compliance Management System ("CMS"), we at Daimler Truck aim to promote compliance with regulations and policies at our company and to prevent misconduct. The measures needed for this are defined by our compliance and legal organizations in a process that also takes the Company's business requirements into account in an appropriate manner. The CMS consists of basic principles and measures that ensure compliant behavior throughout the Company. It is based on national and international standards and is applied on a global scale at Daimler Truck. The CMS consists of seven elements that build on one another.

B.26
The Daimler Truck Compliance Management System

Corporate culture and compliance values

We aim to ensure that all employees are aware of and comply with the applicable Code of Conduct and act responsibly, with integrity and in compliance with the rules. Our Group-wide Code of Conduct serves as a general benchmark for us: It sets out the guidelines for our actions and helps us to make the right decisions. The policy is binding for all employees of the controlled Group companies of Daimler Truck Holding AG, is available in ten languages and centrally. In 2022, the Code of Conduct was revised with the help of employees and aligned with the "Purpose Principles" of Daimler Truck. It was published at the beginning of February 2023.

Compliance objectives

The objectives of the compliance program are defined and under the responsibility of the Chief Legal and Compliance Officer and the Compliance Board on the basis of the compliance strategy. The compliance strategy is derived from the corporate objectives as well as from the applicable laws, regulations, voluntary commitments and the "Purpose Principles" of Daimler Truck.

For the individual compliance areas, this means minimizing corruption risks, antitrust risks, export control risks, risks from money laundering and violations of sanctions and terror lists, data protection, product conformity and human rights as well as specific environmental risks.

Compliance organization

The compliance organization of the Daimler Truck Group is organized regionally and along the functions. In this way, it can provide effective support – for example, through guidelines and recommendations. Functional or regional contacts are available for this purpose. Therefore, a global network of local contacts ensures that our compliance standards are upheld. The network supports the management of the Group companies in implementing our compliance program locally. In addition, the Compliance Board manages overarching issues and monitors whether our measures are effective. The Board has the task of responding at an early stage to changes in business models and in the business environment, picking-up on regulatory developments and continuously developing the CMS. The Compliance Board is composed of representatives of the Compliance and Legal departments, meets regularly and is chaired by the Chief Legal and Compliance Officer. He reports directly to the Chairman of the Board of Management of Daimler Truck Holding AG and reports regularly to the Board of Management of Daimler Truck Holding AG and Daimler Truck AG, to the Audit Committee of the Supervisory Board and to the Group Risk Management Committee. From the Company's perspective, the compliance network's independence from the segments is assured by the direct reporting line to Legal and Compliance department and to the Chairman of the Board of Management.

Compliance risks

Daimler Truck systematically reviews and evaluates all controlled Group companies and majority shareholdings globally and its own central units on a regular basis in order to minimize compliance risks. In doing so, centrally available data is accessed and, if necessary, local information. The results of the regular compliance risk evaluation form the basis of our risk controlling. We use these to implement targeted risk-minimizing measures worldwide. This risk management approach serves as a framework for all compliance fields. The risk analysis for Daimler Truck, which is valid for financial year 2022, was carried out before the spin-off from the former Daimler AG at the end of 2021 and forms the basis of our compliance risk management. The compliance risk management processes were adopted by Daimler Truck after the spin-off and adapted to its requirements in the reporting year.

Compliance program

Daimler Truck's compliance program comprises elements such as the Business Practices Office, business partner due diligence processes, compliance contractual clauses and other measures tailored to the respective compliance field in order to minimize risks and counteract violations of laws and rules. The individual measures are derived from the findings of our systematic compliance risk analysis. In this respect, we focus on, among other things: Continuous enhancement of awareness of compliance and adherence to relevant processes, consistent follow-up of reports of misconduct, and the formulation of clear requirements for the conduct of our business partners.

Reporting of rule violations via the BPO whistleblower system

GRI 2-27

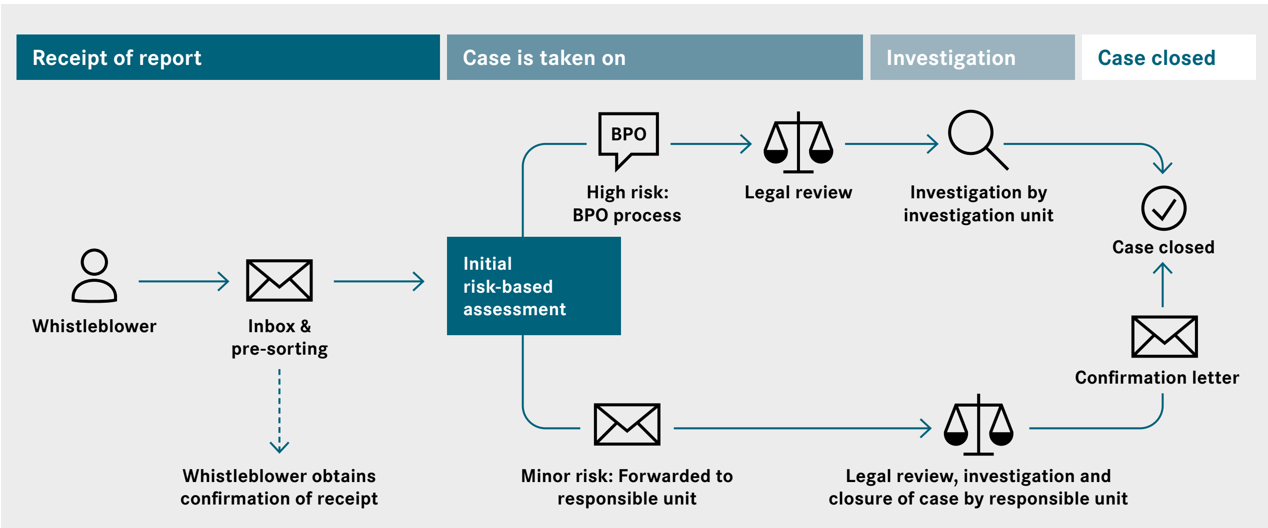
The whistleblower system Business Practices Office ("BPO") enables employees of Daimler Truck as well as business partners and third parties around the world to report violations of regulations. Information can be submitted by email, post or by using a reporting form. In addition, external toll-free hotlines are available in Brazil, Japan, South Africa and the US. Reports can also be submitted anonymously if local laws permit this. In Germany, a neutral external intermediary is available for whistleblowers as an additional contact point. Reports to the BPO whistleblower system alert us to potential risks for the Group and its employees. This can prevent damage.

A globally valid corporate policy defines BPO procedures and the corresponding responsibilities. Its aim is to ensure a fair and transparent procedure that takes both the principle of proportionality for the person concerned and the protection of the whistleblower into account. The policy also serves as the standard by which we at Daimler Truck judge breaches of regulations and decide on consequences.

If, after an initial risk-based assessment, a notification is classified as a violation of the rules with a low risk for the Company, the BPO transfers the case to the responsible department, for example Human Resources, Corporate Security, or Corporate Data Protection. The relevant department follows up on the notification and clarifies the case under its own responsibility. Rule violations with a low risk for the Company include, for example, theft, embezzlement or personal enrichment with a value of less than €100,000 – provided that they do not fall into the category of corruption.

If the BPO classifies a notification as a high-risk breach of regulations, after a risk-based initial assessment, it then refers the case to an investigative unit. The BPO provides support for the subsequent investigation until the case is closed. Examples of high-risk rule violations include offenses related to corruption, breaches of antitrust law, and violations of anti-money laundering regulations, as well as violations of binding technical provisions or violations in connection with environmental regulations. Cases of sexual harassment, human rights violations, discrimination and racism are also among the high-risk rule violations. In order to constantly increase trust in our BPO whistleblower system and make it even better known to our employees, we are reporting and raising awareness about the BPO through a variety of communication measures.

B.27
Daimler Truck BPO process



In the 2022 reporting year, 19 high risk cases were newly created via the BPO whistleblower system. Among the newly opened cases, two fell into the category of “corruption (passive)”, two in the category of “severe cases of sexual harassment” and two in the category of “severe injuries to physical and psychological integrity”. A further eight cases fell in the category of “theft (over €100,000)”, four in the category of “damage to reputation” and one in the category of “other high risks”.

In the 2022 reporting year, a total of 15 cases classified as “applicable/closed (partially) with merit” were closed. In these 15 cases, a specific initial suspicion had been confirmed. Three of these cases were in the category of “theft (over €100,000),” nine in the category of “damages (over €100,000),” and three in the category of “severe cases of sexual harassment.” The company decides here on appropriate measures in terms of proportionality and fairness. In the year under review, personnel measures included summary dismissals, disciplinary warnings and warnings with a reduction in variable remuneration, suspensions and voluntary termination.

Further information and contact details can be found on our Website.

Sales partners and suppliers acting with integrity
In this regard, beyond the Group companies, we also formulate clear requirements for our business partners, because conduct with integrity and in compliance with rules is a prerequisite for trusting cooperation. When selecting our direct business partners, we therefore pay close attention to ensure that they comply with the law and that they pay the same attention in the supply chain. Our expectations of them have been set out in detail in the Business Partner Standards, which were revised during the reporting year and which we hand out to our business partners. In the Business Partner Standards, we also summarize all the requirements we place on our suppliers for sustainable action and formulate our expectations with regard to working conditions, respect and support human rights, the environment and safety, and compliance. Further requirements can be found in our “Daimler Truck Special Terms” (order conditions) and the compliance contractual clauses. We also provide our business partners with a specifically developed Compliance Awareness Module. The module raises awareness of current requirements and offers our suppliers and sales partners assistance in dealing with potential compliance risks. In accordance with the United Nations Guiding Principles on Business and Human Rights, we are working to ensure that business partners, especially direct suppliers, also respect human rights. Besides this, we are committed to ensuring that this is also the case with indirect suppliers and are taking appropriate measures.

We review direct business partners as part of risk-based due diligence processes. In the year under review, we audited all new sales partners. In addition, we use a permanent monitoring process to review all current sales partners with the aim of identifying possible conduct violations by sales partners. In the year under review, we also further developed our globally standardized and risk-based procedures for selecting and cooperating with suppliers, particularly in light of the German Supply Chain Due Diligence Act. Further information can be found on the Website for our suppliers and in the chapters Green supply chain and Human rights.

Internal information, communication and training measures

Daimler Truck offers a comprehensive range of training courses on compliance topics. Training needs are determined on a regular basis and adjustments as well as enhancements were carried out. The contents and topics of the training courses are tailored to the roles and functions of the respective target group. A web-based and target group-oriented training program is available for employees in administrative areas, consisting of a range of mandatory modules. Employees from production and production-related areas can voluntarily take part in the training program. The training modules are assigned when an employee is hired, promoted or transferred to a function that involves an increased risk. The web-based training measures are available worldwide via a Learning Management System ("LMS"). We are supplementing our web-based training program with face-to-face training, some of which we conducted in digital form in 2022. We also offer information and qualification measures for supervisory and management functions. As part of an executive onboarding program, we are providing information on legal and compliance topics in order to assist newly appointed Supervisory Board members and members of the executive management of the Group companies in their new role.

B.29

Compliance training program - web-based training courses
GRI 205-2

Basic Modules[1]	Number of participants[4]
Antitrust Overview	40,962
Management Module[2]	
Inclusion in Mind!	6,202
Expert Modules[3]	
Compliance@Marketing and Sales	12,123
Compliance@Procurement	387
Insider Law	1,532
Product Compliance	8,499

1 This module is automatically assigned to all active employees (full-time and part-time employees) in the administration of Daimler Truck AG and controlled group companies who meet the IT requirements for carrying out training courses in the Daimler Truck Learning Management System.
2 This module is automatically assigned to all managers (full-time and part-time employees, level 4 and higher) of the administration of Daimler Truck AG and controlled group companies that meet the IT requirements for carrying out training courses in the Daimler Truck Learning Management System.
3 These modules are automatically assigned to relevant active employees (full-time and part-time employees) in the administration of Daimler Truck AG and controlled Group companies who meet the IT requirements for carrying out training courses in the Daimler Truck Learning Management System.
4 Number of participants shows the training completions in the Learning Management System.

B.28

Compliance Training Program

Management and employee training	
Executive Onboarding Program for **CEOs and CFOs** of the Daimler Truck Group	– Onboarding with all **newly appointed CEOs and CFOs (mandatory).**
Web-based **compliance training program**	– Centrally assigned **basic, management and expert modules** (mandatory) for employees in administrative areas of Daimler Truck AG and controlled companies taking into. account **the respective role, function and risk**. – System-based reporting functions and automatic reminders to **track completion of mandatory trainings.**
Face-to-face / virtual trainings	– The **local Legal and Compliance network** offers additional training in face-to-face and/or virtual formats as required - taking into account the local risk profile of the respective unit and the centrally available web-based training courses. The infrastructure for the documentation of these training sessions is provided centrally.
Compliance awareness for business partners	
Compliance Awareness Module for suppliers and sales business partners	– The **web-based Compliance Awareness Module** is made available online to Daimler Truck **suppliers and sales business partners**. The content refers amongst others to our Daimler Truck Business Partner Standards. – The module explains our **guiding principles** for **integrity** and supports our business partners in dealing with potential integrity and compliance risks.

B.30

Compliance training program - face-to-face training courses[1,2]

GRI 205-2

Compliance fields	Number of participants
- Anti-Corruption - Anti-Money Laundering - Antitrust - Compliance in General - Data Compliance - Export Control - Sanctions Compliance	11,813

1 Face-to-face trainings were partly carried out in digital form.
2 Target group: Relevant managers and administration employees worldwide.

Monitoring and improvements

Daimler Truck reviews its CMS programs, processes and measures on the basis of an annual monitoring process and analyzes whether they are appropriate and effective. Centrally available data and, if necessary, local information is accessed. References to non-effective implementation of measures are recorded as part of monitoring and measures are defined for this purpose. If required by changing risks or new legal requirements, we adapt our processes and measures in the CMS.

The monitoring results and other possible measures are evaluated and approved by the Compliance Board. The compliance risk and monitoring process is carried out at Daimler Truck for all specified compliance fields. Compliance fields that are in the process of being set up are subject to an adequacy check. Moreover, compliance programs and processes along established areas are examined in regard to their effectiveness.

In the reporting year, the described monitoring process and the annual adequacy and effectiveness review did not reveal any indications that the compliance program, processes or measures decided upon would not be appropriate or effective in the context of the company's risk situation.

Furthermore, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, audited the CMS of the former Daimler AG for anti-corruption, antitrust and technical compliance ("tCMS") in accordance with Auditing Standard 980 of the German Institute of Public Auditors. The audits were geared to appropriateness, implementation and effectiveness, and were successfully completed for the former Daimler AG, for CMS anti-corruption in 2019, for tCMS with a focus on emissions relevance in 2020, and for CMS antitrust in 2021 as a re-audit after the initial audit in 2016. In 2019, the design of the Data CMS was also audited. Selected units of Daimler Truck AG also participated in the decentralized effectiveness audit.

Risk and opportunity management

GRI 2-25

Risk and opportunity management is an integral part of the Group-wide planning, management and reporting process. It is intended to support the achievement of the Company's goals in a sustainable manner and to raise awareness of risks in the Company. The ESG-related risks and opportunities that are linked to our own business activities, products, and services of Daimler Truck and that could very probably have serious negative impact on the non-financial aspects with regard to the CSR Directive Implementation Act ("CSR-RUG") can be found in the overall assessment of the risk and opportunity situation in the risk and opportunity report of the combined management report. There was no occurrence of serious non-financial risks in the year under review. Detailed information can be found in the Risk and Opportunity Report.

Tax obligations

GRI 207

Daimler Truck sees itself as a responsible company that strives to comply with its worldwide tax obligations. In this context, we want to live up to our corporate values and to our social and ethical responsibility.

As part of the tax strategy of the Group, we pursue the following principles in particular, taking into account the economic and social impacts and in accordance with the corporate and business strategy:

- Through our actions, we want to ensure that the tax obligations of Group's companies are met and integrity standards are maintained through measures such as efficient, high-quality and reliable expertise, processes, systems, methods and controls.
- We live an active risk management for the Group and its operational employees through an appropriate Tax Compliance Management System ("Tax CMS").
- We pursue legal, active and non-aggressive tax planning based on economic grounds ("tax follows business"). This means that we, as a company, comply with our responsibility as a taxpayer. We also strive to work cooperatively, transparently, and constructively with the tax authorities. In the process, we maintain our legal standpoints and defend our interests wherever we believe such actions are appropriate and legitimate. The Group's tax strategy defines the limits of our actions, and this strategy is further specified and implemented by means of organizational and content-related policies, provisions, and instructions.

The worldwide responsibility for tax is allocated to the Head of Tax of Daimler Truck. Significant tax-relevant decisions are made in the Tax Compliance and Tax Risk Committee ("TCRC"), which the Chief Financial Officer is a member of. The TCRC is also kept informed on an ongoing basis about material tax issues.

The tax policies regulate the responsibilities, tasks and duties of the persons entrusted with tax matters at Daimler Truck. In addition, they provide concrete implementation guidelines for meeting relevant legal obligations and enhance our employees' awareness of tax-related issues. In accordance with the Group's Code of Conduct, intentional violations of external and/or internal tax requirements must be reported and followed up. The same applies to failure to correct incorrectly processed transactions.

The Group-wide Tax CMS is a defined sub-area of our general CMS and is the responsibility of the Tax department.

Tax risk management is also part of the Tax CMS. Its function is to monitor and check whether tax obligations are met. This risk management system, which is consistent across the Group, serves to identify and reduce tax risks within Daimler Truck and associated personal risks of the employees acting on behalf of the Group. It comprises numerous measures, such as ongoing monitoring or integration of tax risks in the internal control system and in the Group-wide risk management process in accordance with the risk management policy. In the year under review, we were not aware of any significant violations of tax laws that would have resulted in criminal proceedings.

Commitment

GRI 2-29 SDG 17

Human beings can only overcome the major social and environmental challenges, such as climate change, by working together. Daimler Truck also makes an important contribution here: We contribute our expertise to social dialog and work jointly with representatives from politics and society to find solutions. Daimler Truck would like to be involved in political and public opinion-forming processes as a trustworthy and reliable discussion partner. In this respect, the overarching objective is to take on social responsibility and on a permanent basis to reconcile corporate and social interests. Specifically, the exchange is about helping to shape sustainable solutions to societal challenges.

Stakeholders under the spotlight

B.31

Ongoing stakeholder involvement

GRI 2-29

People	- Surveys and internal webcasts with Q&A - Intranet, sentiment - Integration into strategy via working groups
Customers	- Driving events and driver surveys - Surveys at fleet customers - Trade fair like "IAA TRANSPORTATION"
Suppliers	- Supplier surveys - Daimler Truck Supplier Award
Investors	- Annual General Meetings - ESG ratings - Roadshows, Capital Market Days
Politics, NGOs and the media	- Events like IAA Transportation - Interviews and press conferences - Annual General Meetings - CEO podcast "Transportation Matters"

Dialog with politics and society

GRI 415-1

We define political representation as the constant dialog with decision-makers at various political levels. These include politicians, members of the government, public officials and representatives of interest groups, trade organizations and associations, which in turn maintain political contacts.

We have set out our own principles for political dialog and for the responsible representation of interests and, with involvement of the management, compiled them into a Group policy. We maintain political restraint, balance, and neutrality in our dealings with governments, political parties, members of parliament and officials.

In addition, we have defined binding internal guidelines, which are laid down in the Daimler Truck Code of Conduct, among others. Dealing with grants, making party donations and the approach to other instruments for the representation of political interests is also governed by our Group policy on lobbying political and party donations. Daimler Truck AG is listed in the EU transparency register as well as in the lobby register for representation of interests to the German Bundestag and the Federal Government.

We use various tools to ensure that the political representation of our interests complies with applicable regulations and ethical standards. In this respect, we are especially careful to observe antitrust requirements when working in industry associations and cooperating with other companies. The policies mentioned above also define how we intend to address risks in connection with the political representation of our interests. We also address these risks in compliance processes applicable throughout the Group. Information related to our activities in the area of political representation of interests is received by our whistleblower system BPO. Daimler Truck did not make any donations, either monetary or in kind, to political parties in any part of the world during the year under review. The decision to do this has been made independent of current political or economic events.

Employees of Daimler Truck controlled Group companies who represent political interests must report and register with the relevant department in accordance with the Group policy on lobbying work.

Industry associations and initiatives

GRI 2-28

In addition to direct interaction with political decision-makers and other stakeholders who are committed to sustainable development, Daimler Truck is involved in various associations, bodies, and sustainability initiatives. These include among others in particular the UN Global Compact, econsense, the sustainability initiative of the Federal Association of German Industries, Drive Sustainability and Hydrogen Europe. Daimler Truck uses these forums to have a dialog with representatives of civil society. In the reporting year, the focus was especially on projects related to the further development of alternative drives to innovative renewable technologies, such as the use of hydrogen.

We are also involved in industry associations – including as a member of the German Association of the Automotive Industry ("VDA") and corresponding associations in other countries, such as European Automobile Manufacturers' Assosiaction ("AECA") at European level.

Diversity, equal opportunities and inclusion also play an important role at Daimler Truck, which is why the Group, as a member of the employer initiative, "Charta der Vielfalt e.V." and the European Women's Management Development Network e.V., actively participates in discussions on these topics.

We actively participate in association work that is relevant to our core business. We contribute our company-specific perspective and experience and thus help to advance the discussion in a factual and qualified manner.

Immediate measures due to solidarity with the Ukrainian population: Donation of over €1 million to UNICEF.

Corporate citizenship

GRI 203-1

By corporate citizenship activities we mean all the Group's social activities, such as donations, corporate volunteering and disaster relief. In the future, these will be aligned with the Group's sustainable business strategy and core business.

An important part of our global social commitment consists of donations to charitable organizations and the sponsoring of social projects.

Throughout the Group, donations are selected in accordance with local legal and internal company criteria. In the reporting year, €3.4 million was released for disbursement at national and international level.

In addition to our donation activities in Germany, in the year under review we focused on supporting local people due to the war in the Ukraine, for example by providing various non-profit organizations with vehicles for humanitarian aid transport. We also released employees who drove the trucks for aid transport. The Company also made a large donation to UNICEF and organized a fundraising campaign for employees for the "UNHCR" in which the amount donated by employees was doubled by the Company. Furthermore, EvoBus GmbH donated five buses to the German Red Cross. In total, €2.1 million of humanitarian aid was released for disbursement by the Task Force set up for this purpose.

Moreover, we encourage our employees to get involved in socially beneficial projects, help to improve the social environment in the communities where Daimler Truck locations are based, and initiate aid projects worldwide (corporate volunteering).

Another example of the commitment of our workforce is the "ProCent" initiative. Employees in Germany can donate the cent amounts of their monthly paychecks. These amounts will be doubled by the company and added to a promotional fund for national and international charitable projects. Our employees propose projects which potentially should receive money from this fund. In the 2022 reporting year, the provision of playground equipment for kindergartens and new kitchen equipment for the "Tafel" in Germany were some of the areas funded at national level. At international level, projects were supported via the ProCent donations, especially in Africa, such as the construction of a storage facility at a village in Togo and the funding of training for operating well-drilling rigs in the Democratic Republic of Congo. A total of eleven projects at national level and three projects at international level amounting to a total of around €120,000 were approved for disbursement in the 2022 reporting year.

ENVIRONMENT

We are strongly committed to the Paris Agreement on climate change mitigation. We want sustainable transportation to succeed and thus make a significant contribution to combating global climate change.

Sustainability at Daimler Truck

Environment

As a global company, we strive to enhance the quality of life and the environment in the regions in which we operate. The protection of the environment is not detached from other objectives: Rather, it is an integral part of our corporate strategy, which is geared towards long-term value enhancement and sustainability. To this end, we are developing key technologies intended to make our customers successful in the long-term and to take account of environmental impacts along the entire value chain – from product planning and strategy, through development, purchasing, production and production planning right through to quality, supplier and product management and third-party customer business.

Key environmental issues and our management approach

GRI 3-3

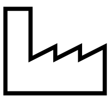
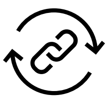
In order to obtain a holistic picture of our environmental impact and of the impact of the environment on Daimler Truck, we have identified material topics within our materiality analysis. The following environmental topics were identified as material:

1. Climate change mitigation and climate change adaptation;
2. Resource efficiency;
3. Prevention of pollution;
4. Green supply chain.

Additional information can be found under Materiality analysis.

We want to make our contribution to complying with the Paris Agreement and have therefore defined which measures are necessary to do this. Management is responsible for setting and reviewing strategic ambitions, such as the reduction of our CO_2 emissions. We have also refined our organizational structure at global and regional level for all energy and environmental management in order to focus in an even more targeted way on the corresponding issues.

B.32
Overview environment

Ambitions		Achievements
	**Green Products** We strive for our new trucks and buses to be CO_2-neutral on the road in Europe, US and Japan by 2039 – and globally by 2050.	– A whole range of emission-free trucks and bus models are already in series production. – Further expansion of our product roadmap to battery electric and hydrogen-based vehicles ("ZEV") with the target of up to 60% share of sales of ZEV in the triade markets in 2030. – Implementation of measures to increase fuel efficiency. – Compilation of certified life cycle assessments for our product portfolio.
	**Green Production** We have realized CO_2-neutral production in Europe, in the US, Japan and India we strive for it in 2025 – and globally by 2039.	– Achievement of CO_2-neutral balance sheet in our own production plants in Europe. – 92% of our relevant locations are ISO 14001 certified. – Formulation of target values for our "green production" initiative: By 2030, reduction of energy consumption by around 590 GWh worldwide, water use by around 470k m^3, waste generation by around 40 kt, scope 1 & 2 emissions by 42% and increase in the share of renewable energy to 55%.
	**Green Supply Chain** We strive together with our direct suppliers for CO_2-neutral products and services in Europe, the United States and Japan by 2039 - and globally by 2050.	– First Daimler Truck Supplier Award ceremony. – Implementation of the CDP supply chain program with a response rate of 63% of invited suppliers of our production material purchasing volume. – Creation of transparency within the supply chain for batteries, steel, aluminum and plastic. – Project start to convert own inbound logistics to CO_2 neutrality and creating CO_2 transparency.

Climate change mitigation and climate change adaptation
Daimler Truck is committed to the Paris Agreement and shape the path to CO_2-neutral transportation. About one fifth of all greenhouse gas emissions in Europe are produced as a result of the transport of goods and people on roads. We take climate change mitigation and climate change adaptation into account in our range of activities: During our product development, within the supply chain and also in our production. We regard it as our mission to make transportation CO_2-neutral worldwide through technical innovation. In this way, we aim to contribute to the decarbonization of the industry. We are pursuing the goal of CO_2-neutrality on the roads and throughout the entire value chain globally by 2050, as well as CO_2-neutral driving for new vehicles (tank-to-wheel) in the triad markets (EU, United States and Japan) by 2039.

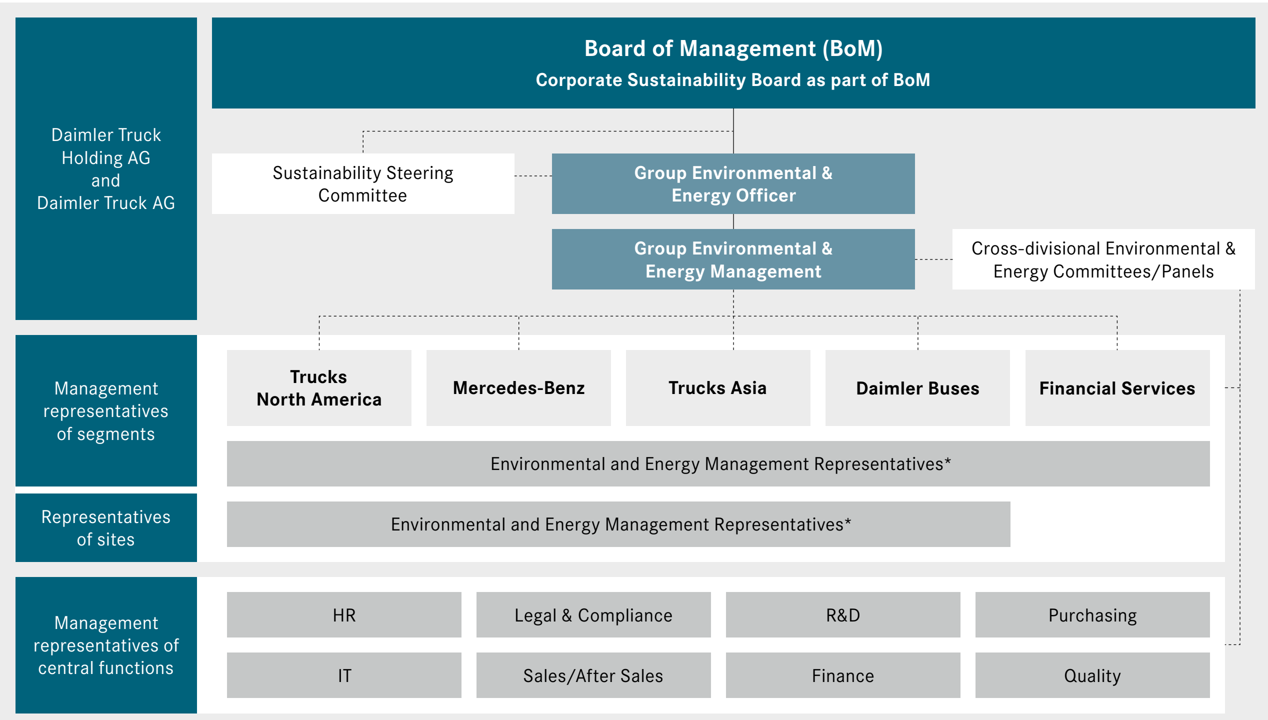
At the end of 2022, we already had a whole range of emission-free truck and bus models in series production in our core regions Europe, the United States and Japan. In the coming years, we intend to not only add more vehicles with battery drives but also with hydrogen-based fuel cells.

Resource efficiency
The growing global economy and demand for the transport of goods and people are also increasing the consumption of resources, which can have a negative impact on the environment and society. For example, in many cases the extraction and further processing of primary raw materials is energy-intensive and leads to the emission of pollutants into water, soil and air. No less important is the fact that the use of natural resources also harbors social risks. A fair distribution of raw materials, secure access to clean drinking water, and observance of human rights in the course of raw material extraction are only a few of the challenges.

At Daimler Truck, we are continuously working on reducing the resource consumption in our products. The areas of vehicle concepts, vehicle development, production planning and production in particular are responsible for using resources sparingly and designing and producing vehicles which use as few resources as possible. We make decisions concerning these areas in the specialist committees responsible for the respective model series. These committees consist of the subsection representatives and expert groups such as those dealing with specific groups of materials.

When making fundamental decisions regarding construction concepts, production technologies and the use of materials, company management is bound by various committees, in particular in the Board of Management meetings. It takes into account a variety of factors– in addition to costs, resource-efficient technologies and alternative materials, including secondary materials and renewable raw materials, and opportunities for industrialization. During this process, management examines to what extent the results of development can be transferred to large-scale industrial production, for example with regard to the use of raw materials. Some of these substances can be categorized as scarce or critical.

B.33
Governance structure and responsibility



* Can be represented by one or two persons.

We therefore monitor them closely and try to continuously reduce the amount of material that is needed per vehicle. To this end, we start to take the approach of “Design for Environment” as early as during the vehicle development stage. This means we design our vehicles to be as resource-conserving and environmentally friendly as possible during their entire life cycle. The cornerstones of this approach are lightweight engineering, the use of recycled materials, recycling and life cycle assessments.

Furthermore, we anticipate future legal regulations and incorporate the expected requirements into product development at an early stage. Examples include the future changes in battery regulation with legally prescribed targets for recycling efficiency, raw materials to be recovered and their reuse in production using recycling quotas. The concurrent discussed extension of the end-of-life regulation for vehicles (currently valid for passenger cars and light commercial vehicles) to heavy commercial vehicles and buses could build on the processes, obligations and target values documented in the battery regulation.

In order to be prepared for this and to be able to take into account such sustainability criteria at an early stage in the development and supplier selection process and incorporate them into the decision, we currently include corresponding requirements in the component requirement specifications.

Preventing pollution

We design the stages of production to be as environmentally friendly as possible and focus on the development of emission-free vehicles. For this purpose, we are striving to implement the legal processes and measures required to minimize risks at all our production sites as part of the environmental management systems that are ISO 14001-certified or validated by the European environmental management and auditing system (“EMAS”). Our activities focus on assets requiring protection such as air, water (groundwater and surface water, lakes, and rivers) and soil. For their protection, we have defined technical and organizational requirements within the framework of company-wide standards. Ensuring environmentally friendly handling of hazardous substances is particularly relevant. We have defined clear internal processes, specifications and standards to ensure the safe storage and environmentally friendly use of hazardous substances at our sites. An internal handling permit for chemicals is required for using hazardous substances at our sites, after assessment of their environmental hazard. Furthermore, substitution processes to improve the environmental compatibility of existing substances will be initiated if necessary.

To guarantee that the Group standards are implemented, we have been applying the environmental due diligence method throughout the company since 1999 – both as part of the former Daimler AG and now as an independent company. It helps us to identify, assess and avoid potential risks of pollution at our production sites at an early stage and to comply with a high environmental standard worldwide. The topic of hazardous substances also plays a central role here.

In a five-year cycle, we audit and assess all the consolidated production facilities of Daimler Truck in accordance with a standardized process. The results are reported to the respective manufacturing site and executive management so that any potential optimizations can be made. In addition, we review on an annual basis the extent to which our recommendations for risk minimization and pollution prevention at the production sites have been implemented.

Green supply chain

Suppliers are an important part of our production network. They can therefore make important contributions through their commitment to climate protection and resource conservation. Accordingly, we strive to raise the awareness of our suppliers and support them on our path to greater environmental protection in the supply chain.

Through the transformation of our product portfolio towards zero-emission vehicles, emissions in the manufacturing phase of the products are becoming increasingly important in relation to the total emissions during the product life cycle. Raw materials are considered to be an important driver of emissions in the supply chain.

Our objective is to use the supply chain as a key lever to reduce our CO_2 emissions in order to reduce the carbon footprint of our products across the value chain and life cycle. Transparency about emissions in the supply chain is therefore an important prerequisite.

On the one hand, our measures for a green supply chain relate to suppliers as our business partners, but on the other, they also relate to the purchased parts and materials as well as the transport routes to our production facilities. Further information on this can be found in chapter Green supply chain.

In general, we expect all suppliers to comply with the environmental requirements described in our Business Partner Standards and also to pass them on to their own supply chain. In order to fulfill our due care obligations, we have developed a comprehensive concept for the sustainability management of both environmental and social factors in the supply chain. In addition to including the requirements in contractual terms, it contains assessment instruments as well as information and qualification measures for suppliers.

Further information on the business partner standards can be found on our Website.

According to our contract terms, direct suppliers are obliged to comply with our sustainability requirements. The circular economy is a part of this, which is why minimizing waste, for example through recycling, is a clear requirement. The use and consumption of resources during production should also be reduced or avoided. At the same time, the focus should be on the use of alternative materials, material savings, recycling and the reuse of materials.

Suppliers must design and implement the processes and procedures along their entire value chain in such a way that the product can be utilized in the best way possible at the end of its service life.

Green products

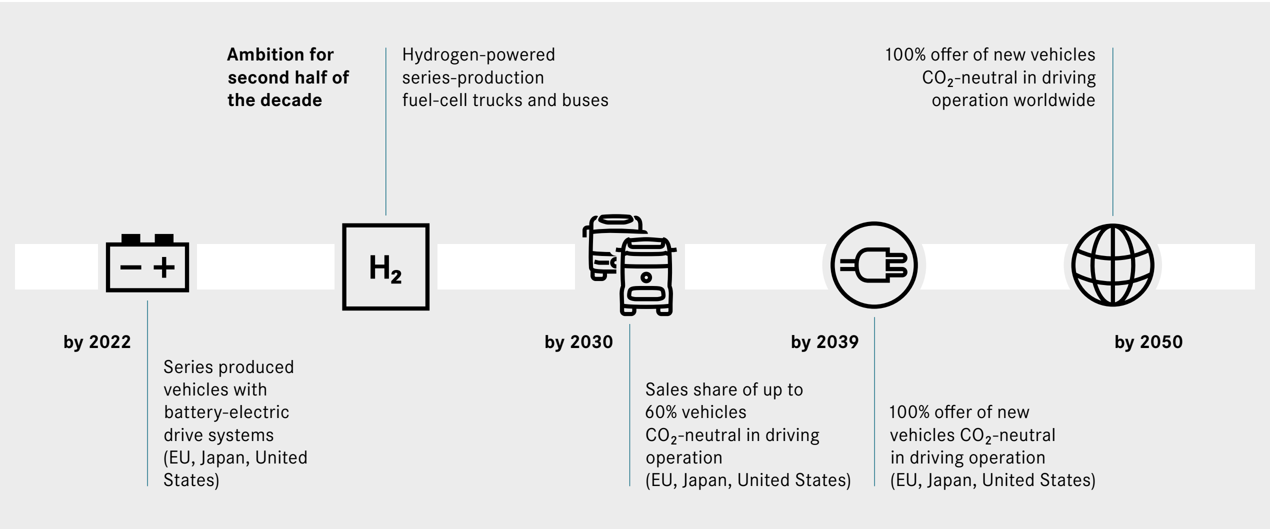
GRI 301, 302, 305, 306 SDG 11, 12, 13, 17

Climate change mitigation through innovative products

The biggest factor influencing the climate, which trucks and buses have, lies in the usage phase, for example, with the customer and in driving behavior. Therefore, a vehicle that is fuel-efficient and climate-friendly from the outset is an essential prerequisite for contributing to climate protection by the transport sector. Daimler Truck is working purposefully to make vehicles more environmentally friendly and, in particular, to focus on product-related climate protection. In our technology strategy, we have defined two focus areas: The drive and operating system of a commercial vehicle. On the driving side, we keep the combustion engine competitive on the one hand and are developing CO_2-neutral drives with a battery and hydrogen on the other. With regard to the operating system, we aim to add value for our customers with innovative software and electronics solutions.

EU legislation focuses on new vehicles for reducing CO_2 emissions in road traffic and sets out specific targets. For new heavy-duty trucks over 16t, it requires CO_2 emissions to be reduced on average by 15% by 2025 and by 30% by 2030 in comparison to the survey period from July 1, 2019 to June 30th, 2020. For this purpose, the European Commission, together with scientists and with the support of industry and other experts, has developed a uniform Europe-wide simulation program called the vehicle energy consumption calculation tool ("VECTO"). This also includes the relevant test and measurement procedures for CO_2 emissions and fuel consumption. The relevant data will be collected throughout Europe and will be made transparent. Daimler Truck has defined a technology roadmap to meet EU requirements and is consistently focusing on CO_2-neutral trucks and buses for the local market.

B.34
Our path to CO_2-neutral transport



Our strategy includes a clear plan for the transition to zero-emission vehicles. We are investing in the development of competitive products tailored to customers' needs. When developing the all-electric Mercedes-Benz trucks, Daimler Truck is focusing in particular on the aspect of customer co-creation. This means that product development includes collaborating with truck customers and has allowed us to ensure that customer feedback on the electric truck was taken into account early on in the development of the Mercedes-Benz eActros and could be incorporated into development. This will be retained for future products on the process side. Our colleagues in the US market, including within the framework of an "Electric Vehicle Council", are also in regular contact with customers on the topic of e-mobility – in particular on technical and sustainability concepts for the future. Moreover, when developing commercial vehicles with battery- and hydrogen-based drive system technology, Daimler Truck maintains a dialogue with representatives of cities and with leading experts on the issues of urban and transportation development. This provides us with a valuable impulse for new strategic initiatives.

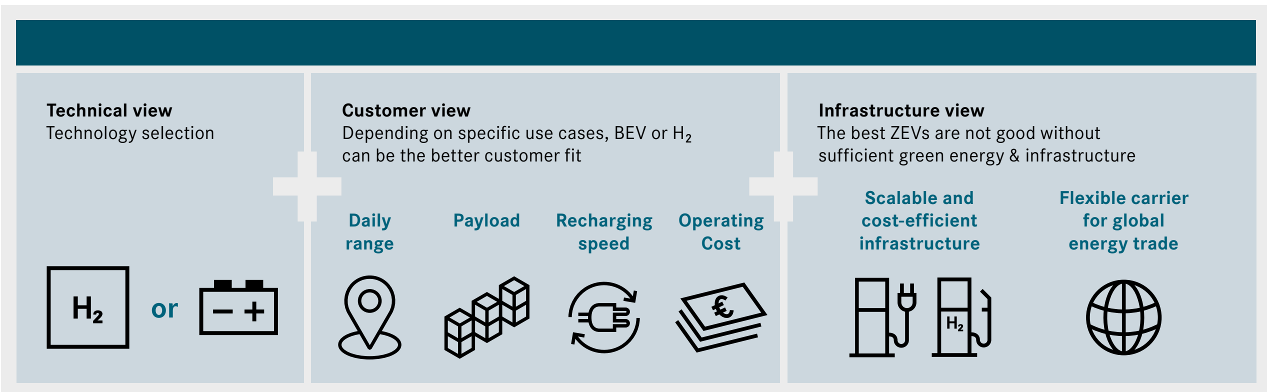
In addition to developing innovative emission-free products, we are also driving innovation in infrastructure for the transformation of the transport sector: Pushing for the provision of infrastructure for our customers and vehicles, which will be operated on the basis of the newly created infrastructure. In order to achieve TCO parity (Total Cost of Ownership or the total costs of operation) and reduce costs, we use economies of scale and partnerships and at the same time expand our own know-how for differentiating technologies. In this way, we aim to continuously increase sales of emission-free vehicles in the markets and at the same time reduce the number of conventional vehicles.

At Daimler Truck, we are aware of the different pace of transformation around the world. The conventional powertrain will remain a key product this decade – in some regions even beyond 2030; in others we will see a rapid increase in the share of zero-emission vehicles ("ZEV"). Daimler Truck has therefore defined a strategy to reduce the current diesel powertrain portfolio while remaining competitive.

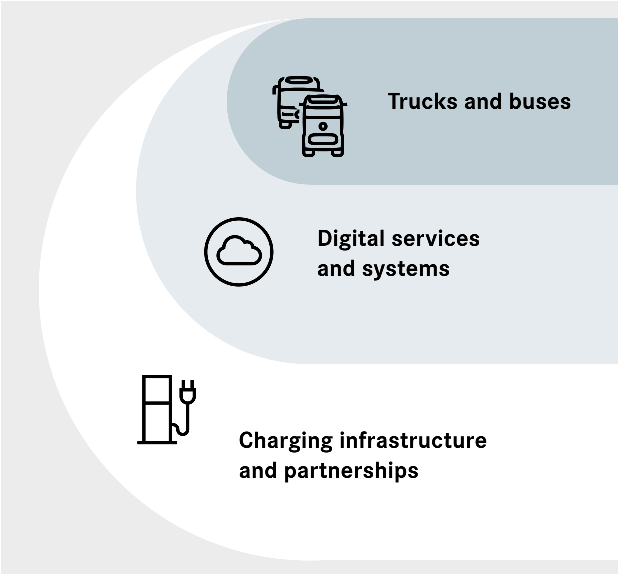
In our core regions, we already have a whole range of emission-free truck and bus models in series production.

Dual strategy: Powered by battery and hydrogen
Daimler Truck is relying on two complementary technologies to supply energy to the engines in the decarbonization of transportation and passenger transport: batteries and hydrogen fuel cells. With this dual strategy, we aim to achieve the goal of CO_2-neutral transportation of goods and CO_2-neutral passenger transportation on the roads by 2050. Further information can also be found on our Website.

B.35
System view



B.36
Product category



Truck and bus fleet with battery and hydrogen drive

Daimler Truck started to develop alternative drive technologies early on and already offers a large fleet of locally emission-free vehicles in various markets around the world. Today, our vehicle portfolio already includes series-produced vehicles with battery-electric drives in the main sales regions of the EU30 (Europe, the United Kingdom, Switzerland and Norway), the United States and Japan. The first prototypes of our hydrogen-based Mercedes-Benz GenH2 truck are in test operation in Europe.

You can find the product related highlights of the reporting year 2022 under Important events 2022.

Digital services to increase efficiency and reduce CO_2 emissions

Daimler Truck offers its customers a broad portfolio of services to reduce fuel consumption in diesel trucks or facilitate the transition to zero-emission vehicles. The services are marketed under the Mercedes-Benz and Fleetboard (Mercedes-Benz Region Europe and Latin America), Detroit Connect (Trucks North America), OMNIplusON (Daimler Buses) and truckonnect (Trucks Asia) brands.

Digital services help to optimize in particular fuel consumption, reduce wear and tear on the vehicle and reduce the risk of accidents. They provide in-depth information on the driver's driving behavior as well as CO_2 emissions and help fleet managers and drivers use the vehicles as efficiently as possible. Typical use cases include driving style assessment, driver coaching, CO_2 reports and support for safe driving.

Digital services also assist in the transition to zero-emission trucks. For example, the Charge Management service provides detailed information on charging processes. Other services enable route planning, provide information on vehicle use and thus support fleet customers' deployment planning. Daimler Truck makes use of global services that are adapted to the various regional requirements.

B.37
Product portfolio ZEVs

2021	2022	2020	202X	2024	2027+	2021	2018	2022	2023	2023	2023
Thomas Built Buses Saf-T-Liner C2 Jouley	Freightliner eCascadia	Freightliner CustomChassis eWalk-in Van	Mercedes-Benz eAtego	Mercedes-Benz eActros LongHaul	Mercedes-Benz GenH2 Truck	Mercedes-Benz eActros	Mercedes-Benz eCitaro	Mercedes-Benz eEconic	Freightliner eM2	Mercedes-Benz fully electric bus chassis eO500U	FUSO eCanter Next Generation*

* FUSO eCanter first generation already in series production since 2017.

Partnerships for new technologies and infrastructures
We not only work to bring new zero-emission vehicles to the market, but also to speed up the development of the available infrastructure for our customers in order to operate these vehicles efficiently. We believe that the transformation of passenger and freight transport is only possible through a joint effort by governments, vehicle manufacturers, technology and energy companies. That is why we are a member of various partnership initiatives with the aim of achieving an emission-free transport environment in the future. This includes partnerships with suppliers and technology companies to develop our products, with energy and system companies to provide leading charging technologies, and with fuel companies to enhance the availability of liquid hydrogen at gas stations.

Climate change mitigation and air pollution control in the development process
Legislators all over the world have set standards for emissions in order to regulate the emission of harmful substances such as nitrogen oxides and particulates and to reduce air pollution. These emission limit values have become ever more stringent over the past few years. Daimler Truck takes into account the pollutant emissions of its vehicles early on in the development process. Our environmental and energy policies define how we intend to reach this goal. Further information on the guidelines can be found in chapter Green production.

Product development plays a key role in climate protection and air pollution control: A vehicle's environmental impact – and that includes its emissions of CO_2 and pollutants – is largely determined during the first phases of its development. An important instrument for testing the environmental compatibility of a vehicle is the documentation accompanying development. Here we define specific characteristics and target values, for example, for fuel consumption and pollutant emissions that must be achieved for every vehicle model and every engine variant. Based on these target values, we assess our progress in the course of product development and initiate corrective measures as required.

In order to remain below these limit values today and in the future, we are continuously developing our technologies. IT solutions and intelligent, integrated utilization concepts enable a further reduction in pollutant emissions in addition to efficient drive and emission control. Daimler Truck has also developed comprehensive concepts for air pollution control in the vehicle cab to protect drivers and passengers.

Battery development

GRI 306-2

Batteries are a key component of e-mobility. At Daimler Truck, experts from a variety of disciplines deal with all aspects of this storage technology – ranging from fundamental research to production maturity. We have been investing in resource-efficient technologies and manufacturing processes for batteries for years and are continuously working on optimizing the current lithium-ion battery. With our next-generation batteries, we dispense with the otherwise usual and critical raw materials nickel and cobalt and replace them with lithium-iron-phosphate (“LFP”). This way, we reduce our impact on people and the environment on the one hand, and on the other, we achieve a longer service life while at the same time increasing safety in the vehicle. This also enables us to transfer our batteries to “2nd life applications” after the vehicle’s life and thus further extend the productive use of our storage systems. Our goal is to shorten development cycles, lengthen the range through better energy density and reduce charging times. We are consistently expanding our research and development activities. For example, we are developing our expertise regarding the technological evaluation of materials and battery cells.

In terms of sustainability and the circular economy, Daimler Truck is also involved in the recycling of batteries – whether through active participation in publicly funded projects (see “LiBInfinity”, funded by the Federal Ministry for Economic Affairs and Climate), in which later series processes are to be evaluated, or through its own research on future business models in the field of battery recycling. And, last but not least, due to upcoming changes resulting from battery regulation, the consistent implementation of a circular economy in the battery sector offers positive effects on the CO_2 footprint, the use of resources along the value chain and the avoidance of waste. Current recycling processes and those under development are used to recover raw materials and thus not only reduce waste quantities, but are also designed in such a way that the recycling efficiencies for lithium batteries defined in the upcoming battery regulation will be realized. In addition to reducing the remaining quantities of waste, this will have a positive impact on the total energy required throughout the battery’s service life – from raw material extraction to final recycling.

InnoLabs

In order to further drive the transition to CO_2-neutral trucks and buses, Daimler Truck has established competence centers for battery and high-voltage systems, electrical drive components as well as hydrogen-based fuel cell units and electrical drive systems. In the “InnoLabs”, short for innovation laboratories, employees from development and production departments work closely together. This gives us the opportunity to test new technologies, develop and evaluate products and processes, while always focusing on the impact on our environment - not only in the product, but also in the selection of materials and in the manufacturing process. Through the close cooperation between the production and development departments, we ensure that the approach of remanufacturing, recycling and generally the circular economy plays an essential role from the start of development.

The InnoLab for eDrive and ZEV systems at the plants in Gaggenau and Kassel, Germany, is part of the production and technology network for electric drive components. The objective of InnoLab eDrive is to prepare our plants using innovative products for a global modular system for future orientation toward 2030. In addition to the electric drive itself, InnoLab is responsible for the complete functionality of the eDrive – from the software function of the inverter to certification of the energy label. We will also evaluate other high-voltage components for production in addition to producing electric motors and assembling inverters for the electric drive. The InnoLab Battery at the Mannheim plant is the start of the development of a truck-specific battery for all our brands. It acts as a link between development and production. Our vision is for our electric trucks to be powered by best-in-class cells and batteries.

The circular economy

GRI 306-2

Life Cycle Assessment, also known as Life Cycle Analysis, ("LCA") is a process for evaluating the environmental impacts of a product over the course of its entire life. Many aspects of circular principles have a quantitative focus. For example, a positive impact of recycling or remanufacturing can be demonstrated through LCA. These aspects go hand-in-hand with LCA.

Life cycle assessment

We use life cycle assessment as a holistic approach to assess our products. Trucks and Buses are investigated over their whole life cycle (supply chain, production, customer use and end-of-life phase) to identify improvement potentials in terms of environmental impact. Life cycle thinking, together with hot spot analysis results are involved in our important activities such as R&D, procurement, production – to optimize the environmental footprint of our products. We will promptly publish the LCA results in a suitable form on our sustainability website and make them accessible to everyone. These results will then be verified, therefore ensuring the quality of the data.

We commit to build own LCA know-how in house, not only for own production but also for purchased parts & materials. For example, besides fulfilling our technical & quality requirements, batteries or steel with high recycled content, low environmental impact will further their card of being our suppliers. As an OEM, we act responsibly and will incentivize our suppliers to reduce scope 3 emissions, to save resources in the supply chain whole way through the material extraction stages.

Findings from the LCA show that resource efficiency is the key to the circular economy of products. Resource efficiency is being studied in two areas:

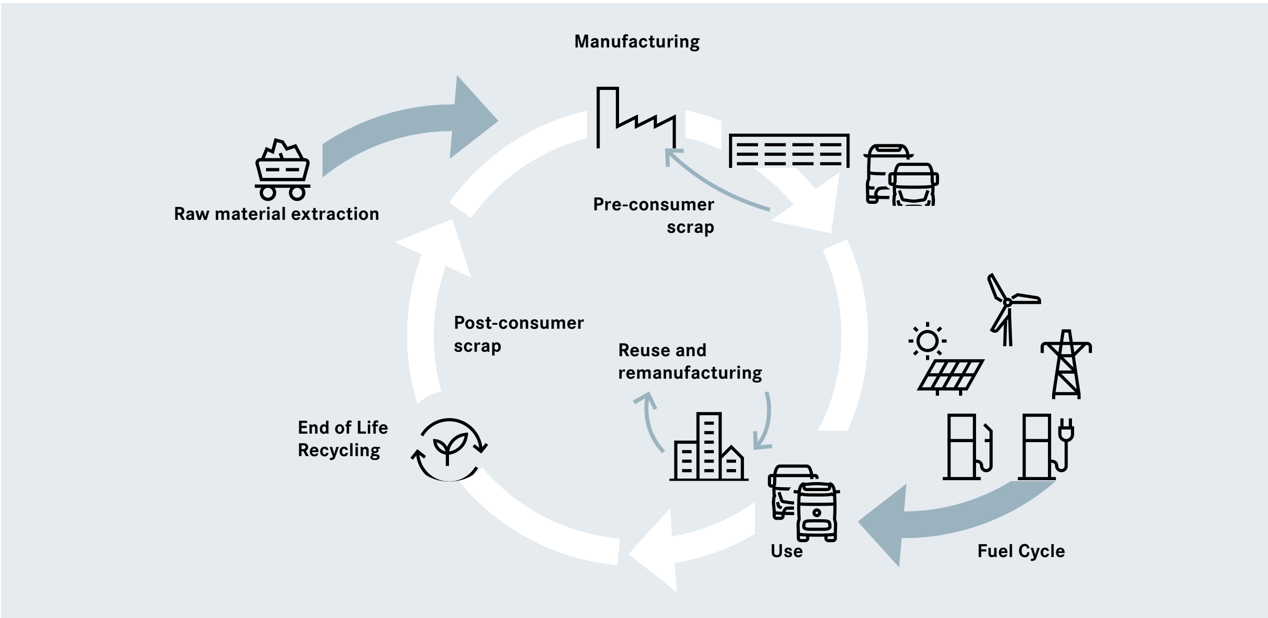
- Recycling of material during production, for example pre-consumer scrap from the engine casting process, is either recasted or recycled externally. The amount of production scrap must first be optimized to save energy and then fully recycled.

- Recycling materials when a truck has reached the end of its service life - this is called post-consumer scrap.

In order to positively influence the progress of the circular economy, recycled content using post-consumer scrap in purchased goods can be further promoted through the "Green Procurement Strategy." Further information on this can be found in chapter Green supply chain.

B.38

The circular economy



The five “Rs”

GRI 306-2

The overarching goal of the circular economy is to maintain the value of products, components, and materials as long as possible. Since 2015, this principle has been cherished in the EU’s Circular Economy Action Plan. At Daimler Truck we are also increasingly focusing on measures that promote the circular economy. We pledge to the following hierarchy of waste: The top goal is to avoid waste. In order to reach this goal, we are working to extend the service life of all vehicle components – for example, by using especially durable materials. We are also using resources efficiently and reducing the use of raw materials that are only available in limited amounts. Only then will measures be taken to reuse various components and component parts for material recovery. Daimler Truck sees the circular economy as an end-to-end process that builds on each element along the value chain and service life of a product with the aim of recycling raw materials and minimizing the amount of waste still generated at the end of the product’s life cycle (“End of Life”, “EoL”).

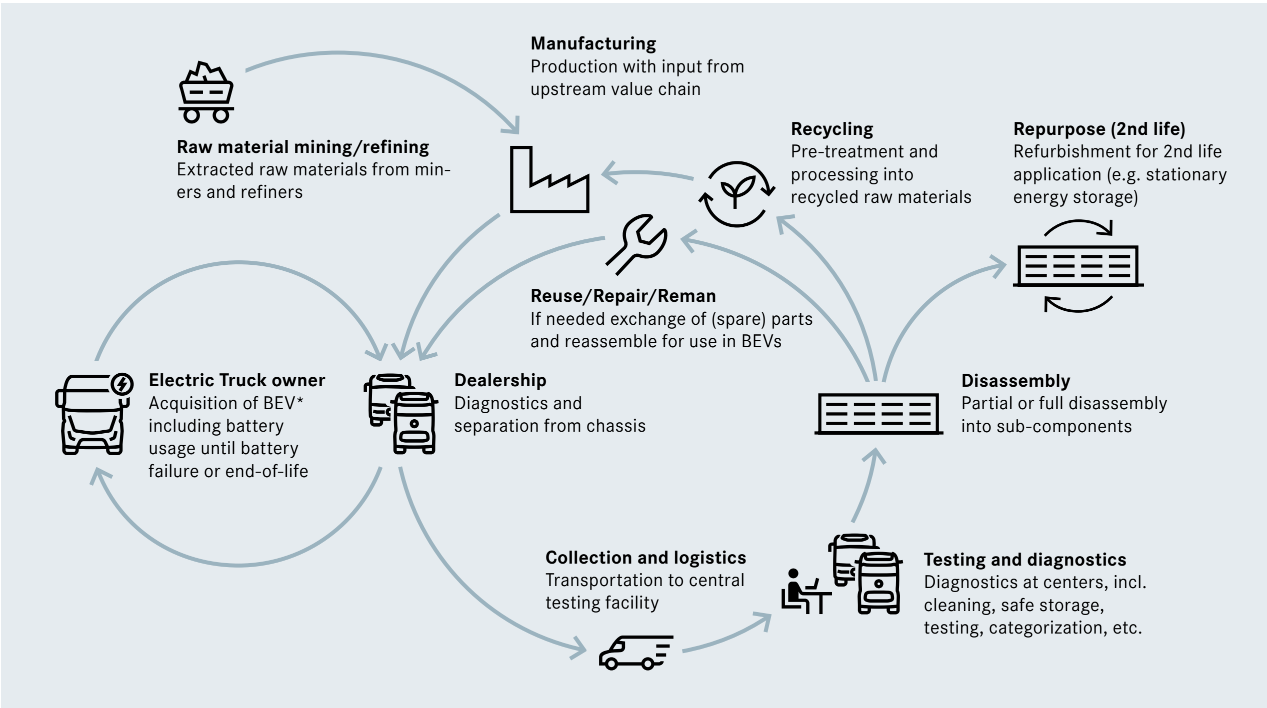
The five “R”s stand for the various options for handling commercial vehicles or their components at the end of their useful life:

- “Reuse”: Direct reuse of components in other similar products;
- “Repair”: Repair of components with the objective of reuse;
- “Remanufacturing”: Preparation of components with the objective of reuse under similar operating conditions;
- “Repurpose”: Use of components in other applications;
- “Recycling”: Recycling of components with the objective of recycling as many raw materials as possible.

The following graphic shows an example of the battery of an electric vehicle for the individual phases in the product life cycle.

B.39

The five “Rs”



Using recycled and renewable raw materials
Currently, Daimler Truck vehicles are mainly made of materials such as steel, iron, aluminum and plastic. These materials are also expected to be available in sufficient quantities in the future. However, natural resources are needed to produce them. Our goal is to keep this consumption of natural resources as low as possible. For example, we have aluminum scrap recycled in order to return this recyclable material to our vehicles via the material cycle. This will not only conserve valuable resources but also reduce CO_2 emissions, because large amounts of energy are needed for aluminum smelting.

However, the expansion of e-mobility is changing the need for materials for vehicle production. The batteries of electric vehicles require metals such as lithium, cobalt and nickel. Given this increasing demand for these materials, one important task is to ensure sufficient availability. However, the commodities built into a battery-electric vehicle return to the raw material cycle only after many years, so newly extracted commodities are mainly used until then. This creates challenges for supply chains that are dependent on such materials. Our vision at Daimler Truck is to transform our entire value chain into as closed a loop as possible. For example, we want to recycle our production waste and old materials as far as possible.

Daimler Truck participates in individual research projects, such as the EIC Accelerator (European Innovation Council), the REESilience (extracting rare earths from magnets) and LiBInfinity (recycling industrial batteries, EV batteries) in order to also develop solutions for the other components, especially with regard to the transformation process for e-mobility components, such as electric axles, adapted transmissions, fuel cells, batteries and inverters; to create solutions early on and to take the findings and requirements into account in our own development process.

Repair, reuse, remanufacture
The primary objective for Daimler Truck witin the circular economy is to maintain or repair vehicles and their individual components. This not only leads to a longer service life for the customer, but also avoids direct waste.

If it is not economically viable to repair a vehicle, individual components (for example mirrors, engine attachments and trim panels) may still be used for the purpose of reuse in the used parts market.

Used Mercedes-Benz trucks with low mileage and low vehicle age can receive the “Mercedes-Benz Certified” label after a technical inspection. Trucks with the new label are no more than five years old, have driven no more than 500,000 kilometers and have been technically tested and repaired according to stringent, uniform standards by our own TruckStores and branches or Mercedes-Benz contract partners. We want to use this seal to further refine the profile of our used vehicle business and give our customers a special promise of quality.

If both repair and reuse cannot apply as usage options, remanufacturing is an option. By remanufacturing, we mean reconditioning used original parts in such a way that their function, safety and quality are equivalent to that of a new part. This is what the “Genuine Remanufactured Parts” brand stands for. The used parts, mostly engines, transmissions or other components, are collected by the different Daimler Truck segments in the respective regions via the branches or sales partners. The process for preparing the “core” parts is similar in all regions: the received material is removed and inspected, comprehensively inspected for its quality, cleaned, prepared, subjected again to extensive quality tests and made available to the customer.

This means that the remanufactured parts meet our high quality standards for new series production parts. Compared with the production of a new part, significantly fewer commodities are required, which means that we contribute to resource conservation and a more positive environmental footprint of our vehicles. By extending the useful life of our vehicle parts and by reconditioning them, we promote a non-dependence on critical commodities and at the same time contribute to closing the material cycle in the sense of a circular economy.

Repurpose
The first deliberations on the topic of repurposing are already ongoing in the Daimler Buses segment. A meaningful and long-lasting second-life application of our high-voltage batteries has been our objective since the start of production of our electric buses. Accordingly, possible scenarios for the reuse of batteries in electric vehicles have been and will be identified and assessed.

After their “first life” in a vehicle, the batteries are still in very good condition and are therefore too valuable to be recycled directly. The idea of Daimler Buses was therefore to use the residual capacity of the batteries. Examples of applications include peak load reduction in the power grid, emergency power supply as an alternative to generators or lead-acid batteries, and the use of batteries for self-consumption optimization combined with solar modules. This type of reuse is much more resource-efficient than direct recovery through recycling and actively contributes to the transition to a circular economy.

From previous discussions with potential service providers, Mercedes-Benz Energy GmbH has emerged as the most qualified partner for Daimler Buses to realize the reuse of our batteries. A first-generation stationary storage system made from lithium-nickel-manganese-cobalt batteries (“NMC batteries”) has already been implemented jointly at an eCitaro customer in Hanover as part of the “GUW” research project (regenerative and controllable DC substation). The storage system with a total capacity of more than 500 kWh stabilizes the local streetcar power grid and enables cost-effective fast charging of electric buses. The project is funded by the Federal Ministry for Economic Affairs and Infrastructure. For series production, we are working closely with Mercedes-Benz Energy GmbH on an optimal logistics concept and a resource-saving overall process.

Recycling
Due to future legal requirements, economic and environmental framework conditions, as well as general market developments, recycling in the sense of a universal circular economy for individual components is gaining in importance. Daimler Truck is looking at potential business models, production processes and recycling solutions for the core components of e-mobility, such as high-voltage batteries, fuel cells, the e-axle and other components. In addition to reducing waste, it also involves the reintroduction of the raw materials obtained into the production cycle and positive financial effects, for example through lower purchasing volumes of recycled material.

The recycling of our high-voltage batteries comes at the end of every electric vehicle sold. For this reason, only batteries that qualify to be reused are installed in our vehicles.

In our bus vehicles, for example, we pay attention to a range of aspects that we consider to be crucial for quality. Through our Daimler Truck Special Terms, our service providers and partners, among others, who work with us in recycling processes are therefore encouraged to implement a resource-saving recycling process in order to also save commodities, reduce CO_2 emissions, decrease water consumption and avoid waste themselves.

Cell and material manufacturers are currently developing new recycling methods along the value chain and are further expanding their recycling offering. In the future, new recycling service providers can be expected to enter the European market as well as increase the diversity of material recovery technologies.

Vehicle batteries are collected and disposed via the Mercedes-Benz Recycling System, “MeRSy”. It is a centrally controlled recycling management system in the area of workshop waste disposal (for example removal of vehicle parts, liquids and packaging of spare parts).

In addition to participating in publicly funded projects, the Center of Competence Recycling was established at the Gaggenau site at the beginning of 2022. The objective is to develop legally compliant, economically viable and feasible recycling solutions for the drive components (battery, electric motor and fuel cell) of electric vehicles as a first step. The results are intended to culminate in a Daimler Truck recycling strategy, which can be gradually expanded to other components in order to ultimately ensure that a vehicle can be recycled almost entirely.

Green supply chain

GRI 204, 301, 306, 308   SDG 9, 12, 13, 17

At Daimler Truck, the upstream supply chain extends over many tiers in a worldwide network of players. As our business partners, our direct suppliers play a key role in this. By anchoring sustainability standards in the contractual terms with our suppliers, we can assert binding environmental requirements such as environmentally friendly production, reduction of energy, water consumption and waste, as well as chemical and hazardous substance management. We also expect our suppliers of production materials to operate with an environmental management system that is certified according to ISO 14001, EMAS or other comparable standards. Our goal is that at least 70% of our production material purchasing volume is covered by environmental certificates.

In our efforts to create an environmentally friendly supply chain, we not only focus on suppliers of materials and parts, but also consider the transport routes to our plants. The purchasing departments work together with the logistics departments and implement various measures.

Transparency on the environmental impacts of the supply chain of our vehicle parts

GRI 306-1, 308-2

We work with various instruments to identify sustainability risks in the supply chain and check compliance with our standards. As part of our operational purchasing processes, we also use standardized sustainability assessments such as the Sustainability Assessment Questionnaire (“SAQ”) from the European Drive Sustainability initiative to obtain responses concerning all relevant sustainability criteria and incorporate them into an assessment. Further information is available under Our approach in the supply chain in the Social chapter and on the website Drive Sustainability.

As relevant environmental criteria in the SAQ, questions concerning the topics of reporting on environmental risk management, environmental guidelines, environmental and energy management system, training for employees, use of renewable energies, targets for emission reduction, hazardous substance and waste management, climate assessments such as the Carbon Disclosure Project (“CDP”) rating and the transfer of environmental requirements to the upstream supply chain are included and integrated into an overall assessment of sustainability performance. This assessment is used as a mandatory criterion for new orders in production material purchasing starting from a defined order volume.

We also use data from the organization CDP. For example, we carried out the CDP supply chain program for the third time in the year under review. As part of this program, we encouraged our production material suppliers to report on the environmental impacts of their business activities and their climate change mitigation efforts. As in the prior year, this data survey focused on suppliers of production materials, which account for around three quarters of our annual purchasing volume planned for 2022. Compared with the prior year, we included additional production material suppliers in the survey. The response rate of the invited suppliers was around 75%. This means that we cover 63% of the purchasing volume in production material planned for 2022. The program encourages suppliers to continuously improve their CO_2 reduction efforts. In order to create transparency about their decarbonization strategies and CO_2 reduction targets, we also have many direct discussions with key suppliers.

The CO_2 footprint is increasingly becoming a criterion in purchasing decisions. We like to know what the CO_2 balance of the products delivered to us is. We are involved in industry associations and initiatives so that we can create comparable and recognized standards for emissions calculation and can exchange best practices. For example, we participate in the Europe-wide industry initiative Drive Sustainability and the German sustainability network econsense (Forum for Sustainable Development of German Business e. V.) in working groups on climate change mitigation.

We would also aim to incorporate the CO_2 and environmental footprint of materials and products from suppliers into the creation of life cycle assessments or ecological assessments of our products and have therefore adapted our contract terms “Daimler Truck Special Terms” to the corresponding requirement for determining the CO_2 footprint. LCA policies and reporting templates were developed and have already been made available to selected suppliers for recording LCA data.

The exchange of information within and outside the Company plays an important role in the successful implementation of measures for an environmental friendly supply chain. We thus train the purchasers responsible for procuring production material on the sustainability requirements for suppliers. In addition, as part of the work with industry associations through Drive Sustainability, we also conduct web-based training on awareness-raising measures for suppliers. Environmental aspects such as energy consumption, emissions and resource management are also included.

Public recognition for good performance is also important to us in the area of climate change mitigation and resource conservation. For this reason, we hold a Supplier Award, which recognizes suppliers for outstanding performance in the area of sustainability in the categories of climate change mitigation and resource conservation. This year, the award ceremony for suppliers of production materials was held at the international IAA Transportation trade fair as part of a celebratory event.

Sourcing sustainable production materials

GRI 306-1

Based on life cycle assessments, we have determined the proportion of materials in our products and are therefore familiar with the main drivers of greenhouse gas emissions in the automotive supply chain. These relate mainly to the production of commodities such as steel, aluminum or plastics. This is why these materials are the focus of new projects and award decisions. We are evaluating other potential materials and parts in a step-by-step process, which may be candidates for CO_2-reduced or CO_2-neutral supply chains or for which we can increase the proportion of recycled materials. We are also working closely with our future battery suppliers to rapidly minimize CO_2 emissions in the production process.

Inbound logistics

We are pressing ahead with the transformation of the transportation industry towards CO_2-neutral drive systems and are also relying on e-trucks in our own supply chain. We have set ourselves the ambitious objective of ensuring the delivery traffic to the Wörth plant, our largest assembly plant, is 100% electric by the end of 2026. A significant part of the direct supply chain can thus become CO_2-neutral. Together with logistics service providers and freight forwarders who supply the Wörth plant on a daily basis, we are working on the gradual integration of electrically powered trucks into our fleets. Following the successful start of series production of the Mercedes-Benz eActros in 2021, which preceded extensive practical use by customers in recent years, we are providing further proof of the practical suitability of electric trucks in the transportation industry with its diverse requirements. In the course of this, we are also planning the construction of a factory-owned charging infrastructure in Wörth, which will be available to both suppliers and the Company's own vehicles. Several selected haulers will be part of the pilot phase, which is scheduled to be implemented this year. The first supply transports to the Wörth plant, including those from sister plants, are expected to be fully electric already in the course of 2023. The pilot phase will include the use of electrically powered Mercedes-Benz eActros 300 semitrailer tractors as well as the eActros LongHaul at a later stage. This demonstrates the wide range of applications of the two e-truck models under realistic conditions in the Company's own transport operations.

The core of our concept for battery-electric long-haul transportation is to offer customers a holistic transport solution consisting of vehicle technology, advisory, charging infrastructure and services. In order to develop a targeted concept for emission-free supply logistics to the Wörth plant together with haulers, an individual analysis of the usual routes will initially be carried out. It provides information on driving times and the distance between delivery locations, charging options and individual range. They will also receive support in integrating electric trucks into existing fleets and in realigning their logistics centers, including advice on setting up the appropriate in-house charging infrastructure. The next step is to extend the process to the other plants in our production network.

An integral part of our future inbound logistics concept for emission-free supply transport is also the development of a factory-owned charging infrastructure at the Wörth site. The approximately 50 charging stations, including megawatt charging stations for high-voltage battery charging, are planned at key points for supply transport in the immediate vicinity of production at the Wörth plant. The parts installed in production are delivered just-in-time to the assembly line. The time during which the freight of the electric truck will be unloaded will be used to recharge the vehicle's battery. This means that the vehicle ideally would not have to plan for any further downtimes and can resume its route immediately after the parts have been delivered. In addition, the possibility of rebundling and thus optimizing the supply flows in the transport network in a new consolidation center near the site is currently being examined.

Green production

GRI 301, 302, 303, 304, 305, 306 **SDG 6, 7, 9, 11, 12, 13, 15**

Environmental and energy management at our sites

At our production sites, we implement environmental management systems according to EMAS and/or ISO 14001, which get regularly validated or recertified. In addition, we have been working with ISO 50001 energy management systems at production sites in Germany, the United States and some locations outside these regions since 2012.

In accordance with the standards, environmental and energy management are firmly anchored in our organization. Their effectiveness is regularly reviewed and verified by third-party experts. In the reporting year, 46 of our total of 50 relevant sites (production sites, development sites and test tracks) with a participation of ≥ 50% were certified regarding environmental management. This covers about 80,000 employees, which corresponds to 99% of the relevant workforce.

With the environmental and energy guidelines adopted by the Board of Management, the Daimler Truck Group defines its environmental and energy policy and commits itself to an integrated improvement process with regard to environmental protection and the handling of energy, which drives forward resource conservation and climate change mitigation in unison:

1. We address the challenges of the future pertaining to nvironmental and energy aspects.
2. We develop products that are particularly environmentally friendly and energy-efficient in their respective market segments.
3. We plan all stages of manufacturing to provide optimal environmental protection and efficient energy utilization.
4. We offer our customers comprehensive service and information on environmental protection and energy consumption.
5. We endeavor to achieve exemplary environmental and energy performance worldwide.
6. We provide our employees and the public with comprehensive information on environmental protection and energy consumption.

These guidelines are binding for all employees at Daimler Truck and for all sites. Besides this, we are aiming to ensure that they are also implemented in joint ventures. At Daimler Truck, responsibilities for the implementation and compliance with environmental protection measures and energy efficiency requirements are defined in all functional areas and at all company levels, from development and production to service and sales.

B.40
green production target house

green production 2030					
	CO_2 Scope 1 + 2	Renewable Energies	Energy Efficiency	Water Efficiency	Waste Reduction
Baseline	**2021**	**2021**	**2013/2014**	**2013/2014**	**2013/2014**
Daimler Truck	**-42%** ~-360 kt CO_2	**> 55%** 100% green power > 5% generation	**~-590 GWh** -16% per vehicle	**~-470k m^3** -12% per vehicle	**~-40kt** -12% per vehicle

Sustainability targets for our production

Daimler Truck is striving for resource-saving and climate-friendly production. We have launched the “green production” initiative for this purpose. Green production aims to reduce CO_2 emissions, increase the use of renewable energies, increase energy and water efficiency and reduce waste at the international production sites.

By 2030, we aim to reduce energy consumption by around 590 GWh, water usage by around 470k m^3 and waste generation by 40 kt (based on mean figures from 2013 and 2014). For this purpose, specific target values were calculated for each Daimler Truck production plant.

We are committed to invest in climate-protecting technologies and projects around the world to help meet national and global climate goals efficiently.

Furthermore, we are pursuing a 42% reduction in production-related CO_2 emissions by 2030, in relation to the emission volumes of 2021. By 2030, at least 55% of energy should come from renewable sources.

In order to follow up on the targets, a “green production database” was launched, in which all plants worldwide must enter their efficiency or reduction measures. Using this database, we track implementation progress and establish roadmaps for each production site to guide the achievement of the objectives.

Decarbonization

By 2039, we will strive worldwide to achieve CO_2-neutral production through the use of renewable energies and CO_2 compensation certificates (scope 1 & scope 2). We are pursuing these goals in several steps: since 2022, we have been producing CO_2-neutral on the balance sheet in our production plants in Europe and at some other sites; from 2025, the production sites in the USA, Japan and India and, from 2039, all other production sites worldwide are scheduled to follow. We pursue these goals with several components, such as increasing energy efficiency, increasing the use of renewable energies and the temporary use of CO_2 compensation certificates.

Energy-efficiency

GRI 302-4

As part of the “green production” initiative, we plan to cut energy consumption in the production sites by around 590 GWh by 2030 (with reference to the years 2013 and 2014). For this purpose, some of the projects implemented in 2022 in Germany are listed below:

- Renovation of the ventilation system in logistics in Wörth;
- Renewal of the recooling system in Kassel;
- Replacement of the illuminant to LED in Wörth;
- Adaptation of heating and air-conditioning technology in Leinfelden.

Numerous other measures have been implemented at the international plants. With the help of the green production database and in-house expert groups, a cross-plant dialogue on efficiency measures and feasibility check is carried out at all Daimler Truck production sites.

B.41

Production-related energy consumption

GRI 302-1/-4/-5

in GWh	2022	2021	2020
Electricity	1,472	1,374	1,134
Natural gas	1,414	1,609	1,537
District heating	157	181	123
Fuel oil	66	44	27
LPG	57	51	22
Coke	28	40	21
Liquid fuels	226	205	175
Total	**3,420**	**3,504**	**3,038**
Of which from renewable energies %	29	18	17

B.42

Specific energy consumption per vehicle

GRI 302-1/-3/-4/-5

in MWh	2022	2021	2020
Buses	10.3	14.8	13.7
Trucks	6.3	7.3	7.9

B.43

Production-related CO_2-emissions from energy consumption
GRI 305-1/-2/-4/-5

in 1,000 t	2022	2021	2020
Natural gas	257	293	278
Fuel oil	17	12	7
LPG	13	11	5
Coke	10	15	8
Liquid fuels	59	54	46
Total scope 1	**357**	**385**	**344**
Electricity	295	449	350
District heating	35	31	21
Total scope 2, market based	**330**	**480**	**372**
Total scope 2, location-based	**591**	**597**	**446**
Total scope 1+2	**687**	**865**	**715**

B.44

Specific CO_2-emissions per vehicle
GRI 305-1/-4/-5

in kg	2022	2021	2020
Buses			
Scope 1	1,185	1,858	1,738
Scope 2, market-based	703	1,037	1,250
Total Scope 1 + 2	**1,888**	**2,894**	**2,987**
Trucks			
Scope 1	654	791	880
Scope 2, market-based	623	1,039	987
Total Scope 1 + 2	**1,278**	**1,830**	**1,867**

Green electricity and renewable energies

GRI 305-5

We are continuously evaluating the regional energy markets in order to expand the supply of green power at all locations. Since the beginning of 2022, a majority of our production plants in Europe has been supplied with green electricity from wind turbines, photovoltaic systems and hydropower plants.

For the German sites, a contractual agreement has been signed with the suppliers to ensure that the production quantity is identical to the electricity consumption for every quarter hour – this is tracked via regular TÜV certification. In this way, we ensure a one 100% green electricity supply. By 2025, all production plants in the United States, Japan and India are also scheduled to be 100% supplied by green power. All other in-house production sites are set to follow by 2030 at the latest.

The expansion of photovoltaics is an important building block for the energy independence at the production sites.

In addition to the purchase of green power, we are continuously driving forward our own generation of energy in the production plants. In 2022, for example, we installed further photovoltaic ("PV") systems at our German sites. The expansion of PV technology at the German sites is part of an ongoing global initiative. Around 7.2 MWp of PV modules are already installed worldwide, so that around 7.9 GWh of electricity can be generated per year. In 2022, large PV systems were installed at eight locations and the plan is to considerably expand PV capacities in the coming years. PV projects are currently also being implemented in other plants, such as in Turkey and South Africa.

We regularly check the availability of renewable energies at all sites and use them where market conditions allow.

CO_2 carbon offsetting

Since January 2022, Daimler Truck has been offsetting all remaining CO_2 emissions at all sites in Europe and at some other sites, with qualified climate change mitigation projects. All compensation projects meet the high quality standards of the Gold Standard. These projects not only prevent CO_2 emissions, they also promote sustainable, socially beneficial, and environmentally friendly development in many ways in the countries where the projects operate. Our portfolio also includes compensation projects that promote a renewables-based energy supply – for example, geothermal energy or through reduction of CO_2 emission during the process of drinking water purification.

By 2025, we aim to have offset remaining CO_2 emissions for all production sites in the United States, Japan and India.

At Daimler Truck, we regard CO_2 carbon offsetting as a means of transitioning to CO_2-free production. At the same time, we are working on further technical possibilities to reduce emissions at the production sites. Our sustainability strategy aims to prevent emissions as much as possible in the future. This would allow us to dispense with compensation.

Air pollution control

GRI 305-6

As with other environmental aspects, our objective is to reduce the environmental impact of air emissions from production as much as possible. For Daimler Truck, the relevant air pollutants are nitrous oxides, sulfur oxides, carbon monoxide and particulate matter, which are mainly produced in combustion processes, as well as VOC emissions. Volatile organic compounds ("VOC emissions") mainly arise in painting processes. Daimler Truck attaches particular importance to reducing VOC emissions. This can be done by selecting newly developed, high solids paint materials, optimizing the paint processes and establishing new, modern exhaust air purification systems. For this reason, Daimler Truck has been continuously working for years on developing and using new technologies and paints in cooperation with its suppliers.

After five years of development, a new "wet-in-wet paint concept" was created worldwide in 2019. This new paint concept offers many advantages, such as the reduction of application steps. In summary, we call the new environmentally friendly and flexible painting process, with all its innovative approaches, an "EcoPaint Truck." This process has been introduced in Wörth, the largest Mercedes-Benz truck assembly plant in the world. The majority of truck cabs there (around 70 to 75%) will be painted using the new energy-efficient EcoPaint Truck process ("EP-T process").

Daimler Truck has developed an in-house standard to prevent, minimize and eliminate environmental risks and the associated effects of production-related air pollutants, odors and noise. It defines an uniform procedure for the documentation of air pollution sources, the associated measurement obligations and the definition of pollutant reduction measures at our production sites. If the country-specific obligations that follow local legislation are lower, the regulations of the standard must be followed.

For the German production sites, depending on the plant inventory, there are legally required air emission control representatives who work towards the implementation of legal requirements, participate in the development of low-emission processes and regularly report on the measures taken and intended. At all sites that are not subject to air emission control representative, environmental management regularly checks whether the internal and external requirements for air pollution control are met, followed and the reporting obligations are met.

B.45

Production-related air emissions

GRI 305-6/-7

in t	2022	2021	2020
Solvent emissions (VOC)	**3,414**	3,285	3,001
Nitrogen oxides (NO_X)	**727**	731	664
Carbon monoxide (CO)	**270**	196	195
Sulfur dioxide (SO_2)	**33**	24	19
Particulate matter (PM)	**310**	552	131

B.46

Specific VOC emissions per vehicle

GRI 305-6/-7

in kg	2022	2021	2020
Buses	**7.3**	11.1	9.9
Trucks	**6.5**	6.9	8.0

Use of water

GRI 303-1

Water shortages due to falling groundwater levels, heavy rain and flooding are affecting more and more regions worldwide. Conscious, efficient and sustainable use of water is essential given the state of global water resources. Daimler Truck aims to contribute to this and strives to continuously improve water efficiency and to close water cycles in order to sustainably reduce water usage. Our water efficiency target can be found in the "green production target house" in the subchapter Sustainability targets for our production.

At our Wörth site, the painting processes are increasingly being switched from wet scrubbers to dry separation in order to further reduce the amount of water used in production. In addition, measures are being promoted at the site to reduce drinking water usage, which we can achieve with the automatic control of taps, for example. At our truck production in Wörth, well water is used as coolant and as sanitary water.

In 2021, Daimler Truck (still under the former Daimler AG) carried out a water risk assessment using a tool from the World Wide Fund for Nature ("WWF") at the locations at Saltillo (Mexico), Aksaray (Turkey) and Chennai (India), which are particularly affected by water scarcity. The WWF water risk filter examined both basin and operational water risks. Based on the results, we defined various organizational and technical measures for the three sites already in 2021.

▼ In 2022, we carried out the site-specific water risk assessment ("basin risk") worldwide and thus built up data transparency for all our production sites. We will use the results to make corporate and local project decisions related to site development, to support customized water efficiency projects and water initiatives, and to proactively minimize our risks related to water stress, potential water scarcity, flooding and water quality.

Our Detroit remanufacturing site in Tooele, Utah is located in a very low precipitation region classified as extremely dry by the US National Weather Service. This is why the Every Drop Counts local project was launched in 2022. The aim of the project is to develop a sustainable solution to save water and thus reduce water usage.

Our water management is subject to the applicable water protection law and we continuously adapt it to the current regulations. In addition, Daimler Truck has set itself the objective of fully implementing the Group's internal standard for preventing rainwater contamination at all production sites around the world by no later than 2030. Our plants have already started to implement it. The implementation status is reviewed every three years. The use of rainwater, for example for cleaning processes or green area irrigation, is also repeatedly reviewed.

Waste water from our production processes and sanitary facilities is either directed to public waste water treatment and disposal facilities in accordance with local regulations, or treated and discharged directly at our own sites. We have biological wastewater treatment plants in operation at some of the sites. One example of our responsible wastewater management is our truck and bus production plant in Chennai, India. None of its wastewater is channeled into the sewage system or into bodies of water. The process water is thoroughly treated in the plant's own wastewater treatment plant and then used in the operating processes, in sanitary facilities and for irrigating green areas. In addition, large volumes of rainwater are collected in retention basins on site and purified by means of water filtration systems.

Some of our plants, such as Wörth or Aksaray, have a separate sewer system for separate drainage of sanitary wastewater and rainwater. This promotes the natural water cycle. The separation system makes it possible to prevent the rather considerable amounts of rainwater from entering the sewage treatment plant with relatively low loads. As a result, wastewater treatment can be much more thorough and energy-efficient.

B.47

Production-related water use[1]

GRI 303-3

	▼ 2022	2021	2020
in 1,000 m^3			
Public water supply	**2,607**	2,466	2,515
Groundwater (well water)	**1,780**	1,816	1,605
Storm water used	**279**	229	56
Total	**4,665**	**4,511**	**4,176**

1 Total water withdrawal (GRI 303-3) excl. ~8% of the water, which is transferred to third party companies, which are not part of Daimler Truck.

B.48

Production-related water discharge

GRI 303-4

	▼ 2022	2021	2020
in 1,000 m^3			
Direkt Discharge	**877**	1,044	714
Indirekt Discharge	**2,386**	2,508	2,731
Total	**3,263**	**3,552**	**3,446**

B.49

Specific water use per vehicle

GRI 303-5

	▼ 2022	2021	2020
in 1,000 m^3			
Buses	**20.8**	23.4	22.8
Trucks	**8.3**	9.2	10.6

▲

▼

Waste

GRI 306-1/-2

We attach great importance to the conscious use of resources and want to continuously improve the resource efficiency of our production processes. This is why we have set ourselves the objective of reducing waste in production. As part of this effort, it's important to ensure transparency concerning the waste value streams and to correctly separate the various types of waste. Our production plants have implemented local waste separation systems.

We minimize waste such as offcuts, sand, filter materials and sludge through new or optimized production processes and close material cycles where possible.

We are also trying to reduce our packaging materials from the parts transport. The main focus is on reducing the amount of wood waste generated when disposing of pallets and transport boxes. We test the use of returnable load carriers or other packaging materials at different locations in cooperation with our suppliers.

Our Japanese Mitsubishi Fuso Truck sites investigated the use of transport packaging and were therefore already able to use fewer and more environmentally friendly packaging in the reporting year.

In general, we aim to prioritize disposal of our waste via recovery processes instead of waste disposal processes and thus improve our recovery rate of 85%. We have set ourselves the goal that our production sites reach a recovery rate of more than 95% by 2030. Our experts regularly review our disposal methods to determine how they can be optimized. This makes it possible for us to add our waste streams each time to higher value recycling.

Already in 2006, our Daimler Truck North America ("DTNA") production sites began to develop a "zero waste to landfill" waste concept, which has been fully implemented at all DTNA sites since 2018. By no longer disposing of waste in landfills, we are helping to reduce environmental risks such as groundwater pollution and curbing landscape usage through the opening of new landfills.

Our Mercedes-Benz do Brasil Ltda. sites have also been pursuing the "zero waste to landfill" strategy for production waste since 2021 and have implemented this since the end of 2022.

We treat and dispose of our waste worldwide in accordance with the legal regulations. We work with licensed and regularly certified waste disposal companies. Our production locations are required to track the disposal of production waste to its final destination and regularly audit facilities for the disposal of hazardous waste.

B.50

Production-related waste according to waste type[1]

GRI 306-3/-4/-5

	▼ 2022	2021	2020
in 1,000 t			
Hazardous waste for recovery	43	36	16
Hazardous waste for disposal	71	79	2
Non-hazardous waste for recovery (excluding scrap)	177	152	124
Metal scrap for recycling	211	221	191
Non-hazardous waste for disposal	4	5	4
Total	**507**	**493**	**337**
Recovery rate in %	85	83	98

1 Excludes construction waste and soil.

B.51

Production-related specific waste per vehicle

GRI 306-3/-4/-5

	▼ 2022	2021	2020
in kg			
Waste buses			
Hazardous waste for recycling	118.8	147.8	166.9
Hazardous waste for disposal	10.8	10.2	10.9
Non-hazardous waste for recycling (excluding scrap)	339.2	406.9	433.9
Scrap for recycling	503.7	597.8	606.5
Non-hazardous waste for disposal	25.0	30.8	29.1
Total	**997.5**	**1,193.6**	**1,247.2**
Waste trucks			
Hazardous waste for recycling	80.5	75.6	36.4
Hazardous waste for disposal	142.0	177.9	3.8
Non-hazardous waste for recycling (excluding scrap)	335.8	325.9	328.9
Scrap for recycling	396.0	472.8	508.4
Non-hazardous waste for disposal	7.6	9.3	9.9
Total	**962.0**	**1,061.5**	**887.4**

▲

Biodiversity

GRI 304-2/-3

The preservation of biodiversity is one of the global challenges of our time and is directly related to the fight against climate change and the need for careful handling of the natural resources available to us, such as water. In addition to our activities in climate, immission, water and soil protection, we are therefore also committed to preserving biodiversity in and around our sites.

In 2022, we took various control measures to achieve this at our sites. The biodiversity index of lawns and green areas at our sites has been enhanced by further planting combinations and varieties of domestic plants and shrubs, wildflowers, wild herbs and the re-creation of pastures with integration of natural elements. Other roofs and facades have also been greened, and smaller, non-sealed or unsealed areas become microbiotopes for protected indigenous species by reducing pruning. In addition, we have integrated insect hotels for pollinators, nesting boxes for birds, peregrine hawk and bat quarters at our sites. Regular inspections, screenings and species determinations for the evaluation of the range of varieties and the status with the aim of increasing biodiversity are carried out with the involvement of external cooperation partners (for example, wild bee species determination).

In an in-house recommendation for action on near-natural landscape design, we provide practical information, for example, for the planning of new construction activities. We also cooperate with various nature protection organizations that advise and support us in our activities.

For example, we have been working closely with Naturschutzbund Deutschland (“NABU”), landscape planners and gardeners, for twelve years. Our Gaggenau production site is a member of a pilot group of the nationwide “UnternehmensNatur” project, which has been running projects all over the country since 2021, which advise and support companies in the design of near-natural green spaces. The project is funded by the State Ministry for the Environment and implemented by NABU Baden-Württemberg and environmental service provider, Flächenagentur Baden-Württemberg.

The Biodiversity Index (“BIX”) developed by our Company is available for the specific measurement of the biological value of land at our sites and the development of individual concepts for further development of biodiversity. The Index outlines the environmental value of open spaces at a production site and can be used to specify suitable measures to increase biodiversity.

A range of areas at our Mannheim and Gaggenau production sites have already been recognized as UN Decade projects (2011 – 2020) for biodiversity.

Another important aspect for us is to further increase awareness for biodiversity among employees through respective initiatives and campaigns (for example, through biodiversity awareness roadshows, designing environmental experience paths, projects for our trainees, holding family days, including an apple collection campaign and ideas on the topic at management level).

EU taxonomy

Background
An objective of the European Union's ("EU") action plan on financing sustainable growth ("Sustainable Finance") is to redirect capital flows into sustainable investments. Against this background, Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 on the establishment of a framework to facilitate sustainable investments, and amending EU Regulation (EU) 2019/2088 (Taxonomy Regulation) entered into force in 2020. The Taxonomy Regulation is a uniform and legally binding classification system stating which economic activities in the EU are considered taxonomy-aligned and thus "environmentally sustainable" with regard to six environmental objectives specified by the Regulation. The following environmental objectives are defined by the Taxonomy Regulation:

- Environmental objective 1 "Climate change mitigation"
- Environmental objective 2 "Climate change adaptation"
- Environmental objective 3 "Sustainable use and protection of water and marine resources"
- Environmental objective 4 "Transition to a circular economy"
- Environmental objective 5 "Pollution prevention and control"
- Environmental objective 6 "Protection of biodiversity and ecosystems"

Due to the relief provision exercised in the last reporting year and thus the non-availability of prior-year figures from the 2021 reporting year, no prior year's values are presented in the current reporting year. As a result, no qualitative information is included to describe the changes.

For the first two environmental objectives, descriptions of relevant activities and technical screening criteria are already available through delegated acts. As no specifications have yet been published for the other four environmental objectives, they are not relevant for the Taxonomy Regulation reporting for the 2022 reporting year.

All consolidated Group companies are included in the calculation of the relevant key performance indicators ("KPI") for Daimler Truck. This does not apply to companies included in the consolidated financial statements using the at-equity method.

The turnover, capital expenditure ("CapEx") and operating expenditure ("OpEx") published as part of the EU taxonomy were calculated in the same way as the consolidated financial statements of the Daimler Truck Group and are in accordance with the International Financial Reporting Standards ("IFRS") and the interpretations of the IFRS Interpretations Committee, as they are to be applied in the EU.

Taxonomy-eligible economic activities
With the descriptions of economic activities in the delegated acts, the Taxonomy Regulation specifies which activities are generally taxonomy-eligible. As the determination of taxonomy eligibility for an economic activity is based on its output, it follows that all activities, as well as the associated capital expenditure and operating expenditure, that serve the production or leasing/financing of vehicles are also taxonomy-eligible.[1] Accordingly, Daimler Truck does not carry out any independent activities in the context of Delegated Act (EU) 2022/1214 of March 9, 2022, which contains specific regulations for the energy sector. Activities in connection with this Delegated Act were analyzed. They serve the manufacturing activity due to their own use and are considered as immaterial for Daimler Truck. Therefore, the corresponding information is not included.

Daimler Truck has classified the following activities as taxonomy-eligible in accordance with the Taxonomy Regulation.

- Activity 3.3 – Manufacture of low-carbon technologies for transport
- Activity 6.3 – Urban and suburban transport, road passenger transport
- Activity 6.5 – Transport by motorbikes, passenger cars and light commercial vehicles
- Activity 6.6 – Freight transport services by road

Under Activity 3.3, Daimler Truck includes all trucks and buses produced by Daimler Truck, independent of their CO_2 emissions, as taxonomy-eligible, i.e., also all vehicles with combustion engines. The background to this is that the Taxonomy Regulation does not contain any definition of the term "low carbon" outside the technical screening criteria. Therefore, all vehicles can in principle be classified as eligible and the term "low carbon" is only to be applied to the assessment of taxonomy alignment within the framework of the technical screening criteria.[2] Activities 6.3, 6.5 and 6.6 include leasing/financing activities relating to buses, cars and trucks, regardless of whether they are own or external brands.

Taxonomy alignment
All activities classified as taxonomy-eligible have been checked for taxonomy alignment. A significant contribution to an environmental objective is to be made by complying with the specified technical screening criteria defined in the EU Taxonomy Regulation. For Daimler Truck, this applies exclusively to environmental objective 1 "Climate change mitigation".

1 Cf question two in the EU Commission's »Commission notice on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the reporting of eligible economic activities and assets« of October 6, 2022 ("FAQ").
2 Cf question nine in the European Commission's FAQ dated October 6, 2022.

Furthermore, within the framework of the technical screening criteria, significant harm to another environmental objective must be excluded on the basis of the defined “do no significant harm criteria” (“DNSH”). In addition, compliance with the minimum safeguards with regard to human rights, including labor rights, corruption and bribery, taxation and fair competition must be ensured. An economic activity can only be regarded as ecologically sustainable if all criteria are met. Daimler Truck carried out the review of the technical screening criteria for the economic activities at product and/or site level. The assessment of compliance with the minimum safeguards is essentially based on Group-wide guidelines and their local implementation.

Only low-carbon vehicles according to the definition of the technical screening criteria are taken into account for the assessment of the taxonomy alignment. The EU taxonomy also provides that buses pre-compliant with the Euro VI standard shall be taken into account in the alignment assessment. Since the current Euro VI standard had already entered into force at the time of the assessment, Daimler Truck does not consider any pre-fulfilment and the vehicles are accordingly not taken into account in the alignment assessment.

Do-No-Significant-Harm
Compliance with the DNSH criteria was mainly assessed on the basis of checklist-based interviews for the relevant sites and products.

Evidence of compliance with the DNSH criteria for the respective environmental objectives is provided by overarching standards, guidelines or other appropriate evidence. Compliance is checked as part of regular “environmental due diligence audits”, if relevant. If individual criteria are not met, the corresponding turnover, CapEx and OpEx are not reported as taxonomy-aligned.

As stated above, Daimler Truck exclusively makes a significant contribution to environmental objective 1 “Climate change mitigation”. Therefore, the DNSH criteria for the other environmental objectives 2 to 6 must be examined. For these environmental objectives, depending on the respective economic activity, the following DNSH criteria must be checked:

Environmental objective 2 - “Climate change adaptation”
- Activities 3.3, 6.3, 6.5, 6.6: The criterion requires the conduction of climate risk and vulnerability analyses.[1] These were carried out at Group level. Daimler Truck incorporates various physical climate risks into the analysis in accordance with the requirements of the EU taxonomy. Each of the physical climate risks to be considered in accordance with the Taxonomy Regulation was assessed on the basis of climate scenarios. The climate projections are based on the Representative Concentration Pathway scenarios (“RCP scenarios”). For activities 6.3, 6.5 and 6.6, no risk to the performance of the activities due to physical climate risks is considered. The analysis therefore focuses on economic activity 3.3 and comprises the period until 2050. Identified risks are addressed in an adaptation plan.

Environmental objective 3 - “Sustainable use and protection of water and marine resources”
- Activity 3.3: The criterion requires the preparation of a management plan in line with water quality and water scarcity and in accordance with the Water Framework Directive.[2] The risks and measures relating to water quality are tracked as part of the regular environmental due diligence audits at the Daimler Truck sites (for details, see chapter Preventing pollution). In addition, Daimler Truck also takes into account the avoidance of water scarcity through a central risk assessment based on recognized models and procedures.

1 Cf Appendix A of Delegated Regulation (EU) 2021/2139.
2 Cf Appendix B of Delegated Regulation (EU) 2021/2139.

Environmental objective 4 - “Transition to a circular economy”
- Activity 3.3: The possibility of using secondary raw materials and the possibility of a design for easy disassembly and durability must be taken into account for the relevant vehicles. In addition, hazardous substances must be traceable and a waste management established at the sites. In this context, various Group-internal guidelines and standards apply as well as, in individual cases, further suitable evidence. The issue of durability is anchored, for example, in the product development process. The “Group Standard for Waste Management” defines waste management across the Group.

- Activities 6.3, 6.5 and 6.6: The criterion requires the existence of waste management measures, in particular at the end of a vehicle’s life cycle.

- Activities 6.5 and 6.6: Defined quotas of recyclable or reusable materials in the products must be complied with. If the quotas determined in accordance with the specifications reach the required threshold values, the technical screening criterion is considered to be fulfilled.

Environmental objective 5 - “Pollution prevention and control”
- Activity 3.3: The criterion is based on Appendix C of the Delegated Regulation (EU) 2021/2139. Appendix C refers to various European regulations out of the chemicals legislation. The defined substances are subject to restrictions on manufacture, placing on the market and use, both in terms of use at the sites and in the products. There are difficulties in interpreting the vague legal term “essential for society”.

- Activities 6.3, 6.5 and 6.6: Compliance with certain tire categories in terms of rolling resistance and rolling noise shall be demonstrated. In the reporting year, appropriate analyses were performed for the relevant vehicles to provide the required evidence. If information on the tires is available and the corresponding classes are adhered to, the technical screening criterion is considered to be fulfilled.

Environmental objective 6 - “Protection of biodiversity and ecosystems”
- Activity 3.3: The criterion refers to Appendix D of Delegated Regulation (EU) 2021/2139, which defines requirements for the protection of biodiversity and biodiversity-sensitive areas in the vicinity of the sites. As part of the environmental due diligence audits, compliance with environmental permits is verified, among other aspects. The impact on nearby, sensitive areas is also examined. If required, measures are derived (for details, see chapter Preventing pollution).

During the assessment, the relevant technical screening criteria were analyzed, interpreted, the results documented and substantiated by corresponding evidence documents and calculations.

Minimum safeguards
As part of the audit of compliance with the minimum safeguards, the following topics were analyzed centrally:

- Human rights, including labor rights;
- Corruption and bribery;
- Taxation;
- Fair competition.

No increased risk was identified and assessed in this regard for the 2022 reporting year. For each potential risk area, preventive and, if necessary, remedial measures are already in place. As part of the due diligence processes, it was possible to demonstrate that there are no convictions in any of the four subject areas (for details, see chapter Social)

Reporting on the three performance indicators
Reporting on the KPIs required under the Taxonomy Regulation for turnover, CapEx and OpEx is shown in tables ↗ **B.52**, ↗ **B.53** and ↗ **B.54**. All activities are fully assigned to the environmental objective of “climate change mitigation”. Furthermore, all activities can be clearly assigned to the respective economic activity according to the Taxonomy Regulation. This avoids double counting in the calculation of the overall performance indicators.

B.52

Turnover

Template:
Proportion of turnover from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022

Economic activities	Code(s)	Absolute turnover	Proportion of turnover	Substantial contribution: Climate change mitigation	Substantial contribution: Climate change adaption	DNSH criteria ("Does Not Significantly Harm"): Climate change mitigation	DNSH: Climate change adaption	DNSH: Water and marine resources	DNSH: Circular economy	DNSH: Pollution	DNSH: Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of turnover, 2022	Category (enabling activity)	Category (transitional activity)
		€ million	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities															
A.1 Environmentally sustainable activities (Taxonomy-aligned)															
Manufacture of low carbon technologies for transport	3.3	276	0.5	100.0	0.0	Y	Y	Y	Y	Y	Y	Y	0.5	E	
Turnover of environmentally-sustainable activities (Taxonomy-aligned) (A.1)		276	0.5	100.0	0.0								0.5		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not-Taxonomy-aligned activities)															
Manufacture of low carbon technologies for transport	3.3	47,089	92.4												
Urban and suburban transport, road passenger transport	6.3	194	0.4												
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	85	0.2												
Freight transport services by road	6.6	1,245	2.5												
Turnover of Taxonomy-eligible, but not environmentally sustainable activities (not-Taxonomy-aligned activities) (A.2)		48,613	95.5												
Total (A.1 + A.2)		48,889	96.0												

B. Taxonomy-non-eligible activities		
Turnover of Taxonomy-non-eligible activities (B)	2,056	4.0
Total (A + B)	50,945	100.0

B.53

Capital expenditure (CapEx)

Template:
Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2022

				Substantial contribution		DNSH criteria ("Does Not Significantly Harm")									
Economic activities	Code(s)	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaption	Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of CapEx, 2022	Category (enabling activity)	Category (transitional activity)
		€ million	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities															
A.1 Environmentally sustainable activities (Taxonomy-aligned)															
Manufacture of low carbon technologies for transport	3.3	191	5.0	100.0	0.0	Y	Y	Y	Y	Y	Y	Y	5.0	E	
CapEx environmentally-sustainable activities (Taxonomy-aligned) (A.1)		191	5.0	100.0	0.0								5.0		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (non-Taxonomy-aligned activities)															
Manufacture of low carbon technologies for transport	3.3	2,276	59.3												
Urban and suburban transport, road passenger transport	6.3	38	1.0												
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	8	0.2												
Freight transport services by road	6.6	1,311	34.2												
CapEx of Taxonomy-eligible, but not environmentally sustainable activities (not-Taxonomy-aligned activities) (A.2)		3,633	94.7												
Total (A.1 + A.2)		3,824	99.7												

B. Taxonomy-non-eligible activities		
CapEx Taxonomy-non-eligible activities (B)	10	0.3
Total (A + B)	3,834	100.0

B.54

Operating expenditure (OpEx)

Template:
Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022

Economic activities	Code(s)	Absolute OpEx	Proportion of OpEx	Substantial contribution: Climate change mitigation	Substantial contribution: Climate change adaption	DNSH criteria ("Does Not Significantly Harm"): Climate change mitigation	DNSH: Climate change adaption	DNSH: Water and marine resources	DNSH: Circular economy	DNSH: Pollution	DNSH: Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of OpEx, 2022	Category (enabling activity)	Category (transitional activity)
		€ million	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible economic activities															
A.1 Environmentally sustainable activities (taxonomy-aligned)															
Manufacture of low carbon technologies for transport	3.3	136	6.5	100.0	0.0	Y	Y	Y	Y	Y	Y	Y	6.5	E	
OpEx of environmentally-sustainable activities (Taxonomy-aligned) (A.1)		136	6.5	100.0	0.0								6.5		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not-Taxonomy-aligned activities)															
Manufacture of low carbon technologies for transport	3.3	1,931	92.8												
Urban and suburban transport, road passenger transport	6.3	0	0.0												
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	0	0.0												
Freight transport services by road	6.6	0	0.0												
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not-Taxonomy-aligned activities) (A.2)		1,931	92.8												
Total (A.1 + A.2)		2,067	99.3												

B. Taxonomy-non-eligible activities		
OpEx of Taxonomy-non-eligible activities (B)	15	0.7
Total (A + B)	2,082	100.0

Turnover
The proportion of taxonomy-eligible and taxonomy-aligned activities of the total turnover in the reporting year shall be determined in accordance with the Taxonomy Regulation. The KPI for turnover is the ratio of taxonomy-eligible/taxonomy-aligned turnover to the total Group turnover for the reporting year.

Overall, the denominator takes into account all turnover of the Daimler Truck Group. The turnover reported in the Consolidated Income Statement amounted to €50,945 million in the 2022 reporting year (see Note 5 of the Notes to the Consolidated Financial Statements).

To determine the numerator, the turnover was queried as to whether it was generated in connection with the production, leasing or financing of vehicles (taxonomy-eligible). Turnover not related to vehicle production or leasing/financing has been excluded.
Turnover is then assessed to determine whether it meets the technical screening criteria for the respective activity.

If turnover related to the activities cannot be clearly assigned to the taxonomy-eligible or taxonomy-aligned proportion, they are generally assigned using an allocation key, for example for turnover in connection with spare parts and services. The base for the allocation of turnover from the sale of spare parts that cannot be clearly assigned are historical sales figures. Turnover from service contracts that cannot be clearly assigned is similarly allocated.

In the 2022 reporting year, €276 million or 0.5% of the turnover was classified as taxonomy-aligned and €48,613 million or 95.5% as taxonomy-eligible.

Capital expenditure
The KPI for CapEx is the ratio of taxonomy-eligible/taxonomy-aligned capital expenditure to total capital expenditure in accordance with the Taxonomy Regulation for the reporting year.

For the denominator, all additions to intangible assets and property, plant and equipment, equipment on operating leases, as well as additions to right-of-use assets in accordance with IFRS 16, including additions to the aforementioned assets in the context of business combinations, are included. Acquired goodwill is not included.

To determine the numerator, the investments are analyzed to identify whether the investments are related to the production or leasing/financing of vehicles. These taxonomy-eligible investments are further examined to determine whether they meet the technical screening criteria associated with the activity.

In the 2022 reporting year, the numerator consists of the following components:

1. CapEx A: Capital expenditure associated with taxonomy-aligned economic activities. This also includes capital expenditure for the expansion of taxonomy-aligned economic activities that were completed in the 2022 reporting year. €26 million was attributable to CapEx A in the 2022 reporting year.

2. CapEx B: Investments for the expansion of taxonomy-aligned economic activities that were not completed in the reporting year 2022. In relation to these investments, a so-called "CapEx plan" is to be published. The Capex-plan covers five years and the included investments can be exclusively assigned to activity 3.3.
The capitalized research and development costs included relate to the development of Battery Electric Vehicles ("BEV") and Fuel Cell Electric Vehicles ("FCEV"). Important milestones of the CapEx plan, such as the completion of major development projects, are regularly published on the Daimler Truck Group's website.
The investments within category "CapEx B" amount to €165 million in the reporting year 2022. The CapEx plan includes expenditures in a range of €1,600 million to €1,750 million that are planned for the period 2023 to 2027.

Where capital expenditure could not be clearly determined as taxonomy-eligible or taxonomy-aligned, generally, an allocation based on future sales figures has been made. The basis is the approved business plan.

The proportion of the CapEx KPI reported as taxonomy-aligned consists of additions to property, plant and equipment including right of use assets (€71 million) and additions to internally generated intangible assets (€120 million). In the 2022 reporting year, there were no taxonomy-aligned additions from acquisitions due to business combinations.

The total amount of investments can be reconciled to the Group additions in the reporting year (see Note 11, Note 12 and Note 13 of the Notes to the Consolidated Financial Statements).

In the 2022 reporting year, €191 million or 5.0% of the capital expenditure was classified as taxonomy-aligned and €3,633 million or 94.7% as taxonomy-eligible.

Operating expenditure

The KPI for operating expenditure is the ratio of taxonomy-eligible/taxonomy-aligned operating expenditure to the relevant direct, non-capitalized costs (research and development, building renovation measures, short-term lease, maintenance and repair) in the reporting year.

The total operating expenditure to be included in the denominator comprise the volume pursuant to Appendix 1 of the Delegated Act on Article 8 of the Taxonomy Regulation disclosure requirements. For determining the numerator, operating expenditures are assessed according to whether they are related to the production or leasing/financing of vehicles (taxonomy-eligible).

Furthermore, they are assessed for the fulfilment of the technical screening criteria associated with the activity. In the reporting year 2022, the following OpEx components are included in the numerator:

1. OpEx A: Operating expenditure associated with assets or processes that are part of taxonomy-aligned economic activities. These amounted to €44 million in the reporting year 2022.

2. OpEx B: Operating expenditure relating to the expansion of taxonomy-aligned activities. In relation to these expendi tures, an “Opex-Plan” needs to be published. The OpEx plan is seen as part of the CapEx plan and fulfils the criteria set out there. Expenditures assigned to OpEx B amount to €92 million. The OpEx plan includes expenditures in a range of €2,400 million to €2,600 million which are planned for the period 2023 to 2027.

In the case that operating expenditure cannot be clearly determined as taxonomy-aligned or taxonomy-eligible, sales-based allocation keys are applied in principle. For research and development expenditures that cannot be directly allocated, these are generally based on the approved business plan. For other operating expenditure that cannot be directly allocated, the allocation keys are generally based on actual values.

In the 2022 reporting year, €136 million or 6.5% of operating expenditure was classified as taxonomy-aligned and €1,931 million or 92.8% as taxonomy-eligible.

SOCIAL

We take responsibility for society and our employees. Where we can make a contribution to change something for the better, we do it.

Social

As a global commercial vehicle manufacturer, we have great influence on our employees, people affected by our corporate actions as well as on the society in which we live. For us, our vision of “Leading Sustainable Transportation” means helping to shape the transport of tomorrow responsibly. Our employees are an important foundation for this. With their ideas, talents and skills, they play a crucial role in shaping our company – and help us to be prepared for the future. We strive to be a great place to work and offer a work environment where our employees’ health, occupational safety and well-being are safeguarded. Our trucks and buses are an important part of the everyday life of many people. For this reason, traffic safety and the protection of all road users are therefore our top priorities. A sense of responsibility and sustainability also affects the entire value chain – and we are rising to the growing challenges. We cooperate with our suppliers and commit them to working with us to ensure respect for the rights of all the people we influence through our operations.

B.55
Overview Social

Ambitions	Achievements
Our People We strive to be an employer of choice, and we foster a culture of diversity, equity and inclusion – leading to a sense of belonging across all levels and regions.	- In the financial year 2022, 31.3% of our relevant sites were covered by documented occupational health and safety certificates. - Implementation of the Group Works Agreement on Mental Health to protect our employees and promote health and well-being. - Hybrid working time models introduced worldwide to promote flexible working time models. - New corporate culture “Impact Culture” and new values of “Great Leadership Behavior” rolled out. - The “Inclusion in Mind!” leadership training far exceeded the target of 85% with a participation rate of more than 97.5%. - LinkedIn training rolled out worldwide for all employees.
Human Rights We are strongly committed to respect and support human rights and we expect the same from our business partners throughout the value chain.	- Adaptation of the Human Rights CMS to the requirements from the German Supply Chain Due Diligence Act (“SCDDA”). - Setting up an expert training course on human rights. - Appointment of Chief Legal & Compliance Officer as Human Rights Officer. - Declaration of principle was adapted to the requirements of Daimler Truck after the spin-off. - Raising awareness of our suppliers in cooperation with Drive Sustainability. - From the year 2023, reports and complaints of our direct and indirect suppliers can be submitted via the reporting channel of our whistleblower system Business Practices Office. - Updating our social responsibility and environmental policy conditions. - Piloting of supplier due diligence using an IT system.
Traffic Safety We purpose Vision Zero, and strive for zero accidents.	- Introducing effective safety systems with the objective of equipping at least 75% of the operating vehicles in our core markets with a safety system in 2025 and at least 80% of our delivered vehicles with a safety system in 2030. - Freightliner Cascadia: Active turning assistant, active driving assistant 2 with emergency stop function introduced. - Tour buses: Active driving assistant introduced. - Actros China: Active safety package and active driving assistant introduced. - Daimler Truck Cyber Security Management System in accordance to upcoming regulations. - Raising public awareness of traffic safety, for example through driver training, educational programs and roadshows.

Traffic safety

GRI 3-3, 416-1 SDG 3,11

According to the World Health Organization ("WHO"), traffic accidents lead to 1.3 million deaths worldwide every year and are the most common cause of death among children and young adults aged 5–29 years. According to WHO estimates, 13 million traffic-related deaths and 500 million traffic-related injuries could occur in the next ten years if decisive action is not taken. At the same time, traffic accidents and their consequences, for example on the flow of goods, also have an economic impact. Traffic safety can contribute to protecting the lives and integrity of road users as well as the safety of the transport of economic goods. For us, traffic safety therefore means, in particular, assuming social and economic responsibility. Traffic safety is thus an essential topic of our sustainable business strategy.

Zero traffic fatalities by 2050 – that is the target of "Vision Zero". In cooperation with WHO, the United Nations implemented the resolution on "Improving global road safety" in 2020 and announced the "Decade of Action for Road Safety" (2021–2030). The goal is to reduce road fatalities and injuries by 50% by 2030.

Based upon this we want to underline our current and future ambitions for traffic safety. As a truck and bus manufacturer, we would like to make our contribution to "Vision Zero". This requires a comprehensive traffic safety concept and our aim is to make traffic safer for all involved by further developing existing safety systems and new ones.

Further information on the subject of traffic safety can be found on our Website.

Organization and responsibilities

The control and regulation system for Traffic Safety includes all relevant management levels. The highest level of responsibility for traffic safety lies with the Board of Management and Corporate Sustainability Board ("CSB"), represented by the Board of Management for Truck Technology Trucks & Buses. The Sustainability Steering Committee ("SSC") is represented by the Head of Global Software & Electronics Product Development, who reports to the Board of Management for Truck Technology Trucks & Buses on the objective of traffic safety. Within the Social Working Group, the topic of traffic safety is strategically managed throughout the Group, involving the operating segments and relevant cross-departmental functions.

Accident research

Research about accidents in the area of commercial vehicles has played a key role at Daimler Truck for 50 years now when it comes to improving the active and passive safety of our vehicles. Aspects of occupant and partner protection go hand in hand. Detailed accident analyses are carried out on a regular basis and the occurrence of real accidents involving heavy commercial vehicles is systematically recorded and evaluated. Traffic safety in the commercial vehicle sector has made considerable progress in recent decades as a result of the improvements achieved from accident research. Based on this extensive and long-standing knowledge base, we were able to develop many of our technical safety solutions in a targeted manner and launch them on the market early on before there were legal regulations for them, such as Emergency Brake Assist or Turn Assist.

Specific accident data about trucks with combustion engines has also helped to develop safety measures for the first generation of our vehicles with alternative drives (battery-electric and hydrogen-based). The focus here is, for example, on the targeted positioning, design, shielding and shutdown of high-voltage components, batteries and accumulators. In this context, the electrical charging and filling processes with technical gases were also included in the considerations.

Innovations for greater safety

The development of modern and high-performance safety systems requires a high-performance innovation process. Only the discovery and application of new technologies enable the further development of safety systems at the highest level. The global advanced development of Daimler Truck plays a key role in this. With its research network, structured innovation and technology management and the ability to prepare applications in prototypes for series use, Daimler Truck promotes the power of innovation in the area of traffic safety, among other aspects.

The principle of “integral security”

When developing our vehicles, we follow the holistic concept of integral safety and distinguish between four phases: Driving assistance, prepare for the possible accident, protect in the event of an accident and provide help after an accident.

Our safety measures establish a bridge between active and passive safety within these four phases – between accident prevention (phases 1 and 2) and protection of the occupants when an accident occurs (phases 3 and 4):

- **Phase 1: Safe driving** – Assistance systems that can make driving safer, assist drivers, and can help to prevent accidents.
- **Phase 2: In the event of danger** – Safety assistance systems that can warn, assist, and engage automatically, as well as protection systems that can already be activated in the pre-accident phase.
- **Phase 3: In the event of an accident** – Protection systems that can intelligently protect all vehicle occupants as required in the given situation.
- **Phase 4: After an accident** – Systems that can help after an accident.

Product quality & product safety

In addition to the optimum function of the assistance systems, the development process of Daimler Truck is also about complying with all valid regulations (product safety), achieving a safe state (functional safety) and being as resistant as possible to external attacks on the vehicle network (cyber security).

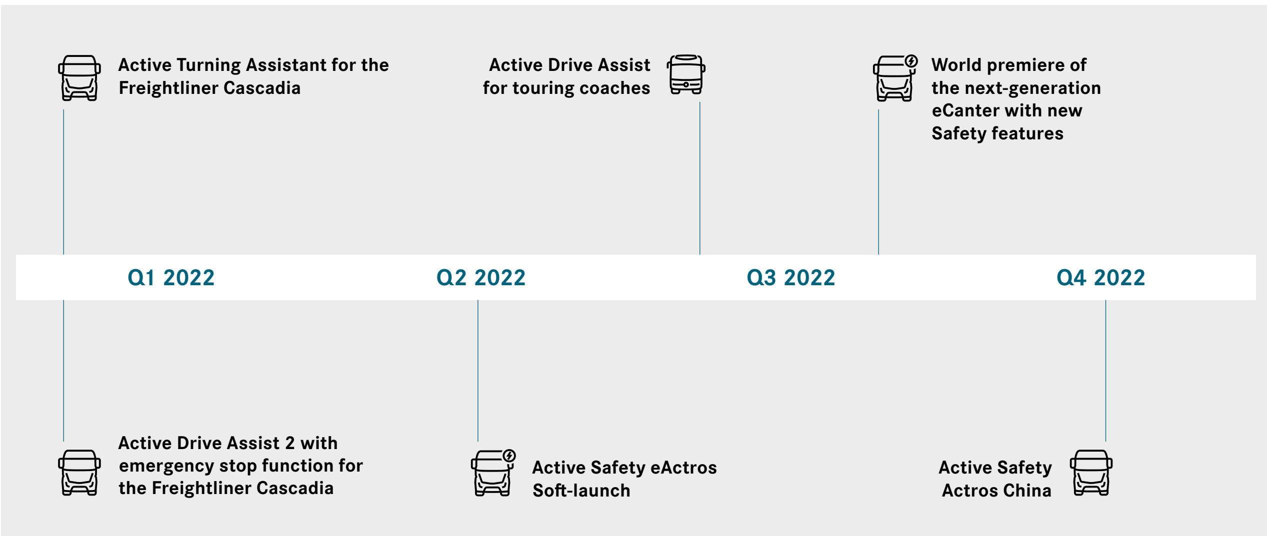
We take all this into account with our Product Compliance Management System (“PCMS”) and our organization for Functional Safety (“FuSa”) and Cyber Security Management System (“CSMS”). Product compliance is about ensuring that we comply with all applicable laws, standards and regulatory requirements as early as the development of our safety systems. With our PCMS, we aim to ensure the legal and regulatory conformity of our products. Further information on our PCMS can be found in Compliance.

Measures and implementations

Our focus is on providing systems to avoid driving errors. A positive contribution to preventing accident situations can be expected when we bring new systems to the market or broaden the application of existing systems. In 2022, the measures focused on the distribution of existing systems in markets, brands and models:

- The active turning assistant was introduced in the Freightliner Cascadia for the American market.
- The Actros Safety Package was introduced to the eActros and the Chinese market and presented at a world premiere for the FUSO eCanter.
- Active Drive Assist was introduced in the Mercedes-Benz and Setra touring coaches and – enhanced with an emergency stop function – in the Freightliner Cascadia for the American market.

B.56
Implementations 2022



Functional safety

Vehicles are becoming increasingly complex, especially due to increasingly electronic and software components. In order for a manufacturer to counter risks associated with the increasing complexity of modern vehicles, it is important to pay attention to functional safety, i.e., the correct functioning of electrical and electronic (E/E) systems. The technical standard ISO 26262, which relates to E/E-systems in road vehicles, is pioneering in this context. In spite of increasing technical complexity, we consider the orientation towards ISO 26262 and the implementation of corresponding requirements and processes to be central in ensuring a high level of safety for our vehicles. Therefore ISO 26262 has a significant impact on our development processes.

Cyber Security

Our vehicle products are becoming increasingly complex in their functions and available services, such as data services. The requirements and expectations of customers and, where applicable, their customers with regard to our products and possible interactions are constantly increasing. We have introduced a Cyber Security Management System for our vehicle range to ensure that these solutions also meet current security requirements and that incidents can be dealt with and resolved quickly. Trucks and buses are supported throughout their life cycle from the perspective of cyber security in vehicles.

One of the driving forces behind this are regulations such as the UN R-155 "»Cyber security und cyber security management system", which is mandatory within European regulation EU 2018/858 beginning 2024. In addition industry standards that accompany the implementation of those regulations (ISO 21434 "Road vehicles – Cybersecurity engineering"). The processes of the management system are already being implemented in Europe and undergo the certification process for EU 2018/858.

Safety systems

Our contribution to greater traffic safety is the development and offering of high-performance assistance systems, passive safety measures, the implementation of active safety systems, as well as support during rescue and recovery. Our services and training also contribute to safety. With autonomous driving, we expect a further increase in traffic safety as the approval of autonomous driving systems is tied to strict safety requirements.

Effective safety systems deliver their societal benefits when they are widely used in transport. We have therefore set ourselves the target of having at least 75% of our vehicles delivered in our core markets in 2025 and at least 80% in 2030 to be equipped with a safety system that exceeds the respective legal requirement in terms of performance and scope of application.

Active safety and assistance systems
Active safety systems are particularly important in trucks and buses. Especially with vehicles of this size and severity, it is important to actively avoid accidents, as the risk of a serious accident outcome is high. In order to achieve this, we develop new safety systems in regular development cycles with which we can protect and assist drivers in their day-to-day work. In addition to well-known protection systems, this also includes technical innovations. We are currently working on the next package, which is planned for 2023.

Much of what is common in our industry today was invented by Daimler Truck and introduced to the market. We offer a Brake Assist (Active Brake Assist, Preventive Brake Assist) for our heavy trucks and touring coaches, which can detect pedestrians within the system limits and react to them. Additionally we were have the Sideguard Assist, a system that reduces the consequences of accidents and even completely prevents accidents involving cyclists.

In addition to active safety systems, our assistance systems also help drivers in their work and thus can contribute to preventing accidents. With these systems, our goal is to relieve the driver, raise their alertness, prevent fatigue and encourage an adapted driving style, for example through prediction, automation, traffic sign recognition, enhanced all-round visibility and smart light control.

Passive safety
Passive safety systems provide protection for vehicle occupants and other parties involved in an accident if a collision can no longer be prevented in time.

In addition to active restraint systems such as the driver's airbag and seat belts with tensioners, a coordinated crash concept based on driver's cabs with a high level of rigidity, combined with the activation of energy-absorbing structures in the front section plays a fundamental role at Daimler Truck.

The focus is also on minimizing indirect risk of injury. This includes the design and configuration of components of the cab interior, fire protection and, if necessary, the deactivation of high-voltage systems in vehicles with alternative drives.

The implementation in our vehicles is based on our findings from accident research and product monitoring.

Rescue and recovery
Another important part of our work is informing rescue forces and recovery services in a targeted way, for example through rescue guidelines, rescue sheets and towing brochures. Detailed knowledge of our vehicles and their safety systems help rescue services get to injured persons faster and can therefore help save lives.

Examples of supporting technical functions in vehicles are the automatic activation of the hazard warning lights and automatic unlocking of the central locking system after an accident has been identified. Various measures contribute to increasing the safety of rescue services, such as high-voltage rescue disconnection points, automatic impact detection and Hochvolt deactivation.

Further information on rescue and recovery can be found on our Website.

Significant progress in the development of autonomous trucks and first practical application.

Autonomous driving
Daimler Truck is considered as one of the leading truck manufacturers in the development of autonomous trucks ("SAE Level 4") with safety-relevant redundant driving systems. The aim is to bring autonomous trucks onto the road in series production by the end of the decade in the US.

Autonomous driving is associated with high safety requirements for legal admission. Thus driver assistance systems and safety systems are important drivers for making autonomous driving possible in the future and have the potential to make traffic safer in the future. In addition, unlike humans autonomous systems are more resilient to human risk factors such as tiredness or inattentiveness and therefore can help reducing the risk of an accident. At the same time, autonomous trucks can enhance our customers' business and help society cope with the growing volume of freight, especially in times of driver shortages. In addition, autonomous trucks enable increased transport performance, as long-haul trucks can basically drive all the way through. For these key reasons, we continue to drive forward the development of this technology.

The autonomous-ready Cascadia with redundant functions is based on our flagship model of the Daimler Truck brand, Freightliner. Critical systems, such as steering and braking, are available as a back-up in two versions and are continuously monitored by the vehicle. In the event of malfunctions or errors, the newly developed redundant systems can safely control the truck. Freightliner's autonomous-ready Cascadia is thus suitable for integrating autonomous software, hardware and computing systems. Due to the system redundancy, the autonomously driving truck can make a contribution to improving traffic safety, which is an important step on the road to accident-free driving.

Since acquiring a majority shareholding in TORC Robotics, Inc. ("TORC") in 2019, we have made progress in autonomous driving with our subsidiary. For example, we showcased that driving on US motorways including driving on and off as well as switching lanes is possible. TORC is now taking the next step by working with leading U.S. logistics companies to bring autonomous trucks into real-world use. For example, in the 2022 reporting year, TORC created the Torc Autonomous Advisory Council ("TAAC") with key logistics industry players to integrate extensive industry expertise into its development process. The members of the committee include Schneider, Covenant Logistics, Penske Truck Leasing, Ryder System, Inc., C.H. Robinson and Baton as well as Daimler Truck North America LLC as a vehicle manufacturer.

Digitalization & services
To provide our customers with the best possible support, we also offer modern services, which can contribute to traffic safety. The prerequisite for this is digitalization in the vehicle. Digitalization mainly deals with the connectivity of vehicles and the provision of data from the vehicle for smart digital services and customized solutions for our customers.

A forward-looking driving style, compliance with driving and rest periods as well as avoiding speeding are some examples where our fleet management system services provide targeted assistance. With our Mercedes-Benz Uptime and Detroit Connect services, we detect errors and accident risks on roads. A fully automatic telediagnostics system continuously checks the status of the vehicle systems. Within seconds, the data is interpreted and specific recommendations for action are made available. In this way, for example, a possible breakdown can be avoided or, in the event of a critical condition (for example, leakage in the high-pressure circuit of the fuel supply), a recommendation for action can be made for necessary measures (for example, a repair).

Driver training and awareness-raising measures

We raise public awareness of traffic safety – for example through driver training, educational programs and roadshows– and provide information about safety technologies and innovations.

Daimler Truck offers a wide range of training options for truck and bus drivers. The Mercedes-Benz Trucks training organization covers more than 50 countries, where certified trainers teach customers how to operate our vehicles. We also provide training for our electric vehicles and their specific requirements. In addition to other topics – such as fuel efficiency, downtime and operating costs – the training aims to increase traffic safety. Among other aspects, drivers should be instructed to fully exploit the safety potential of our technologies.

Human rights

GRI 2-23/-24, 3-3, 406, 407, 408, 409, 414 SDG 4, 8, 17

Our ambition is to be strongly committed to respect and support human rights and we also expect this from our business partners throughout the value chain. Daimler Truck AG, as part of the former Daimler AG, was a founding member of the United Nations “Global Compact”. Therefore, we committed ourselves to support human rights, respect the rights of employees and their representations of interests, and protecting the environment. We continue to participate in the UN Global Compact and are committed to the United Nations (“UN”) Guiding Principles on Business and Human Rights as well as the National Action Plan for Business and Human Rights of the German Federal Government. We place particular importance to the rights of the International Bill of Human Rights and the core labor standards of the “International Labor Organization” (“ILO”) and we are committed to preventing human rights violations from occurring with regard to our own employees and our business partners – in particular our direct suppliers. The aim is to respect and support human rights as well as to implement needed measures and processes to fulfill our due diligence obligations.

We confirm our commitment in our Declaration of Principles on Social Responsibility and Human Rights. The declaration of Principles forms the basis for the perception of our social responsibility and summarizes our involvement with human rights. It supplements our obligation to respect human rights from our Code of Conduct. With regard to our own business units, we have also embedded the requirements for respecting and supporting human rights in internal policies, such as our policy on occupational health and safety. Our requirements for business partners to respect internationally recognized human rights are defined in our Business Partner Standards.

Further information on the policy statement and code of conduct can be found on our Website.

Organization and responsibility

The Sustainability Management & Human Rights Compliance department in the Legal & Compliance unit is responsible for the development and steering of the Human Rights Compliance Management System, which is a systematic approach to fulfilling human rights due diligence obligations in the Group companies and majority shareholdings, as well as along our value chain. It is also responsible for providing legal advice on human rights issues within the Group.

Strategic developments as well as cross-functional and international alignments with regard to human rights are discussed on a regular basis in the Sustainability Steering Committee and the Corporate Sustainability Board and reported to the Supervisory Board.

The Chief Legal and Compliance Officer was appointed Human Rights Officer in the reporting year. He reports directly to the Chairman of the Board of Management of Daimler Truck and Daimler Truck Holding AG and is responsible for monitoring our human rights risk management. He also heads the SSC and chairs the Compliance Board.

We confirm our commitment to respect and support human rights in our policy statement on social responsibility and human rights.

Our approach in the Group companies and majority shareholdings

Daimler Truck has already set up a Human Rights Compliance Management System ("Human Rights CMS") at the end of 2021. With our Human Rights CMS, we aim to fulfill our human rights due diligence obligations based on requirements from internationally recognized standards and applicable laws - for example, in accordance with the requirements of the German Supply Chain Due Diligence Act ("SCDDA"), which will apply from 2023.

The Human Rights CMS includes basic principles and measures to promote compliant conduct. It relates to the Group companies and majority shareholdings as well as to our value chain. Further information on our Human Rights CMS can be found in Compliance.

At the end of 2021, all Group companies and majority shareholdings of Daimler Truck worldwide were classified based on a systematic risk analysis. This is the first time that a human rights risk assessment has been carried out in order to identify and minimize potential risks in line with our human rights due diligence obligations. Defined packages of measures were then assigned to the units concerned based on the individual risk classification. They address the identified action areas of Labor, Security & Diversity Practices, and Local Circumstances & Civil Interaction and establish clear responsibilities for implementing the measures, such as mandatory diversity training, background checks and frameworks for working by and with security forces, or the creation of "diversity representative" role.

In the reporting year, the topics for the 2023 risk analysis were also expanded to include the human rights and environmental aspects from the "SCDDA". It is planned to query the topic areas for each unit in the year 2023 as part of an individual risk analysis and to address them through appropriate measures. The annual evaluation, including the effectiveness review, will be carried out analogously to the other compliance fields starting in 2023 for implementation.

Raising awareness of human rights

We raise awareness among our employees with various internal trainings on human rights to give them a basic understanding of the contents of corporate due diligence and social responsibility. To this end, human rights issues in the respective working environment were communicated to particularly relevant departments, such as purchasing and sales, as part of a specific web-based training course. In addition, the "Human Rights Compliance" expert module was developed in the reporting year and will be rolled out globally on a target group-specific and mandatory basis in 2023. The aim is to highlight the relevance of the topic in everyday working life.

Our approach in the supply chain

GRI 407-1, 408-1, 409-1, 414-1

A global network of suppliers who provide us for example with innovative raw materials, components, materials and services, contributes to our corporate success. Our goal is to ensure that our partners along the supply chain also comply with social and environmental standards and thus supports our sustainability efforts. In order to fulfill our due diligence obligations in the supply chain, we rely on a concept of binding requirements and test instruments, as well as information and qualification measures for suppliers. This concept is also an integral part of our Human Rights CMS.

Expectations for our suppliers
We are committed to responsible sourcing of production and non-production material and services, and we reject child labor, forced labor, modern slavery as well as other violations of human rights. In our Business Partner Standards we define our requirements for our business partners in terms of respect for and support of human rights, good working conditions, environmental protection, integrity and compliance with legal requirements. We require our business partners – in particular our direct suppliers – to recognize these sustainability standards and to communicate and pass them on to their employees and to their upstream value chain. We also expect our business partners to verify compliance with these standards. This is an important prerequisite for successful cooperation. Detailed regulations on these standards and requirements are included in our contractual terms and conditions on social responsibility and environmental protection.

Risk management
We rely on a wide range of measures and concepts to comply with our due diligence obligations. This includes screenings for direct suppliers of production and non-production material as well as audits, risk-based due diligence analyses and qualification modules for suppliers. With these tools, we aim to increase transparency in the supply chain and ensure that internationally recognized human rights, other social standards and environmental requirements are respected. Our purchasing departments play a central role in this for production and non-production material, including services.

Suppliers of production material
All new suppliers of production material are checked on site for sustainability criteria before being commissioned. These on-site checks are also performed for existing suppliers depending on the location or product group. During this review, questions are asked about social standards, including working hours, remuneration, occupational safety, freedom of choice of employment and freedom of association. Such reviews are even more thorough in countries with a high level of risk in relation to human rights and include a review of child labor risks as an integral element.

To evaluate the sustainability performance of our suppliers of production material, we also rely on proven standard tools, such as the Sustainability Assessment Questionnaire (“SAQ”) of our European sustainability initiative Drive Sustainability. In addition to environmental aspects, social criteria such as human rights policies, a risk management system for human rights and social issues, employee training, occupational health and safety policies and systems, responsible sourcing of raw material and sustainability-oriented supplier management are assessed and integrated into an overall assessment of sustainability performance. The rating of supplier locations derived from this is used as a mandatory criterion in operational purchasing for new contract awards above a defined order value in production material purchasing.

Suppliers of non-production material
We also hold our suppliers of non-production material, in particular service providers, responsible for respecting human rights and other sustainability aspects. In the year under review, we began to optimize a previously used questionnaire to further identify human rights risks in certain product groups and industries. Throughout the reporting year, all new suppliers of non-production material in risk countries and for critical product groups were part of a due diligence-review. To date, 27 product groups and industries, which are potentially critical from a human rights perspective have been identified on the basis of a preliminary risk analysis.

Systematic risk analysis
Existing direct suppliers of production material and non-production material undergo an annual review for human rights risks using external databases for certain human rights risks and violations of the law in order to be able to investigate them in a follow-up process. The supplier risk assessment was revised in the reporting year and supplemented with aspects from the requirements of the SCDDA. By means of an IT system, which was piloted in the reporting year and will be rolled out the year 2023, risks for all suppliers will be identified and assessed regularly, systematically and holistically.

How we handle critical raw materials
In the assessment of human rights risks along the supply chain of production material, special attention is paid to critical raw materials. In prior years, critical raw materials were identified on the basis of a preliminary risk analysis and prioritized with regard to their relevance in truck and bus production. These are integrated into the risk analysis as risk indicators.

We continue to use international standards and initiatives for conflict minerals (tin, tantalum, tungsten, and gold). As a member of the Responsible Minerals Initiative ("RMI"), we support their actions for a responsible raw material supply chain, especially from countries with a high risk of violations of human rights.

In order to promote the responsible handling of lithium as a raw material in Chile, we have been involved in the "Responsible Lithium Partnership" since 2021 under the umbrella of the former Daimler AG, which is coordinated by the German Agency for International Cooperation ("GIZ"). Even after the demerger from the former Daimler AG, we continue to participate as a partner. The aim of the initiative is to foster a dialog between local stakeholders based on scientific facts, reviewing them and seeking solutions through a participation process.

Raising awareness and providing information to our suppliers
In order to raise awareness of human rights issues among our business partners, we provide the Compliance Awareness Module on our Website. As part of our membership in the European sustainability initiative of the automotive industry "Drive Sustainability," we raised awareness of sustainability issues, particularly human rights issues, among relevant suppliers of production material in other focus countries (Mexico, USA, Germany) by means of (web-based) training courses in this reporting year.

Tip-offs and suspected cases

Employees and external whistleblowers worldwide can use the BPO whistleblowing system to submit reports of suspected violations of rules and laws, including human rights violations, at the Daimler Truck division. In the reporting year, a total of two suspected cases involving human rights violations were reported in the "major risk" category. Further information can be found in Reporting of rule violations via the BPO whistleblower system.

In addition, as part of the adaptation of the Human Rights CMS in the reporting year, we began to revise access and the corresponding complaints process for notifications and complaints regarding violations of human rights and environmental obligations by our direct and indirect suppliers. From 2023, corresponding tip-offs and complaints can also be submitted via the reporting channels of our whistleblowing system BPO.

In the reporting year, a total of one suspected case of human rights violations along our supply chain was received. In these cases, the competent investigation unit in Purchasing examines which measures are suitable in each individual case in order to investigate a suspicion appropriately. As a rule, the measures are directed at our direct suppliers, with the aim of jointly developing a concept to end and minimize any grievances.

Our people

GRI 2-7/-8, 3-3 SDG 4, 5, 8, 10, 16

Over 100,000 employees worldwide drive our Group forward with their skills, ideas and commitment. They are a key factor in mastering the ongoing difficult general conditions in the reporting year 2022. Among other aspects, the COVID-19 pandemic and the Russia-Ukraine war meant that we were repeatedly faced with challenging tasks and had to respond at short notice. Our employees are a core success factor of our Group.

B.57

Employees by segments
GRI 2-7

	▾2022	2021[1]
Mercedes-Benz Trucks	40,884	40,327
thereof female	4,721	4,508
Trucks North America	28,227	25,930
thereof female	5,214	4,843
Trucks Asia	16,214	15,865
thereof female	1,657	1,601
Daimler Buses	15,184	14,861
thereof female	1,702	1,564
Financial Services	1,770	1,245
thereof female	837	601
Central Functions and Services	2,450	1,622
thereof female	968	611
Total	**104,729**	**99,849**
thereof female	15,097	13,727

1 New reporting line item (no previous year's values available).

Future-oriented human resources strategy

We want to be an attractive employer and shape a future-oriented human resources strategy. We have focused on the further development of our diverse and inclusive corporate culture, especially since our start as an independent company after the demerger of the former Daimler AG in 2021.

A material field of action according to our Materiality analysis is maintaining the health, occupational health and safety and well-being of our employees. As future-oriented employer we want to offer a fair remuneration system and far-reaching flexible working time models that promote the compatibility of work and family as well as a good work-life balance. We also support our employees with a wide range of qualification programs and flexible learning methods in order to keep up with the times and develop further. We want to leverage the commitment and cooperation of all employees and ensure open and respectful interaction with each other. This has once again shown that we can rely on constructive cooperation with employee representatives and trade unions.

Organization and responsibility

The organization and responsibility is based on a global human resources ("HR") structure. The HR-unit consists of various functions that work along the entire HR-value chain and at all Daimler Truck locations. HR-business partners advise and support employees, including managers, on all relevant, strategic HR-topics and implement them as a team. We are present in the segment structures and each segment has its own HR-responsibility. In addition, cross-cutting topics such as human resources development, labor policy and remuneration are bundled in Centers of Competences ("CoC") with a global governance function. The Head of the People and Organization Development CoC is represented in the SSC. In order to ensure an ongoing dialog between the individual functions and the best possible decision-making in the interests of the entire Group, the Operations Committee ("OpCom") as the highest HR-decision-making body meets on a regular basis. In order to ensure that HR-functions are closely involved in the operational business, the HR-Business Partners are involved in the management bodies of their areas of responsibility.

Health, occupational safety and well-being

GRI 3-3, 403-1/-3/-4/-6/-7 SDG 3

The health, occupational safety, and well-being of our employees are a central fundamental at Daimler Truck and an essential component of our overall sustainable strategy.

Our goal is to preserve the health and protection of all employees, to identify and prevent health risks, and to permanently promote health and well-being as a prerequisite for creativity and productivity. Daimler Truck is committed to “Vision Zero” and is therefore part of a global initiative of the Institution of Occupational Safety and Health (“IOSH”) and the International Social Security Association (“ISSA”), which aims to prevent work-related accidents and illnesses while promoting the safety, health and well-being of employees.

We also pursue the objective of a holistic and long-term approach, which we continuously review and further develop. A sustainably oriented, functioning health and occupational safety management system is of central importance to us. Whether ergonomic workplace design, health offers or safety qualifications: The focus is on the health, safety and well-being of our employees.

Daimler Truck offers its employees in Germany occupational health care and counseling. Employees have the option of taking the Daimler Truck HealthCheck every three years. This care is supplemented by the measures and services of the workplace health promotion and counseling services.

Our employees have a right to physical and mental health and a safe working environment. One focus in the reporting year 2022 was the implementation of the Group’s “Mental Health” agreement. This targeted the implementation of the “Groupwide general agreement on mental health.” which aims to maintain and promote the mental health of employees in the face of increasing complexity and a dynamic change in society and the working world, reinforced by the COVID-19 pandemic and the associated measures in recent years.

Organization, responsibilities, specifications and policies

GRI 403-4/-8

Daimler Truck is committed to comply with all national and international regulations in accordance with legal requirements. Daimler Truck’s occupational health and safety strategy goes beyond legal requirements in the design of workplaces and processes by defining global minimum standards for occupational health and safety (Group Works Agreement 774).

Organizational responsibility at Group level lies with the Health & Safety department, which comprises Occupational Medicine (“AM”), Occupational Safety (“AS”) and Ergonomics, Social Counseling (“SOB”) and Workplace Health Promotion (“BGF”). The occupational health and safety strategy is developed further and implemented globally in a regular, global dialog. At our sites, there are reporting lines on occupational safety and health to the respective site management and to the Health & Safety department. With the help of quarterly meetings, the Chief Human Resources Officer is involved in all relevant topics, such as health training and preventive medical examinations, by the Chief Group Physician and the Group Safety Engineer.

The major health and occupational safety issues are also regularly discussed, evaluated and developed further with various committees, for example the Occupational Safety, Health and Environment Committee, and also with representatives of the Works Council and the management at all levels of the Company. The objective is to continuously improve the measures with regard to sustainability and efficiency.

Daimler Truck complements the legal requirements with additionally defined policies. There are globally uniform guidelines for prevention. The occupational health and safety policy, which is based on international standards and national laws, is the global guideline document and lays the foundation for the management systems at Daimler Truck. The policy serves as an overarching, internationally valid Group regulation. It emphasizes the responsibility and exemplary function of the managers and underlines the personal responsibility of employees.

ISO 45001 certification provides workplace safety for our employees. At Daimler Truck, 15 of the relevant 48 sites (production, development and test sites) with majority shareholding were certified. This covers around 32,000 of our workforce, which corresponds to around 39 % of the relevant workforce. In addition to external certification audits, we check about every five years whether the mandatory safety standards of our Group Policy on Health and Safety in the Workplace are being complied with at all of the Group’s own production facilities, and whether a functioning management system for occupational health & safety (“SGA management system”) is in place. In the year under review, we evaluated the production sites in Brazil, South Africa, Japan and Detroit (United States). Eleven sites in China, India, Indonesia, Mexico and the United States are scheduled for auditing in 2023.

▼

B.58

Accident frequency

GRI 403-9

	▾2022	2021	2020
Occupational accidents[1]	**1,323**	1,103	1,175
Accident frequency[2]	**7.9**	8.0	9.0

1 Number of work accidents with at least one lost day.
2 Lost Time Injury Rate ("LTIR"); Number work accidents with at least one day of absence per 1 million attendance hours.

B.59

Absence from work due to accidents at work

GRI 403-9

	▾2022	2021	2020
Loss of work time in days due to work accidents	**22,415**	21,909	17,685
Accident downtime[1]	**134**	159	135

1 Lost Time Injury Frequency Rate ("LTIFR"); number of lost days per 1 million hours of attendance.

B.60

Fatalities due to accidents at work

GRI 403-9

	▾2022	2021	2020
Number of employee deaths as a result of work accidents	**1**	0	1
Number if death of external employees as a result of work accidents	**0**	0	0

Assessment of hazards

GRI 403-2

We pursue a preventive approach and assess the potential risks of workplaces and work processes at an early stage. To implement this, instruments and risk assessment processes have been defined that comply with local regulations. An important instrument is the risk assessment, which automatically generates a briefing document: We have digitalized parts of this risk management process with an online tool. The tool is provided by the European Occupational Safety and Health Agency ("EUOSHA") and has been enhanced for our needs. The objective is to encourage risk awareness among employees and mindful behavior. The specified global standards, i.e., with regard to occupational health and safety management (including risk assessment) and minimum technical standards (for example technical safety standards for machines and systems), are to be implemented by our sites. The use of the online tool depends on local and legal requirements.

All our employees also have personal responsibility for their health and safety by carrying out their work in a safety-conscious manner. They have the right to move away from work situations that they believe constitute an immediate risk to their life or health. Safety risks and near-accidents must be reported to the manager on a location-specific basis and are dealt with as part of regular meetings in production and administration (shop floor management). We record information about industrial accidents and risks using our accident documentation systems.

Country-specific reports are prepared and accident reduction measures derived. We want to continuously improve the workplaces, environments and processes of our employees and actively involve them in their design process. We utilize a holistic health and occupational safety management system in order to prevent work accidents and work-related illnesses. The focus here is primarily on preventive measures, such as instruction and training on occupational safety, Daimler Truck Health Check, health programs and digital health services, which we continuously review and develop further.

Tragically, one person was fatally injured in the year under review. The incident has been investigated and the cause identified. In addition, all managers were requested to conduct ad-hoc training of all employees in order to avoid the repetition of such an accident.

Awareness of occupational safety

GRI 403-5

Employees are made aware of ergonomics and occupational safety throughout the Group with videos, various information portals and online training being used for this purpose during the reporting year. New employees at Daimler Truck receive general initial training in the form of an induction course and they receive workplace-specific instruction on safety-relevant aspects. Daimler Truck offers both mandatory and additional voluntary qualification measures for newly appointed managers on a site-specific basis and depending on the qualification status. External companies receive induction training for external companies before entering the plants. In addition, we maintain a "Health & Safety Wiki" on the Social Intranet, which we regularly update. There, our employees can find all the important information and rules relating to health and safety at work. In addition, in the year under review, we offered in Germany a cross-site digital health service on the topics of exercise, nutrition and relaxation in order to sustainably raise awareness of health in the long term.

Dealing with the COVID-19 pandemic

The Company continues to adopt measures to contain the spread of the COVID-19 virus and provides profound information.

At the beginning of 2022, we offered our employees for example in Germany booster vaccinations. Together with the general coronavirus protection measures, we were able to track infection chains and stem them accordingly. Daily policies and decisions were published and updated on an internal coronavirus information page in the reporting year. Regular coronavirus updates were also sent via e-mail.

▲

▾ The accident and crisis documentation system was further developed in the reporting year: The resulting integrated, digital reporting process for crises now enables rapid recording of all COVID-19 infections and tracking of potential contact persons among employees. In addition, infection clusters can be identified quickly and area-specific additional measures can be implemented. ▴

Our culture

For us, it is important that our values and our culture are shared and lived by everyone in the Company. To this end, we aim to promote the commitment of our employees and increase the opportunities for participation – we call this "impact culture". In doing so, we expect our employees to treat each other with respect, openness and fairness. The basis for this is the "Purpose Principles", which serve as a guide for conduct and mutual cooperation.

In 2022, we started global initiatives that allow our leaders to highlight their impact to the Company. All managers from Board of Management to Level 4 are personally committed to the new management principles and behaviors. In addition, the Daimler Truck Leadership Curriculum supports managers from level 4 onward in continuously developing themselves and their leadership actions, with the focus areas being based on our Guiding Principles and Purpose. With "DTR0CKs", a training course was devised that makes it possible to experience the "Great Leadership Behavior" and to take the first steps towards implementing it in daily leadership work. In the future, we will sharpen and further develop our processes and structures with regard to our understanding of culture, such as by anchoring and integrating our Great Leadership Behavior within the performance and potential process for managers.

The Daimler Truck employee survey is an important instrument for engaging in dialog with our employees. Our aim is to understand what motivates our employees and enable comprehensive and standardized assessment of the Group and its teams. It is considered an important indicator of where we currently stand in the areas of satisfaction, commitment, compliance and health – and above all where we have the potential to develop. Managers are therefore required to enter into a dialog with their employees and take appropriate measures to continuously develop themselves. The HR-organization provides help and tools for this purpose.

Following the spin-off from the former Daimler AG, we conducted the employee survey Group-wide for the first time in September 2022, which will be repeated on an annual basis. The results of the Daimler Truck Employee Survey 2022 showed that there was an increase in commitment compared with the previous survey. With more than 100,000 employees, the participation rate remained at a very high level of 79% (2021: 76%). On a five-point scale from 1 (strongly disagree) to 5 (extremely satisfied), the overall satisfaction of the workforce with the company is also reflected in a mean score of 3.96. We see our greatest opportunity in the topic of follow-up process (average score: 3.69), which is about discussing results and deriving meaningful measures for further development. By establishing an annual employee survey, our aim is to make continuous improvement an integral part of our corporate culture.

Further information on our corporate culture and values can be found on our Website.

Daimler Truck as an attractive employer

We want to be a good and attractive employer – both for our own employees and for the different target groups in the global labor market. Employer branding and recruiting activities are geared to Daimler Truck's strategy, the needs of the departments, and the expectations of the target groups in the short, medium, and long term.

In order to raise the profile of Daimler Truck and at the same time show our employees our appreciation for their day-to-day work, an internal and external employer campaign was developed in 2022. Its objective is to convey our corporate culture, "Impact Culture", and our Daimler Truck purpose internally and externally and to strengthen our identity.

In addition to implementing the campaign, we are focusing on digitizing and establishing and expanding our career channels on the Internet, in particular the careers website and social media channels, such as Instagram, Facebook and LinkedIn. Furthermore, in the year under review we were included for the first time as an employer in our own right in the target group survey and subsequent employer ranking "Germany's most attractive employers" conducted by the Trendence Institute. We emphasize to personal dialogs with potential applicants and are therefore represented at national and international career fairs. Due to the COVID-19 pandemic, some of these took place virtually and some in person during the reporting year. In addition, our first digital and personal Recruiting & Employer Branding Event, "REBOOT CAMP", took place at our Company headquarters in Germany, to which we invited talents from the areas of IT and engineering.

Further information about Daimler Truck as an attractive employer can be found on our Website.

Remuneration systems

GRI 2-19/-20, 403-3

Worldwide, Daimler Truck remunerates work performed at all Group companies according to the same principles. Our Corporate Compensation Policy, which is valid for all groups of employees, establishes the framework conditions and minimum requirements for the design of the remuneration systems. It stipulates, among other things, that the amount of remuneration is based on the assigned requirements of the work tasks – in consideration of, for example knowledge and ability, responsibility and scope for decision-making – and the person's performance, not on gender, origin or other personal characteristics. By means of internal audits, the Internal Auditing department annually checks on a random basis whether selected aspects of the policy have been adhered to. In our desire to offer salaries and benefits that are customary in the industry and the respective markets, we also want to take into account local market conditions.

The variable compensation ("Company Bonus") of the management at levels 1 to 3 and level 4 (non-tariff) for the financial year 2022 is measured not only on the basis of financial performance criteria but also on the basis of non-financial ESG (environment, social and governance) targets.

On a regular basis, our HR-departments conduct individual income review interviews with our employees. In this way, we ensure salary decision-making transparency while complying with data protection regulations. The respective development potential is also discussed. If employees have justified objections to their remuneration – for example, if they do not see themselves as being treated equally – they are free to contact their manager, the HR department or the works council.

In companies subject to collective bargaining agreements, such as Daimler Truck AG, the agreements that have been reached grant employees additional rights. These give them the right to object to their placement in a specific salary group or to the results of their performance assessment. The remuneration regulations and salary tables can be viewed by employees. Employees of Daimler Truck AG can find out about their salary structure and amount online – even in comparison to their peer groups.

Employees at Daimler Truck AG and its subsidiaries who are subject to a collective bargaining agreement are usually also offered voluntary benefits that are agreed upon with the respective employees' representative bodies. These benefits include employer-funded contributions to retirement benefits and options to participate in an employee-funded retirement benefits system.

In many cases, employees who are subject to collective bargaining agreements can also participate in profit-sharing arrangements at their respective company. In addition, offers from numerous sports and social institutions can be used - from daycare centers to social counseling services.

B.61

Retirement benefits at the Daimler Truck Group (in bn. €)

GRI 401-2

	▾2022	2021[2, 3]	2020
in € billion			
Obligations/provisions of company retirement and health benefits	**1.1**	1.9	2.9
Cash value of pension obligations on 31 December[1]	**5.9**	8.0	8.6
Social security an post-employment costs	**0.3**	0.4	0.3
Expenditure on statutory pension plans	**0.5**	0.5	0.4
Payments to retirees	**0.2**	0.2	0.2

1 The amount of these present values is highly dependent on the accounting valuation parameters to be determined annually, in particular the discount rate.
2 Due to the spin-off and independence of the Daimler commercial vehicles business in December 2021, these data are not comparable with those of previous years.
3 These data have been adjusted due to the spin-off and independence of the Daimler commercial vehicles business, but still contain minor uncertainties as adjustments for combined locations and units can only be made in the 2022 financial year.

Flexible working-time arrangements

As a company, we have learned from the COVID-19 pandemic that hybrid working is the working model of the future - wherever the job allows. For instance in Germany, we were able to draw on an existing flexible company agreement on mobile working. At the same time, a transformation in office workplaces is being observed worldwide: Open office spaces without fixed workstation assignment and modern collaboration zones promote an open corporate culture. We are also working on introducing more flexible working time models in production areas, such as part-time work.

Part-time models in all forms have a long tradition – from less working hours per day, to selected working days per week, to temporary leave, such as parental leave. Employees can make use of this to take care of their family or attend a training course. In many cases, the possibilities of time off or the reduction of working hours for the care of children goes beyond the legal framework in the individual countries.

B.62

Parental leave[1]

GRI 401-3

	2022	2021	2020
Employees eligible for parental leave	**28,565**	**27,648**	**27,256**
thereof female	4,330	3,841	3,527
Employees on parental leave[2]	**1,176**	**1,102**	**1,008**
thereof female	418	413	335

1 Daimler Truck AG, Daimler Truck Financial Services GmbH, Daimler Truck Financial Services Germany GmbH.
2 Return rate 99.9%.

In Germany, we provide employees with childcare places in our in-house daycare centers. We also cooperate with support centers: Parents can contact our cooperation partner if they have questions about alternative childcare options or need a tutor for their children. Employees who would like to care for relatives can leave the Company for a period of time beyond that defined by legal provisions, or reduce their working hours for this period for up to four years– with guaranteed reinstatement. The objective of all measures is to facilitate a better balance between work and family life.

Qualification

GRI 404-1/-2

The knowledge and skills of our employees are the foundation of Daimler Truck's worldwide success. In the course of the profound transformation in our industry, job descriptions, duties, and requirement profiles are changing.

Our objective is to continuously further develop our workforce and thus make a significant contribution to the competitiveness of Daimler Truck. We invest strategically in training and professional development, continue to expand our HR development programs and adapt our training portfolio and the range of dual study courses at universities. In order to successfully manage the digital and technological transformation, we rely on diverse and, needs-based qualifications of our employees. In addition, we conduct the targeted recruitment of talent with digital skills and technical expertise in new technologies.

On average, the qualification hours between January and November 2022, which we record in our learning management systems, amounted to around twelve hours per employee (1.5 working days). In 2021, the average for the reporting year was around 10 hours. For female employees, the average number of qualification hours (January to November) was about ten hours (in 2021, this was about seven hours). In addition, we are increasingly using learning formats that are integrated into the work process. So these average values represent only part of the actual scope of qualification.

We have a methodological approach for observing quantitative and qualitative aspects of workforce development. We collect quantitative data using an online tool. We also analyze strategically relevant abilities with the help of qualitative methods. Here we compare existing specialist, methodological, and social skills with future requirements. This procedure helps us to discover potential bottlenecks in specialist units and to plan the need for up-and-coming staff and training in advance.

Apprentices and students

Daimler Truck provides training according to the requirements of our Company and we continuously review the portfolio of our apprenticeships and courses of study. Our internationally recognized dual study programs are offered at various company locations. We have standardized our training content in Germany across all locations and segments in the Daimler Truck Training System.

In the year under review, Daimler Truck AG continued to focus on the areas of IT skills and IT professions, as well as high-voltage and battery technology. For example, we offer vocational training for IT specialists and automotive mechatronics technicians for system and high-voltage technology as well as a course of study in embedded systems, which includes IT and electrical engineering.

In Germany, 472 young people started a new training or dual study program in the reporting year (2021: 449). The same number of training and study places were advertised for the following year.

B.63

Apprenticeship

GRI 404-1

	2022	2021[1]
Total average training hours[2]	**1,116.8**	**1,114.0**
thereof female apprentices[3]	1,080.7	1,068.9
thereof in the business unit	994.9	945.1
thereof in the technical trade unit	1,124.8	1,124.1

1 These data are based on calculations by the former Daimler AG and contain minor inaccuracies due to the spin-off of the Daimler commercial vehicle business as a separate company, as so-called mixed locations and units can only be adjusted in the balance sheet as of the 2022 financial year.
2 These data refer to Daimler Truck AG in Germany.
3 The lower average number of training hours per female apprentice can be explained by the relatively higher proportion of women studying at cooperative state universities. Thus the number of days spent in the company is lower than for trainees.

Interculturalism plays an important role for us. As early as the training stage, our international program abroad "Truck goes Global" for trainees and trainers lays the foundations for mobility and flexibility as well as foreign language and intercultural skills - financed and supported by the "Erasmus+ Program" of the European Union.

Daimler Truck also meets its social responsibility internationally and trains young people itself or through collaborations with schools. In Brazil, for example, young people with professional courses are being prepared for working life through a school collaboration.

Trainee programs

As part of our globally established "INspire – the Trucks and Buses Experience Programs" trainee program, we offer two appealing entry and development paths for talent: The "Leadership Talent Track" as an entry point for graduates and career starters who are aiming for a future management career. During the 18-month program, the trainees complete individually tailored project assignments at home and abroad and exchange ideas on focus topics in the global INspire network. The "Expert Track" is aimed at graduates, career starters and experts with professional experience. These trainees spend over 36 months working on highly relevant topics of the future with a focus on advancing the transformation of our products. 91 talents are currently employed.

With the innovative "Green Mobility Trainee" approach, together with five other companies in the mobility and logistics sector (Daimler Truck, DB Schenker, Lufthansa Cargo, Lufthansa InnovationHub, ONOMOTION and time:matters), we launched a cross-divisional trainee program that focuses on an industry that is sustainable for the first time in 2021. The Company welcomed the first trainees in the 2022 reporting year.

Extra-occupational study

We place great importance to the individual academic training of our specialists and managers. This is why we offer the Daimler Truck Academic Programs at all Group companies in Germany: The Daimler Truck Academic Programs offer employees who have been at the Company for at least one year the opportunity to study while they continue to work — regardless of their age or their professional development up to that point. We provide such employees with financial support and an accompanying program. In 2022, we prioritized courses of study that support the transformation of Daimler Truck.

Continuing education

We promote the professional and personal qualification of our employees. We make sure that our people have the right skills and the means to continuously improve them, and in this manner we ensure that our employees, and in particular our managers, remain employable and innovative in a changing environment.

E-learning platforms:

In order to provide employees with support as part of the People and Culture strategic goal for transformation across the board, e-learning platforms will be added to the learning portfolio. In the reporting year, for example, we rolled out the "LinkedIn Learning" learning platform across the Group as a first step. Every employee has access to a learning license, which makes it possible to access over 17,000 web-based learning offerings all year round and thus to qualify in different subject areas regardless of location and time.

New powertrain technologies:

In order to ensure that our employees have the necessary qualifications on the subject of new powertrain technologies, such as high-voltage safety and handling hydrogen components, we have enrolled specific training modules fitting to the highest industrial standard and safety regulations. The scientific backdrop for the development of the new technologies is covered by what is known as the "Smart Academic Program." Here, courses and modules are provided at an academic level, in cooperation with various universities and educational providers on defined focus topics. The content is geared towards business needs and is currently focused on transformation-relevant clusters such as new drivetrain technologies, digitalization, autonomous driving and sustainability. In addition, we have started the rollout of technology training courses and were able to successfully meet the upcoming requirements from various projects within the Daimler Truck AG.

More than 100,000 people from over 125 nations work at Daimler Truck.

Diversity as a success factor

SDG 5,10

Our workforce is as diverse as our customers. More than 100,000 people from over 125 nations work for us. Diversity helps us to find new viewpoints. In addition diversity acts as a driving force behind creative ideas and innovations. We are convinced: Diversity is an important aspect of our corporate culture and makes us more successful as a company. We promote an impact culture in which our employees can freely develop their talents. We therefore need to be respectful of one another and remain open-minded, which means there is no place for discrimination in the workplace. For us, inclusion means treating the diversity of our employees consciously, and appreciatively. As a signatory to the “Diversity Charter,” the Diversity, Equity & Inclusion (“DEI”) Management at Daimler Truck focuses on equal opportunities for employees across all seven diversity dimensions - namely age, ethnicity and nationality, gender and gender identity, physical and mental ability, religion and belief, sexual orientation, and social origin. We strengthen our principles by participating in the UN Global Compact, through membership of the Charter of Diversity employer initiative Charta der Vielfalt e. V. and the European Women’s Management Development Network e. V.

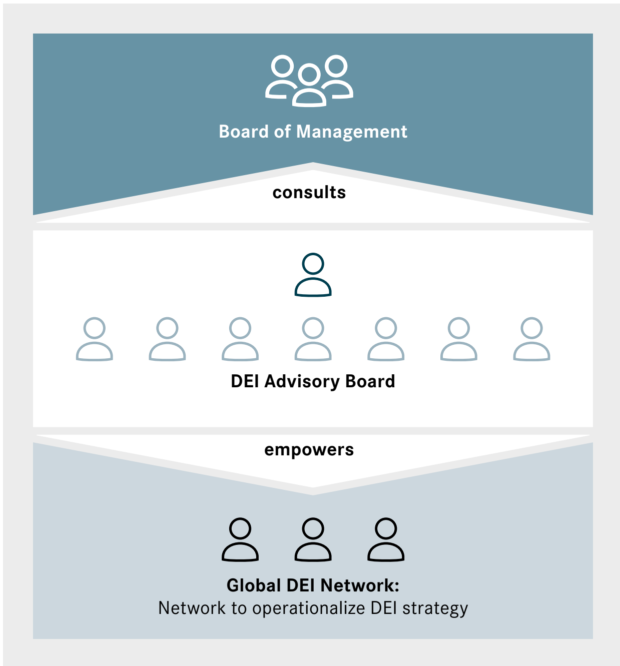
Organization and responsibility

For the Daimler Truck AG and other Group units, the principles of diversity, equal opportunities and inclusion are laid down in the general company agreements for the promotion of women and equal opportunities, and in the inclusion agreement. Furthermore, these topics are regulated in our Code of Conduct and our “Group-wide general agreement on fairness in the workplace”.

DEI management creates the framework for a diverse and inclusive corporate culture and is located in the Human Resources department. The team develops strategic fields of action in cooperation with the global DEI network, consisting of DEI experts from various organizational units worldwide, and in coordination with all business units. Furthermore, the network initiates overarching projects, training and awareness-raising measures, such as the annual “Diversity Day”, along the seven diversity dimensions mentioned above.

The newly established “DEI Advisory Board” will also begin its work from 2023. Half of the committee consists of senior managers from all organizational units while the other half consists of diversity experts and representatives of under-represented groups. The DEI Advisory Board is chaired by Martin Daum, Chairman of the Board of Management of Daimler Truck. The committee will meet once a quarter. The DEI Advisory Board decides on the strategy and relevant topics relating to diversity, equal opportunities, and inclusion, advises the Daimler Truck Board of Management, and anchors the topic in the divisions. Initiatives adopted by the Board will eventually be taken forward through the global DEI network.

B.64
DEI Advisory Board



Managers as role models
As a common basis for shaping the management culture at Daimler Truck, the e-learning program "Inclusion in Mind!" was rolled out in the reporting year as a mandatory requirement for all managers from the Board of Management level to level 4. It is available in nine languages. The aim of the training is to raise awareness of respectful cooperation and possible stumbling blocks and to show how each individual can contribute. It also teaches learners what effective methods to reduce potential biases and resolve conflicts are available. The global participation rate in this e-learning is linked to the 2022 bonus payment for executive managers. Worldwide, 97.5% of our managers have completed the training. "Inclusion in Mind!" was awarded the "eLearning Award 2022" by the "eLearning Journal".

Promoting diversity throughout the employee journey
GRI 404-2
Daimler Truck promotes diversity already before talents join the Group. As a cooperation partner of the "FEMTEC Network", we support young engineers and offer students in the fields of mathematics, IT, science and technology ("MINT") insights into the Company and opportunities for dialog and cooperation.

When recruiting, diversity is of great importance to Daimler Truck: 54% of new hires through our INspire talent programs have an international background and 41% of new hires since the start of the program are women. The Company also places special emphasis on training young people with disabilities. An action plan has been created for hiring severely disabled apprentices. The aim of the action plan is to facilitate the application process for people with disabilities.

The new women's support program "She@Truck" is a pilot project in the Truck Technology and Mercedes-Benz Trucks units. The 15-month program is embedded in Level 3 Potential Development and includes an individual learning program with mentoring and coaching, combined with joint work meetings as part of a network. What is new about this concept is that the sponsors and mentors are also involved in workshops to further promote diversity in the filling of management positions.

Commitment in networks
Through networks (Employee Business Resource Groups), our employees can share common interests, experiences and values across all levels and divisions. Our networks help to firmly establish a culture of diversity and appreciation in the Company. At the same time, they support us as dialog partners in the further development of our measures concerning diversity, equity and inclusion. Daimler Truck has five company-wide networks and many other regional groups around the world. Most of these are cultural, gender-related and "LGBTIQ networks". To promote interaction between the networks, the Diversity, Equity & Inclusion Management team organizes regular meetings.

In addition, the intern "Global Inclusion & Diversity Community" on the Social Intranet portal is the meeting place for all employees around the world who would like to help shape diversity, equal opportunities and inclusion at Daimler Truck. The Community provides important and up-to-date information about the topic, but also offers the opportunity to network, ask questions or contribute ideas.

Gender Diversity Aspiration
With this Gender Diversity Aspiration, Daimler Truck strives to continuously increase the proportion of women in management positions. To measure the proportion of women in management, we draw on the relevant data from our HR-reporting systems. The results are reported to the Board of Management on a regular and standardized basis. At the end of the reporting year, the proportion of women in management positions was 18.6%. We aim to increase the proportion to be 25% by 2030.

Cooperation with employee representatives and trade unions

GRI 2-30

It is one of our fundamental beliefs to work with elected employee representatives and trade unions in a trust-based relationship. This is the only way to successfully overcome the varied challenges together and take advantage of opportunities.

We recognize the right of our employees to form employee representation organizations for collective bargaining in order to regulate working conditions, as well as the right to strike, depending on applicable law. On this basis, it is our common aim to agree on constructive regulations and solutions that are in the interest of companies and employees and thus form a sustainable and strong foundation for a successful future for Daimler Truck. Collective agreements are in place for the majority of employees across the Group, for example through bargaining agreements. In Europe, around 70% of employees are subject to the provisions of a bargaining agreement, with more than 95% in Germany alone, and around 65% in North America and Asia.

In the reporting year, the works councils at the sites of Daimler Truck AG and subsidiaries were re-elected in Germany in accordance with the Works Constitution Act. The General Works Council and the Group Works Council were then restructured and new responsible commissions were set up to coordinate important company regulations. The bodies at the international level – the European Works Council (“EWC”) and the World Employee Committee (“WEC”) – were also newly formed and merged. Daimler Truck is setting an example worldwide here, because countries outside the European Union now have the same rights and obligations as those in the EU, to which the EWC Directive applies directly. Currently, 23 countries are represented according to their number of employees and have deployed 34 representatives. Further information on the Works Council and international committees can be found on our Website.

In the year under review, the newly developed Declaration of Principles for Social Responsibility and Human Rights was also adopted jointly with the Global Employee Representative Council for Daimler Truck. It confirms our commitment in this regard and specifies our Code of Conduct with terms of human rights and good working conditions.

In addition to many different topics, a particular focus of the global cooperation between companies and employee representatives is the successful shaping of transformation to emission-free mobility and digitalization. The aim is to establish an economically sustainable and successful company while at the same time protecting employment as much as possible in terms of the social context. An important measure in this context is the qualification and further training of employees, which was successively expanded globally in the reporting year 2022.

Another key focus of the work with employee representatives is all issues relating to occupational safety and the health of employees. The trust-based cooperation has also been demonstrated in the continuously readjusted operational measures during the COVID-19 pandemic.

Common agreements with employee representatives in Germany were also made in connection with energy-saving measures in the company – with the collective understanding that we all have to make our contribution.

Further information

About this report

GRI 2-2/-3

The information in our chapter "Sustainability at Daimler Truck" relates to the entire Daimler Truck Group. Further information can be found in the section Business model. The reporting period corresponds to our financial year, which runs from January 1 to December 31.

▼ Non-financial statement of the Group

GRI 2-5

The non-financial statement of the Group according to Sections 315b and 315c in conjunction with Sections 289c to 289e of the German Commercial Code (Handelsgesetzbuch or "HGB") were subjected to a business audit to obtain limited assurance. It contains the essential information on the aspects of environmental concerns, employee concerns, social concerns, combating corruption and bribery, and respect for human rights in the chapter "Sustainability at Daimler Truck" as well as information on the Business model and non-financial risks in the Risk and Opportunity Report. Part of the non-financial statement within the chapter "Sustainability at Daimler Truck" are the correspondingly marked texts and tables (▼▲). Other texts, tables, cross-references and content of external websites are additional information which are not part of the non-financial statement of the Group and therefore have not been audited.

Daimler Truck applies the guidelines of the Global Reporting Initiative ("GRI") as a framework for external reporting. The contents of the non-financial Group statement in conjunction with further information that can be found in this report and on our website have been prepared in accordance with the GRI standards. ▲

The GRI content index can be found on our Website. In addition to the Sustainable Development Goals ("SDG"), on which we focus, we refer to other SDGs to which we contribute with our activities. Further information can be found on our Website under the heading "Sustainability".

▼ A materiality analysis was conducted in 2022 to determine the relevant reporting content in accordance with sections 289c and 315c HGB. For details, please refer to section Materiality analysis. ▲

What has changed in this report?

GRI 2-4

Qualitative information in the report relates primarily to the 2022 financial year, while the key figures presented generally cover three years. The reporting date for the collection of quantitative data was December 31, 2022. Isolated deviations are marked in each case.

During the reporting period, further organizational changes occurred due to the spin-off of Daimler Truck AG in December 2021 from the former Daimler AG compared to the 2021 Report, so that comparability of the data with the previous Sustainability Report is only partially possible.

We see more integrated reporting as another important mechanism for further developing our sustainable business strategy. For this reason, we have decided to integrate aspects of sustainability into the Annual Report for the reporting year and have refrained from a separate sustainability report.

▼ EU taxonomy

Companies are obliged to apply the Taxonomy Regulation if they are required to prepare a non-financial statement in accordance with Articles 19a and 29a of the EU Accounting Directive, implemented by Section 289b Subsection 1 and Section 315b Subsection 1 of the HGB. According to this, Daimler Truck has been obliged to apply the Taxonomy Regulation since the 2021 reporting year. Daimler Truck applied the reporting requirements in accordance with the Taxonomy Regulation for the 2021 reporting year and exercised the relief provisions for the year of initial application, according to which only the taxonomy eligibility had to be reported. For the 2022 reporting year, Daimler Truck is publishing the full disclosures in accordance with the Taxonomy Regulation for the first time. Thus, in addition to the proportions of taxonomy-eligible and non-eligible economic activities, the proportions of taxonomy-aligned economic activities in turnover, investments ("CapEx") and operating expenditure ("OpEx") must also be disclosed.

Production-related energy and environmental data

GRI 305-1/-2/-4

The data in the Environment section is based on the Group structure as of the reporting date of December 31, 2022. This includes all production sites and selected test tracks and R&D sites of the Group companies controlled by Daimler Truck as well as selected joint ventures with 50% participation. Production sites include all "Completely Built Up" ("CBU"), "Completely Knocked Down" ("CKD") and Remanufacturing ("Reman") sites. There has been no retroactive adjustment of the figures for 2020 and 2021.

The environmental data is collected from the sites in our environmental data system. If in individual cases no actual values are available in February, estimates are made on the basis of the previous year's values and the change in production. Air emissions are measured regularly and extrapolated to the year, and VOC emissions are also calculated on the basis of various input or output parameters.

Daimler Truck calculates and documents its CO_2 emissions according to the Corporate Accounting and Reporting Standard 2004 of the Greenhouse Gas Protocol Initiative, in accordance with the categories Scope 1 and Scope 2. Scope 1 and Scope 2 emissions are reported in accordance with the Control approach of the Greenhouse Gas Protocol.

Documented are all direct CO_2 emissions from our Company's own sources (Scope 1), indirect emissions resulting from the generation of the purchased electricity and district heat (Scope 2).

Scope 1: We calculate our direct emissions from the combustion of fuels, heating oil, natural gas, liquefied petroleum gas, and coal with fixed CO_2 emission factors as specified by the ▲

▾ World Business Council for Sustainable Development ("WBCSD") or the German Emissions Trading Office ("DEHSt"), the regulation on Emission Reporting ("BeV"), the Global Emissions Model of Integrated Systems 4 ("Gemis 4") as well as the Department of Energy Information Administration ("DOE EIA").

Scope 2: We calculate the indirect emissions of district heating and electricity from external generation in a differentiated manner in terms of time and region. CO_2 accounting is carried out using the "market-based" accounting approach. To this end, we collect the CO_2 emission factors of the local electricity tariffs or electricity supply companies at our sites worldwide. Where these are not available, the current average emission factor published for the respective country by the International Energy Agency ("IEA") or for the USA by the US Environmental Protection Agency will continue to be used. For comparison purposes, CO_2 emissions are also reported in accordance with the "location-based" method, which only includes the country-specific emission factors.

Specific environmental and energy

Resource consumption and emissions largely depend on the production volume. Therefore, we calculate specific values for product areas of our Industrial Business. For this purpose, the data of the production plants is based on the number of vehicles produced in the product areas in the plants controlled by the company. We collect the specific values according to the segment allocation that has been in force since December 2021. The specific data gained in this way can only represent general benchmarks, because they do not take into account the development of the vertical integration of production, the product variety and the special features of the production network, which in some cases extends across segments.

Employee data

GRI 2-7, 401-1/-3

The employee data is based on the Group structure as of December 31, 2022. For the first time, the definition of employees is based on full-time equivalent of the active workforce. The active workforce compromises non-permanent or permanent employment contracts excluding trainees, interns, diploma students, doctoral candidates, working students, senior experts, holiday workers, temporary workers and without inactive employment contracts, such as parental leave, sabbaticals, passive pre-retirement part-time work, and international assignments, partial retirement in the release phase and long-term illness. The employee data for 2020 and 2021 were retrospectively adjusted to this method.

Data on health, occupational safety and well-being

GRI 403-9

The data in the chapter health, safety and welfare is based on the Group structure as of December 31, 2022. The data from Daimler Truck's internal systems are used for data reporting. In this context, subcontractors comprise workforce with a work or service contract with Daimler Truck. Accidents and deaths of external workers are taken into account when they happen on our factory premises. In case of accident indicators, all production sites and selected test tracks and R&D sites of the Group companies controlled by Daimler Truck as well as selected joint ventures with a 50% stake are included. Production sites include all CBU, CKD and Reman sites. There has been no retroactive adjustment of the figures for 2020 and 2021. ▴

B.65
Employees by regions

	▾2022[1]	2021[1]	2020
Europe	47,270	45,251	45,149
thereof female	6,414	5,582	5,198
North America	29,696	27,115	23,453
thereof female	5,656	5,213	4,124
Latin America[2]	10,659	10,756	9,444
thereof female	1,230	1,200	984
Asia	15,500	15,259	14,977
thereof female	1,498	1,469	1,381
Africa	1,356	1,223	1,360
thereof female	224	185	194
Australia/Oceania	249	245	287
thereof female	75	78	55
Total	**104,729**	**99,849**	**94,670**
thereof female	15,097	13,727	11,936

1 Incl. Financial Services.
2 Excluding Mexico.

B.66
Employees by groups

	▾2022[1]	2021[1]	2020
Industrial	65,194	63,033	58,994
thereof female	5,202	4,834	4,014
Administration	39,536	36,816	35,676
thereof female	9,895	8,893	7,921
Total	**104,729**	**99,849**	**94,670**
thereof female	15,097	13,727	11,935
Other employee groups[2]			
Apprentices	2,855	2,665	2,460
thereof female	506	503	434
Interns/integrated master's degree students/doctoral candidates/working students/senior experts	1,139	858	932
thereof female	449	330	347

1 Incl. Financial Services.
2 In Headcount.

B.67
External hires rate[1]
GR 401-1

	2022	2021	2020
in %			
Europe	7.7	2.5	1.5
thereof female	11.2	3.8	1.7
North America	16.7	25.1	4.4
thereof female	20.6	27.2	4.1
Latin America[2]	12.9	3.5	2.1
thereof female	10.7	5.2	2.2
Asia	9.5	5.7	3.3
thereof female	14.9	7.7	4.8
Africa	2.0	3.4	0.8
thereof female	5.9	5.7	1.8
Australia/Oceania	13.3	14.8	4.5
thereof female	13.2	20.8	7.1
Total	**11.0**	**9.2**	**2.5**
thereof female	14.9	12.9	2.8

1 Based on permanent active workforce in headcount.
2 Excluding Mexico.

B.68

Employee turnover rate (in %)[1]

GRI 401-1

	2022	2021	2020
in %			
Europe	6.2	6.9	4.4
thereof female	5.8	7.8	4.5
North America	12.7	15.1	8.7
thereof female	8.9	11.0	3.2
Latin America	15.9	5.9	8.6
thereof female	12.0	7.1	6.5
Asia	7.6	7.1	4.7
thereof female	11.5	7.8	5.9
Africa	4.0	4.4	6.2
thereof female	5.3	7.3	6.6
Australia/Oceania	12.9	50.6	24.8
thereof female	15.9	26.4	21.4
Total	**9.3**	**9.1**	**5.9**
thereof female	8.0	9.0	4.5

1 Based on permanent active workforce in headcount.
2 Excluding Mexico.

B.69

Employee turnover rate self-motivated termination[1]

GRI 401-1

	2022	2021	2020
in %			
Europe	1.8	18	0.9
thereof female	2.2	1.9	1.2
North America	8.2	10.6	4.5
thereof female	8.6	10.1	2.5
Latin America[2]	0.0	0.0	0.1
thereof female	0.0	0.0	0.0
Asia	1.7	2.2	0.1
thereof female	2.7	3.1	0.2
Africa	0.3	1.1	1.3
thereof female	1.1	3.1	1.2
Australia/Oceania	7.1	6.6	3.2
thereof female	10.6	7.5	0.0
Total	**3.4**	**4.0**	**1.5**
thereof female	4.4	4.9	1.4

1 Based on permanent active workforce in headcount.
2 Excluding Mexico.

B.70

Employment by employment relationship

GRI 102-8

	2022	2021	2020
Permanent	**101,047**	**96,691**	**90,868**
thereof female	14,800	13,433	11,479
Europe	46,036	44,513	44,583
thereof female	6,297	5,485	5,083
North America	29,627	26,981	22,089
thereof female	5,645	5,179	3,910
Latin America[1]	10,610	10,718	9,381
thereof female	1,221	1,196	976
Asia	13,322	13,083	13,185
thereof female	1,377	1,319	1,265
Africa	1,215	1,160	1,352
thereof female	187	178	193
Australia/Oceania	237	237	278
thereof female	72	**76**	**52**
Temporary	**3,682**	**3,157**	**3,802**
thereof female	298	**294**	**457**
Europe	1,233	738	566
thereof female	117	97	115
North America	69	134	1,364
thereof female	11	34	214
Latin America[1]	49	38	63
thereof female	9	4	8
Asia	2,178	2,176	1,792
thereof female	121	150	116
Africa	141	63	8
thereof female	37	7	1
Australia/Oceania	12	8	9
thereof female	3	2	3
Total*	**104,729**	**99,849**	**94,670**
thereof female	15,097	13,727	11,935
Full-time	101,947	**95,507**	**85,715**
thereof female	13,754	12,226	9,653
Part-time	2,782	**4,342**	**8,955**
thereof female	1,343	1,501	2,282

1 Excluding Mexico.

B.71

Employees by age groups[1]

GRI 405-1

	▾2022	2021	2020
in %			
below 25 years	8.1	10.1	8.8
25 to below 35 years	24.0	22.9	23.1
35 to below 45 years	26.2	25.7	25.5
45 to below 55 years	25.7	25.7	26.4
55 years and older	16.0	15.6	16.2

1 Based on permanent active workforce in headcount.

Editorial note

GRI 2-3

Our last Sustainability Report was published on June 8, 2022 and is entitled "Sustainability Report 2021". Due to the integration into the Annual Report 2022, no separate Sustainability Report will be published in 2023.

Contact person

Sustainability Reporting
Sustainability_dt@daimlertruck.com

Takeover-Relevant Information and Explanation

(Report pursuant to Sections 315a and 289a of the German Commercial Code (Handelsgesetzbuch or “HGB”))

Composition of the subscribed capital
As of December 31, 2022, the subscribed capital of Daimler Truck Holding AG (in the following also referred to as the “Company”) amounts to €822,951,882. The share capital is divided into 822,951,882 no-par-value registered shares. Pursuant to Section 67 Subsection 2 of the German Stock Corporation Act (Aktiengesetz or “AktG”), the rights and obligations arising from shares exclusively exist in relation to the Company for and against the persons and entities entered in the share register. With the exception of own shares held by the Company (“treasury shares”), from which the Company does not derive any rights, all shares confer equal rights to their holders. Each share grants its holder one vote and, with the exception of any new shares not entitled to dividends, an equal share in the profits in accordance with the dividend distribution approved by the Annual General Meeting. The rights and obligations arising from the shares are derived from applicable law, in particular Sections 12, 53a et seq., 118 et seq. and 186 of the German Stock Corporation Act (“AktG”). As of December 31, 2022, the Company did not hold any treasury shares.

Restrictions affecting voting rights or the transfer of shares
The Company is not entitled to any rights from treasury shares. In the cases set out in Section 136 of the German Stock Corporation Act (“AktG”), voting rights associated with such shares are excluded by law.

In the context of the separation of the commercial vehicle business from the Mercedes-Benz Group in the 2021 financial year, Mercedes-Benz Group AG (formerly Daimler AG), Mercedes-Benz Verwaltungsgesellschaft für Grundbesitz mbH (formerly Daimler Verwaltungsgesellschaft für Grundbesitz mbH), and Daimler Truck Holding AG entered into a so-called deconsolidation agreement on August 6, 2021, as an annex to the spin-off and hive-down agreement, which took effect upon entry of the spin-off and hive-down in the commercial register of Mercedes-Benz Group AG as transferring legal entity on December 9, 2021. This is intended to ensure that a de-facto majority of Mercedes-Benz Group AG at the General Meeting of Daimler Truck Holding AG does not lead to a control relationship and a related full consolidation obligation of Daimler Truck Holding AG at Mercedes-Benz Group AG. To this end, the deconsolidation agreement provides, among other things, that Mercedes-Benz Group AG and Mercedes-Benz Verwaltungsgesellschaft für Grundbesitz mbH undertake not to exercise their voting rights in the election of two out of ten shareholder representatives to the Supervisory Board of Daimler Truck Holding AG at the General Meeting of Daimler Truck Holding AG.

Furthermore, the agreement provides that Mercedes-Benz Group AG and Mercedes-Benz Verwaltungsgesellschaft für Grundbesitz mbH shall not exercise their voting rights in the event of an early election or re-election of individual shareholder representatives or in the event of the election of substitute members, insofar as a resolution is adopted on the appointment or reappointment or replacement of a Supervisory Board member in whose original election they did not exercise their voting rights. This also applies to resolutions on the dismissal of Supervisory Board members, insofar as they did not exercise their voting rights in the election of the relevant Supervisory Board members on the basis of the deconsolidation agreement. With regard to the election of the eight shareholder representatives for which Mercedes-Benz Group AG and the Mercedes-Benz Verwaltungsgesellschaft für Grundbesitz mbH are entitled to exercise their voting rights under the deconsolidation agreement, the latter provides that Mercedes-Benz Group AG and Mercedes-Benz Verwaltungsgesellschaft für Grundbesitz mbH shall submit corresponding proposals to the Supervisory Board of the Company in good time prior to the adoption of the resolution on its election proposals. The deconsolidation agreement entered into force upon the spin-off taking effect and has an initial term until the conclusion of the fifth Annual General Meeting of Daimler Truck Holding AG following the Annual General Meeting of Daimler Truck Holding AG in 2022, and it will be extended if it is not duly terminated by either party. Subject to any approvals under merger and investment control legislation, the agreement will come to an end in accordance with Section 158 Subsection 2 of the German Civil Code (Bürgerliches Gesetzbuch or “BGB”) (condition subsequent) if the (in)direct share ownership of Mercedes-Benz Group AG in Daimler Truck Holding AG should fall below 20.00% of the shares.

In the context of the Group separation agreement, which is also an annex to the spin-off and hive-down agreement, which was notarized on August 6, 2021, Mercedes-Benz Group AG committed not to sell any of the shares in Daimler Truck Holding AG directly or indirectly held by Mercedes-Benz Group AG at the time of consummation of the spin-off and hive-down agreement without the prior consent of Daimler Truck Holding AG until the end of the day that falls 36 months after the first day of trading of the shares in Daimler Truck Holding AG on the Frankfurt Stock Exchange (“lock-up period”). Disposals to affiliated companies within the meaning of Section 15 of the German Stock Corporation Act (“AktG”), or to Mercedes-Benz Pension Trust e.V. (formerly Daimler Pension Trust e.V.), as well as any measures that are not caused by any conduct (action, toleration or omission) of Mercedes-Benz Group AG are excluded from this obligation. If, in the opinion of the Board of Management of Mercedes-Benz Group AG, such a disposal is necessary in the sense of prudent and conscientious management (Section 93 Subsection 1 of the German Stock

Corporation Act (“AktG”)), in consideration of the economic and strategic considerations applying at the relevant time Mercedes-Benz Group AG will, without the prior consent of Daimler Truck Holding AG, not be prevented by the Group separation agreement from disposing of the shares in Daimler Truck Holding AG subject to the lock-up period since the end of the day that falls twelve months after the first day of trading of the shares in Daimler Truck Holding AG on the Frankfurt Stock Exchange (i.e., December 11, 2022). Exceptions to this shall be disposals to a direct competitor of Daimler Truck Holding AG, which shall not be permitted within the lock-up period. Furthermore, Mercedes-Benz Group AG has stated with regard to the manner of disposal to be sought that, in the event of a disposal within the first six years after the first stock exchange trading day of the shares in Daimler Truck Holding AG, it will sell the relevant shares in Daimler Truck Holding AG primarily in such a way that the disposal results in an increase in the free float of Daimler Truck Holding AG, unless this form of disposal would not be compatible with the duties of care of the Board of Management of Mercedes-Benz Group AG (Section 93 Subsection 1 of the German Stock Corporation Act (“AktG”)).

Shares in Daimler Truck Holding AG, which employees of Daimler Truck AG and its German subsidiaries have acquired as part of the employee share program of Daimler Truck AG in accordance with Sections 71d Sentence 2, 71 Subsection 1 No. 2 of the German Stock Corporation Act (“AktG”), are subject to a lock-up until the end of the year following the year of acquisition.

In accordance with the plan conditions and the so-called “Stock Ownership Guidelines” of the Performance Phantom Share-Plans (“PPSP”), members of the Board of Management are required to acquire Daimler Truck Holding AG shares until a defined target volume of shares in Daimler Truck Holding AG is reached and to hold the said shares for the duration of their employment at the Group. This obligation formerly also applied to eligible PPSP participants at management level 1, but has meanwhile been cancelled. For other eligible PPSP participants, this obligation was and is not applicable.

Shareholdings exceeding 10.00% of voting rights

As of December 31, 2022, Mercedes-Benz Group AG, with registered office in Stuttgart, Germany, directly holds 23.44% of the voting rights in Daimler Truck Holding AG. In addition, Mercedes-Benz Verwaltungsgesellschaft für Grundbesitz mbH, with registered office in Schönefeld, Germany, a wholly-owned subsidiary of Mercedes-Benz Group AG, holds 6.57% of the voting rights in Daimler Truck Holding AG as of the reporting date. The proportion of voting rights of Mercedes-Benz Group AG directly and attributed via Mercedes-Benz Verwaltungsgesellschaft für Grundbesitz mbH as subsidiary amounts therefore to 30.01% of the voting rights.

In addition, voting rights in Daimler Truck Holding AG which were transferred via Mercedes-Benz Pension Trust e.V. to an investment fund at the end of January 2022 to secure pension liabilities of Mercedes-Benz Group AG and Mercedes-Benz AG are attributed to Mercedes-Benz Group AG in accordance with Section 34 of the German Securities Trading Act (Wertpapierhandelsgesetz or “WpHG”). According to the information in the voting rights notification of Mercedes-Benz Group AG of January 28, 2022, this affected shares amounting to 4.99 % of the share capital of Daimler Truck Holding AG. The total number of voting rights of Mercedes-Benz Group AG or attributed to Mercedes-Benz Group AG under the German Securities Trading Act (“WpHG”) as of December 31, 2022 amounts to a total of 35.00% of the voting rights.

Other direct or indirect holdings of the share capital of Daimler Truck Holding AG that reach or exceed 10.00% of the voting rights were not reported to the Company and are otherwise not known.

Legal requirements and provisions laid down in the Articles of Incorporation regarding the appointment and dismissal of members of the Board of Management and regarding amendments to the Articles of Incorporation

The appointment and dismissal of members of the Board of Management is based on Sections 84, 85 of the German Stock Corporation Act (“AktG”) and Section 31 German Co-Determination Act (Mitbestimmungsgesetz or “MitbestG”). Pursuant to Section 84 of the German Stock Corporation Act (“AktG”), the members of the Board of Management are appointed by the Supervisory Board for a maximum term of five years. According to recommendation B.3 of the German Corporate Governance Code, the initial appointment of members of the Board of Management is to be for a maximum of three years. Already prior to the stock exchange listing of Daimler Truck Holding AG, Martin Daum was appointed as a member of the Board of Management of Daimler Truck Holding AG until February 28, 2025, Jochen Goetz until June 30, 2026, and Jürgen Hartwig until November 30, 2026. This exception was specified and explained in the Declaration of Compliance with German Corporate Governance Code. The appointment of the other members of the Board of Management complied with the recommendation. Since December 10, 2021, the Rules of Procedure of the Supervisory Board of Daimler Truck Holding AG stipulate that the initial appointment of members of the Board of Management will henceforth be for a maximum of three years. A reappointment or extension of the term of office, in each case for a maximum of five years, is permissible.

Pursuant to Section 31 Subsection 2 German Co-Determination Act (“MitbestG”), the Supervisory Board appoints the members of the Board of Management by a majority comprising at least two thirds of the votes of its members. If an appointment is not made in this way, the Mediation Committee of the Supervisory Board will submit a proposal for the appointment to the Supervisory Board within one month of the vote in which the required majority was not achieved. The Supervisory Board then appoints the members of the Board of Management by a majority of the votes cast by its members. If an appointment is still not forthcoming, the Chairman of the Supervisory Board then has two votes in a new vote. This procedure is to apply analogously to the revocation of the appointment of members of the Board of Management.

In accordance with Article 6 of the Articles of Incorporation, the Board of Management consists of at least two members. The number of members is determined by the Supervisory Board. The Supervisory Board can appoint a Chairperson of the Board of Management and a deputy Chairperson of the Board of Management. If a required member of the Board of Management is absent, in urgent cases, the member will be appointed pursuant to Section 85 Subsection 1 of the German Stock Corporation Act ("AktG") by the court at the request of one of the affected parties. The Supervisory Board can revoke an appointment to the Board of Management and the appointment as Chairperson of the Board of Management in accordance with Section 84 Subsection 4 of the German Stock Corporation Act ("AktG") if there is good cause to do so.

Pursuant to Section 179 Subsection 1 Sentence 1 of the German Stock Corporation Act ("AktG"), the Articles of Incorporation can only be amended by a resolution of the General Meeting. Unless binding provisions of the German Stock Corporation Act ("AktG") or the Articles of Incorporation state otherwise, resolutions of the General Meeting are adopted by a simple majority of the votes cast in accordance with Section 133 of the German Stock Corporation Act ("AktG") and Article 15 Paragraph 2 Sentence 1 of the Articles of Incorporation. Insofar as the German Stock Corporation Act ("AktG") also requires a majority of the share capital represented when a resolution is adopted, a simple majority of the share capital represented will suffice in accordance with Article 15 Subsection 2 Sentence 2 of the Articles of Incorporation, insofar as this is legally permissible. Pursuant to Article 15 Paragraph 2 Sentence 3 of the Articles of Incorporation, the dismissal of a member of the Supervisory Board elected by the shareholders requires a majority of at least three quarters of the votes cast. Pursuant to Section 179 Subsection 2 of the German Stock Corporation Act ("AktG"), a change in the objects of the Company requires, in addition to a simple majority of votes, a majority of three quarters of the share capital represented; the Articles of Incorporation do not make use of the possibility of specifying a larger majority of the share capital for this purpose. Pursuant to Article 9 Paragraph 8 of the Articles of Incorporation, the Supervisory Board can decide on amendments to the Articles of Incorporation that only affect the wording. Pursuant to Section 181 Subsection 3 of the German Stock Corporation Act ("AktG"), amendments to the Articles of Incorporation take effect upon entry in the commercial register.

Authority of the Board of Management to issue or repurchase shares

By resolution of the Extraordinary Shareholders' Meeting of November 5, 2021, which took effect on December 9, 2021 upon implementation of the spin-off and hive-down agreement of August 6, 2021, the Board of Management was authorized, with the consent of the Supervisory Board, to acquire the Company's own shares ("treasury shares") for any permissible purpose until October 31, 2026, up to a maximum of 10.00% of the share capital existing at the time the authorization takes effect or – if this value is lower – at the time the authorization is exercised, and to use them for any other legally permissible purpose in addition to selling them on the stock exchange or offering them to all shareholders in proportion to their shareholdings. The shares can be used, among other things, with the exclusion of shareholders' subscription rights and with the consent of the Supervisory Board, in the context of company mergers and company acquisitions or can be sold against cash payment to third parties at a price that is not significantly lower than the stock exchange price at the time of the sale. The acquired shares can also be used to fulfill 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 affiliated companies within the meaning of Sections 15 et seq. of the German Stock Corporation Act ("AktG"). The treasury shares can also be canceled.

During the term of the authorization, the total of treasury shares held by the Company used with the exclusion of shareholders' subscription rights cannot account for more than 10.00% of the share capital at the time the authorization takes effect or – if lower – at the time it is exercised. If, during the term of the authorization until it is exercised, use is made of other authorizations to issue or sell shares in the Company or to issue rights enabling or obliging subscription to shares in the Company and shareholders' subscription rights are excluded in this process, this is to be counted towards the aforementioned 10.00% limit.

The Board of Management was authorized, with the consent of the Supervisory Board, to acquire treasury shares up to a maximum of 5.00% of the share capital existing at the time this authorization takes effect, also with the use of derivatives (put and call options, forward purchases or a combination of these instruments), whereby the term of the derivatives cannot exceed 18 months and has to be chosen in such manner that the acquisition of the shares in exercise of the derivative does not occur after October 31, 2026.

No use was made of this authorization to acquire treasury shares during the period under review.

By resolution of the Extraordinary General Meeting of November 5, 2021, which also took effect on December 9, 2021, the Board of Management was authorized, with the consent of the Supervisory Board, to increase the share capital of Daimler Truck Holding AG on one or more occasions on or before October 31, 2026, in whole or in part, by up to a total of €329,180,752 by issuing new no-par-value registered shares in exchange for cash contributions and/or non-cash contributions and, with the consent of the Supervisory Board, to exclude shareholders' subscription rights under certain conditions and within defined limits ("Approved Capital 2021"). Under these defined conditions, subscription rights can be excluded, among other things, in the case of capital increases against non-cash contributions for the purpose of acquiring a company and in the case of cash capital increases if the issue price of the new shares is not significantly lower than the stock-market price of the shares already listed.

The sum of the shares issued against cash and/or non-cash contributions under this authorization with the exclusion of shareholders' subscription rights may not account for more than 10.00% of the share capital at the time when this authorization takes effect. This limit will include shares that (i) are issued or sold during the term of this authorization with the exclusion of subscription rights, and (ii) are issued or can or must be issued to service bonds with conversion or option rights or conversion or option obligations, provided that the bonds are issued after this authorization takes effect with the exclusion of shareholders' subscription rights.

The Approved Capital 2021 has not yet been utilized.

Material agreements subject to a change of control
The following significant agreements are in effect which contain provisions in the event of a change of control at Daimler Truck Holding AG, such as may occur, among other things, as the result of a takeover bid:

- a non-utilized syndicated credit facility totaling €5.0 billion concluded in August 2021, and a non-utilized revolving facility of €1.0 billion concluded in September 2022. Both credit facilities each provide for a right of termination by the lenders in the event that (i) Daimler Truck Holding AG becomes a subsidiary of another company or (ii) Daimler Truck Holding AG is controlled by one or more persons, acting either individually or jointly. Subsidiary within the meaning of the named credit facilities is understood as, in each case in relation to a company, another company (i) that is directly or indirectly controlled by the first-mentioned company, (ii) in which more than 50.00% of the subscribed capital (or other equity) is held directly or indirectly by the first-mentioned company, or (iii) which is a subsidiary of another subsidiary of the first-mentioned company. Control within the meaning of the syndicated credit facilities is understood as, in each case, (i) the right to determine the affairs of a company, (ii) the right to control the composition of the Board of Management or similar boards, or (iii) the right to control the composition of the Supervisory Board (to the extent elected by the shareholders).

- a trademark and domain use agreement between Daimler Truck AG and Mercedes-Benz Intellectual Property GmbH & Co. KG (formerly Daimler Brand & IP Management GmbH & Co. KG), a wholly-owned subsidiary of Mercedes-Benz Group AG, which provides that in the event of the acquisition of control by one or more third parties over Daimler Truck AG, this agreement can be terminated. Termination would have the consequence, among other things, that the Mercedes-Benz brand transferred to Daimler Truck AG for perpetual use and other licensed rights could no longer be used after the expiry of the stipulated periods. Also in the case of the sale or spin-off of business units of Daimler Truck AG or parts thereof, the Mercedes-Benz brand and the licensed rights can only continue to be used by the sold or spun-off segment if a new license agreement is then concluded with Mercedes-Benz Intellectual Property GmbH & Co. KG. Mercedes-Benz Intellectual Property GmbH & Co. KG will in good faith offer this kind of license agreement to the sold or spun-off business unit if the latter ensures that the quality requirements agreed between Daimler Truck AG and Mercedes-Benz Intellectual Property GmbH & Co. KG remain fulfilled and the reputation of the licensed rights continues to be safeguarded.

Other takeover-relevant information
There are no shares that confer special rights of control. Employees who hold shares in Daimler Truck Holding AG exercise their control rights in the same way as any other shareholder in accordance with the legal provisions and the provisions of the Articles of Incorporation. Furthermore, the Company has not entered into any compensation agreements with members of the Board of Management or employees in the event of a takeover bid.

Risk and Opportunity Report

The Daimler Truck Group is exposed to a great number of risks – risks associated with the business activities of Daimler Truck Holding AG and its subsidiaries and risks resulting from external influences. A risk is defined as the danger that events, developments or actions will prevent the Group or one of its segments from achieving its goals. This includes financial and non-financial risks. At the same time, it is important to identify opportunities in order to ensure and enhance the competitiveness of the Daimler Truck Group. An opportunity is defined as the possibility to take advantage of events, developments or actions to ensure successful achievement or to even exceed the planned goals of the Group or of a segment.

In order to identify, evaluate and actively manage entrepreneurial risks and opportunities at an early stage, effective management and control systems are used – these are pooled in a so-called risk and opportunity management system. Risks and opportunities are not offset.

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Assessment of probability of occurrence / possible impact

Level	Probability of occurrence
Low	> 0% to 33%
Medium	> 33% to 66%
High	> 66% to 100%

Level	Possible impact
Low	> €0 to < €150 million
Medium	≥ €150 million to < €300 million
High	≥ €300 million

Risk and opportunity management system

The **risk management system** is intended to systematically and continuously identify, assess, control, monitor and document risks that endanger the Company's continued existence and other significant risks to its success in order to support the achievement of corporate goals and to increase risk awareness throughout the Company. The risk and opportunity management system is embedded in the value-based management and planning system of the Daimler Truck Group and is an integral part of the entire planning, control and reporting process across the companies, segments and corporate functions.

The **opportunity management system** at the Daimler Truck Group is based on the risk management system. The aim of opportunity management is to identify potential opportunities in positive developments within business activities at an early stage and to make the most of them for the Company by taking appropriate measures. Seizing opportunities should result in planned goals being met or exceeded.

As part of the planning process, risks and opportunities are tracked with an observation horizon of up to five years. The reporting of risks and opportunities in the combined management report generally covers one year. In this document, relevant risks and opportunities are taken into consideration that due to their scope have not already been taken into account in the reporting on the current situation or in the planning.

Risk assessment is based on the probability of occurrence and the possible impact, and risks are classed as "low", "medium" or "high." These levels are also the basis for assessing the potential impact of opportunities. The probability of occurrence is not considered here. When assessing the extent of a risk or opportunity – unless otherwise reported – its impact is considered in relation to EBIT.

To quantify the risks and opportunities for each category in the combined management report, the individual risks and opportunities are summarized for each category. The assessment of the dimensions "probability of occurrence" and "possible impact" is based on the classification shown in table ↗ B.73 and takes place before planned measures.

In order to assess the Group's **risk-bearing capacity**, the potential effects of the risks on earnings, with consideration of correlation effects, are analyzed using a Monte Carlo simulation (confidence level: 99%). In the case of symmetrical risk and opportunity profiles, the potential effects on earnings of the opportunities are also included. The aggregated risks and opportunities are compared with the reported equity of the Daimler Truck Group as a risk cover.

Sustainability aspects are integrated into the Group-wide risk management process at Daimler Truck. These are conditions, events or developments relating to environment, social aspects or corporate governance (environmental, social and governance – "ESG"), the occurrence of which may actually or potentially affect the profitability, liquidity and capital resources, and financial position of the Daimler Truck Group and its reputation. ESG-related risks and opportunities that are very likely to have a serious negative impact on non-financial aspects in accordance with the CSR Directive Implementation Act ("CSR-RUG"), can be found in the respective categories of the risk and opportunity report according to their cause.

Risk management is based on the principle of completeness, which means that all identified risks enter the risk management process at the level of the individual units.

The consolidated group for risk and opportunity management corresponds to the consolidated group of the financial statements and, if necessary, goes beyond it. Risks and opportunities for the segments and operating units, significant associated companies, joint ventures and joint operations as well as the corporate departments are included.

Furthermore, the employees responsible for risk management have the task of defining measures and, if necessary, initiating such measures to prevent, mitigate, or protect the Group against risks. Opportunity management involves implementing measures with which opportunities can be seized, improved and (fully or partially) realized. The cost-effectiveness of a measure is assessed before it is implemented. The possible extent and the probability of occurrence of all risks and opportunities from the individual units as well as the respective measures that have been initiated are continuously monitored. Control takes place in the Company at segment level, based on individual risks and opportunities. Daimler Truck Holding AG, the parent company of the Daimler Truck Group, monitors implementation by the segments as part of its regulatory, legal and compliance functions.

The organizational embedding of risk and opportunity management is carried out by the risk management organization that has been established at the Group. The responsibility for operational risk management and for the risk management processes is borne by the segments, corporate functions, organizational units, and companies. They report on the concrete risks and opportunities at regular intervals to their superordinate units.

Unexpectedly occurring material risks must be reported immediately. The segments pass along this information to the corporate risk management unit, which presents it to the Board of Management and the Supervisory Board. The Group Risk Management Committee ("GRMC") is responsible for ensuring continuous improvement and evaluating the appropriateness and effectiveness of the risk management system. The GRMC is composed of representatives from Accounting & Result Management, the Legal department, Compliance, Group Security and Investor Relations & M&A, as well as of the CFOs of the segments of Daimler Truck Holding AG. The GRMC is chaired by the member of the Board of Management of Daimler Truck Holding AG responsible for Finance & Controlling. The internal Corporate Audit department contributes key findings about the internal control and risk management system.

The **internal control system with regard to the accounting process** aims to ensure the correctness and effectiveness of accounting and financial reporting. It is designed in line with the internationally recognized framework for internal control systems of the Committee of Sponsoring Organizations of the Treadway Commission ("COSO Internal Control – Integrated Framework"), is continually developed further and is an integral part of the accounting and financial reporting processes in the relevant companies, organizational units and corporate functions. The system includes principles and procedures as well as preventive and detective controls.

The effectiveness of the internal control system is systematically assessed with regard to the accounting process. The first step involves a risk analysis and a control definition with the aim of identifying significant risks for the accounting and financial reporting processes in the main companies, organizational units and corporate functions. The controls required are then defined and documented in accordance with the Group-wide guidelines. In order to assess the effectiveness of the controls, random samples are tested at regular intervals. These form the basis for a self-assessment as to whether the controls are appropriate and effective. The results of this self-assessment are documented and reported in a Group-wide IT system, and identified control weaknesses are eliminated. The selected companies, organizational units and corporate functions confirm the effectiveness of the internal control system with regard to the accounting process at the end of the annual cycle. The Board of Management and the Audit Committee of the Supervisory Board are regularly informed about potential significant control weaknesses and the effectiveness of the control mechanisms that have been set up. However, the internal control system for the accounting process cannot ensure with absolute certainty that fundamental misstatements in accounting are always avoided.

The Audit Committee of the Supervisory Board of Daimler Truck Holding AG is responsible for monitoring the internal control and risk management system. The internal Corporate Audit department checks whether the statutory framework conditions and internal policies for the control and risk management system of the Group are being observed. Where necessary, measures are initiated in cooperation with the respective management. The external auditor examines the early warning system for risks integrated in the risk management system and checks whether it is fundamentally able to detect risks threatening the continued existence of the Group at an early stage. He or she also reports to the Audit Committee and the Supervisory Board on any significant weaknesses found in the internal control and risk management system.

The self-assessment of appropriateness and effectiveness have not shown any evidence for the financial year that the entire internal control system or the risk management system are not appropriate or not effective, taking into account the scope of the Company's business operations and risk position.[1]

Risks and opportunities

The following section describes risks and opportunities that could have a significant impact on the profitability, liquidity and capital resources, and financial position of the Daimler Truck Group. The reporting on risks and opportunities generally takes place in relation to the individual segments. If no segment is explicitly mentioned, the risks and opportunities described apply to all segments.

When assessing risks and opportunities, we generally consider both gross and net values. The gross opportunities and risks are presented below.

In addition to the risks and opportunities described below, other risks that are not yet known to the Group or have been classified as insignificant may affect the Daimler Truck Group's profitability, liquidity and capital resources, and financial position in the future.

Industry and business risks and opportunities

The following section describes the industry and business risks and opportunities for the Daimler Truck Group. A quantification of these risks and opportunities is shown in table ↗ **B.74**.

Economic risks and opportunities
Economic risks and opportunities constitute the framework for the risks and opportunities listed in the following categories and are used as premises in the quantification of these risks and opportunities. The overall economic framework has a significant influence on vehicle sales markets and thus on the Group's success. As a consequence, adverse economic developments, either globally or in the markets in which the Group operates, may result in substantially diminished demand for the Group's products. In addition, the commercial vehicle industry is cyclical, which means that periods of investment in commercial vehicles are generally followed by slower periods in which demand levels decline. The length, timing and intensity of specific demand cycles, which may affect individual market segments, customer groups and regions in which the Group operates, are subject to uncertainty. Cyclical or variable demand patterns may result in a prolonged or unexpected decline in demand for the Group's products and services.

The economic development in 2022 is described in chapter Economic Conditions and Business Development of the combined management report. Growth assumptions and forecasts for the overall development in 2023 are discussed in chapter Outlook of the combined management report.

A major risk for the development of the global economy is the further development and potential further escalation of the **Russia-Ukraine war** or, in the worst case, its expansion to other countries. The most significant risks as a consequence of the Russia-Ukraine war are described in the section “Risks relating to the legal and political framework.”

1 The content of this section was not subject to an audit of its contents in the context of the statutory external audit of our combined management report.

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Industry and business risks/opportunities

Risk category	Probability of occurrence	Impact	Opportunity category	Impact
General market risks	Low	High	General market opportunities	High
Risks relating to the legal and political framework	Medium	High	Opportunities relating to the legal and political framework	-
Risks from the procurement market	Low	High	Opportunities from the procurement market	High

Higher **Inflation** in the USA and Europe than expected in chapter Outlook of the combined management report could cause the central banks to raise base interest rates to a greater extent than expected. Such an increase in interest rates would likely put pressure on the financial markets and weaken the economic recovery as well as raising financing costs for borrowers in the debt capital markets, including the Daimler Truck Group. These developments would result in weaker consumption and investment activity and would go hand in hand with a correspondingly weaker business development for all segments of the Daimler Truck Group. Furthermore, the increasing burden of interest and repayments of loans could limit the scope of companies, including the Daimler Truck Group, for future investments and thus put a strain on future economic activity. Lower investment activity would have a negative impact on the Daimler Truck Group's sales.

At the country level, especially **emerging economies** (e.g., Turkey or Brazil) with high foreign debt and high current account deficits could come under pressure, resulting in significant currency devaluations. Financial market turbulence and even currency crises would be possible consequences and could put a massive strain on the economy in the affected economies, which would have a negative effect on the Group's sales prospects.

The unresolved trade conflict between the USA and China, which has been going on for several years now, continues to pose a significant risk to the further **development of global trade**. More and more areas are now affected by the conflict, and there is a threat of increasing technological and economic decoupling of the two countries.

In addition to the existing protectionist measures such as specific market access barriers, sanctions or industrial policy demands for higher local value added, there is also the risk of exacerbation or abrupt interventions with effects on the procurement of required commodities and materials for production and sales. Together with the aforementioned risks, the resulting impact on the **supply chains** and ultimately the effects on general pricing for raw materials, upstream products and finished products, this may lead to higher costs at Daimler Truck and have a negative impact on economic development and sales opportunities. In return, unforeseen trade easings could generate positive impulses and lead to more trade and higher growth. In this case, the Daimler Truck Group could also benefit.

The **European market** is of great importance for the Daimler Truck Group, so changes in investment and consumer behavior will affect the development of unit sales. In the European Union ("EU"), the risk of political conflict is increased due to the Russia-Ukraine war. The risks triggered by the Russia-Ukraine war are described in the section "Risks relating to the legal and political framework" below.

In the **USA**, since November 2021 a trillion-dollar infrastructure program "Build Back Better Plan" was agreed. This is creating opportunities for economic development in the transport and construction sectors. Should this lead to significantly more dynamic consumption and investment activity, demand for products from the Daimler Truck Group could rise. Since the Daimler Truck Group already generates a substantial proportion of its revenue in the USA, these developments would significantly benefit the Group. Furthermore, stronger economic growth in the USA would have spillover effects on the rest of the world. However, increasing domestic political tensions in the USA could unsettle consumers and investors and dampen economic growth accordingly.

General market risks and opportunities

The risks and opportunities for economic development in the vehicle markets are significantly influenced by the global economic situation described above. The assessment of market risks and opportunities is linked to assumptions and forecasts about the overall market development in the regions in which the Daimler Truck Group is active. The possibility of markets developing better or worse than assumed or of market conditions changing is present for all segments of the Daimler Truck Group.

Potential **risks for the development of sales** are simulated in risk scenarios. A lack of market acceptance of certain vehicle models in individual regions can have a negative impact on profitability. Declining vehicle sales may also result from the sometimes-unstable macroeconomic environment and arise in the context of political or economic uncertainty. This applies in particular to the traditional cyclical construction and logistics industry and the corresponding influence on Daimler Truck unit sales. Rising oil prices and volatile exchange rates can also lead to market uncertainty and thus to a falling demand for vehicles. Moreover there is the risk that high demand cannot be met in a timely manner due to supply chain constraints. The developments of markets, unit sales and inventory are continually monitored and analyzed by the segments. Where necessary, specific marketing and sales programs are implemented.

Volatilities with regard to market developments can also lead to the overall market or regional framework conditions for the commercial vehicle industry developing better than assumed in the internal forecasts and premises, resulting in business opportunities in the market. Opportunities may also arise from an improvement in the competitive situation or a positive development of demand. Realization of the opportunities is supported by sales and marketing campaigns.

Due to the at times difficult financial situation of some **dealerships and vehicle importers,** support from the Daimler Truck Group may become necessary to ensure business partners stay afloat. The financial situation of strategically relevant dealerships and vehicle importers is continuously monitored. The loss of important dealerships and vehicle importers can lead to customer dissatisfaction and a decline in unit sales. Meeting costs where contracts are canceled and having to process outstanding customer contracts where dealerships go out of business may become necessary and have a negative impact on profitability.

The launch of new products by competitors, a more aggressive pricing policy and more difficult net pricing in the sales and aftersales business can lead to increasing **competitive and price pressure** in the vehicle segments and have a negative impact on profitability. Competitors are continually monitored in order to identify these risks at an early stage. Depending on the situation, product-specific and possibly regionally differing measures are taken to support markets with weaker sales. In addition, the Daimler Truck Group has introduced various sales-promotional programs that include financial incentives for customers.

When purchasing vehicles from the Daimler Truck Group, customers are offered a wide range of **financing and leasing options**. The resulting risks for the Financial Services segment lie primarily in a deterioration of the creditworthiness of borrowers, i.e., receivables may become fully or partially irrecoverable due to the insolvency of customers (counterparty or credit risk). The Daimler Truck Group counters credit risks with credit checks based on standardized scoring and rating procedures, the collateralization of receivables and an effective risk management system with a strong focus on monitoring both internal and macroeconomic early warning indicators.

In connection with leasing agreements, risks arise if the resale value of a leased vehicle at the end of the agreed term differs from the residual value originally calculated and forecast at the time the contract was signed and the leasing rate was agreed upon. There are risks linked to negative developments in the used vehicle markets and associated with **vehicles' residual values.** In order to counteract these risks, residual value management processes have been established. Depending on the region and the current market situation, the measures taken generally include continuous market monitoring and, where necessary, pricing strategies or sales-promoting measures to regulate vehicle stocks. The quality of market forecasts is verified by regular comparisons of internal and external sources, and residual values are adjusted as necessary and further developed with regard to methods, processes and systems.

The **Daimler Truck Group's service business** (including both aftersales services and financial services) is a key contributor to the Daimler Truck Group's success and competitiveness, but may not generate the revenues and profitability that the Daimler Truck Group expects for a number of reasons, including: Declines in unit sales of new vehicles; changes in economic conditions encouraging customers to become more price-conscious and less willing to commit to long-term service contracts; a large proportion of customers deciding to move their aftersales maintenance needs in-house or to other providers; changes in customer preferences for connectivity and other digital services, including offerings from third-party software and hardware developers; or competitive pressure forcing the Daimler Truck Group to reduce the prices it charges for aftersales services and/or parts, thereby reducing the Group's margins and profitability.

Risks and opportunities related to legal and political framework conditions

Around the world, the commercial vehicle industry is subject to far-reaching statutory requirements. Legal and political framework conditions have a considerable influence on the future business success of the Daimler Truck Group. Regulations concerning vehicles emissions, fuel consumption, safety and certification, as well as customs procedures, play a particularly important role.

Many countries and regions have already implemented stricter **regulations to reduce the emissions and fuel consumption** of vehicles or are currently in the process of introducing such legal requirements. They address, for instance, the environmental compatibility of vehicles, including limits on noise emissions, as well as pollutants from the emissions caused by production facilities. Failure to comply with the relevant regulations in the individual regions may result in considerable penalties and reputational risks and can even lead to vehicles no longer being street legal in the affected markets.

The regulations described for reducing vehicle emissions and fuel consumption are also fraught with risks for Daimler Truck, as the strict legal requirements will be difficult to meet in some countries. This primarily affects the markets of the USA, Europe, Japan and, increasingly in the future, China. The ambitious targets, especially in Europe, cannot be achieved with conventional technology alone. The Daimler Truck Group must therefore use the latest technology in order to meet these requirements. The EU fleet targets for 2025 and 2030 already require significant reductions in CO_2-emissions that can only be achieved using battery-electric or fuel-cell based drive systems and with higher costs.

Phases of political uncertainty may generally have negative effects on consumption and investment decisions by households and companies and consequently have a negative impact on the economic development and sales opportunities of the Daimler Truck Group. If, however, concerted stimuli in the EU – especially the EU recovery instrument – have a greater effect than currently assumed, this could lead to a recovery in growth, resulting in positive effects on companies and households.

Far-reaching risks may continue to arise from the **Russia-Ukraine war.** The war could have a negative impact on the development of unit sales, production processes, and procurement and logistics, for example through interruptions in supply chains or energy supply, or shortages of commodities, parts and components, in each case triggered by the war itself or by the comprehensive sanctions imposed on Russia by various members of the international community. The war in Ukraine could escalate further and, in the worst case, spread to other countries. Such an expansion would pose a significant risk to Daimler Truck's market environment.

The potential interruptions of supply chains and shortages of commodities, parts or components may result in further increases in energy and commodity prices and the prices of parts and components, which could result in higher costs. Furthermore, as a result of higher inflation, the Group's cost base in general might be negatively affected. In addition, rising refinancing costs in the capital markets may lead to negative effects on Financial Services interest costs.

Furthermore, the position of the Daimler Truck Group in key foreign markets could be affected by the conclusion or amendment of **free trade agreements**. If free trade agreements are concluded without the participation of countries with Daimler Truck Group production sites, the Group could face a competitive disadvantage compared with competitors who produce in the countries that are part of the free trade agreement. In addition, if the content of the free trade agreements currently used by the Daimler Truck Group is made significantly stricter or the conditions of future free trade agreements are more restrictive, this could also significantly impair the competitive position of the Daimler Truck Group, as the Group would no longer or only partially benefit from those free trade agreements. At the same time, however, the conclusion of new free trade agreements could also create opportunities for the Daimler Truck Group vis-à-vis competitors, provided that the competitors do not produce in the countries concerned, but the Daimler Truck Group does.

There is a risk that individual countries will increasingly resort to **interventionist and protectionist measures** in an attempt to protect or improve their competitiveness on the world market. The vehicle industry, including the commercial vehicle industry, is often seen as a key sector for generating domestic investments and increasing local value added along the entire value chain. This can lead to increased costs if production facilities have to be set up or expanded or local purchasing has to be increased. Cutting technological and economic links between major markets can also have an impact on earnings if research and development have to be conducted locally or value chains have to be adjusted because certain technologies cannot legally be used in the end products. Furthermore, attempts are being made to limit imports through market access barriers such as by making certification processes more difficult, **delaying certifications**, and imposing complex **customs procedures** as well as **tariffs**.

In addition, **traffic policy restrictions** to combat traffic jams, noise and emissions are becoming increasingly important in cities and metropolitan areas around the world. Although they can dampen the sales development of conventional vehicles, they can also create demand for vehicles with alternative drive systems.

Daimler Truck continuously monitors the development of the legal and political framework conditions and tries to anticipate foreseeable requirements and long-term objectives at an early stage in the process of product development.

Procurement market risks and opportunities

For the Industrial Business, risks and opportunities on the procurement side are mainly due to fluctuations in raw material and energy prices. Financial bottlenecks at suppliers, capacity restrictions due to supplier failure or exits, limited scope for negotiating prices of supplied parts, and the over- or underutilization of production capacities at suppliers can also lead to reduced earnings.

The Industrial Business of the Daimler Truck Group requires certain commodities, parts and components for the construction of vehicle parts and vehicles. These include steel, copper, aluminum, precious metals, rubber, plastics, particularly within parts and components containing these and other raw materials. The cost of such commodities, parts and components represents a significant portion of the Daimler Truck Group's total costs. The Daimler Truck Group procures raw materials, parts and components from several suppliers. However, for the majority of parts, the Daimler Truck Group relies on a specific supplier for each individual part (also referred to as "single sourcing"). In these cases, the Daimler Truck Group faces the risk of production downtime and inventory backlogs if one or more suppliers are unable or unwilling to fulfill delivery obligations, for example due to supply shortages, labor strikes, capacity allocation to other customers, or financial distress of the supplier.

The Daimler Truck Group has been and may continue to be acutely affected by an ongoing global shortage of **semiconductors**, which must be purchased on the global market. The semiconductor shortage has for some time had, and will likely continue to have, a material impact on the Daimler Truck Group's ability to manufacture vehicles. If the supply constraints for semiconductors is resolved more quickly than expected, then this would result in opportunities with an impact on production and sales. If the availability however should worsen, this would have a significant adverse effect on the number of vehicles completed and their timely delivery.

The prices of commodities, parts and components are susceptible to significant and at times sharp fluctuations, including as a result of global or regional supply/demand dynamics in the commodities markets and end markets, production capacity and constraints on the part of suppliers, transportation costs and issues, energy prices, infrastructure failures, government regulations and tariffs, geopolitical events, changes in currency exchange rates, price controls, the economic climate including inflationary pressure, and other unforeseen circumstances. Prices on the commodities market were negatively affected as a result of Russia's complete suspension of natural gas supplies to Germany in connection with the Russia-Ukraine war, prices on the commodity market in the euro zone were negatively affected. A further shortage and increase in the price of energy and raw materials, could have a direct negative impact on the Daimler Truck production at German sites or cause disruptions in the supply chains. Risks and opportunities for the Daimler Truck Group in this connection must be classified as high.

In general, the ability to pass on increases in commodity, parts and component prices in the form of higher prices for manufactured vehicles is limited because of strong competitive pressure on the international commercial vehicles markets. Rising commodity prices may therefore have a negative impact on the profit margins of the vehicles sold and thus lead to a decline in profitability for the respective segment.

For some suppliers, the financial situation remains tense due to the market environment. The resulting possible production downtimes at suppliers may cause supply chain disruptions in the vehicle divisions of the Daimler Truck Group and prevent vehicles from being completed and delivered to customers on time. In order to counteract such disruptions in the supply chains, support measures may be necessary to ensure production and sales by suppliers. Supplier risk management aims to identify potential **financial bottlenecks for suppliers** at an early stage and to initiate suitable countermeasures. Taking into account the warning signals recorded and the internal classification, this involves regular reporting of key performance indicators to the Daimler Truck Group and, where necessary, support measures for the suppliers can be determined.

Finally, rapidly rising demand for certain new technologies, such as electrified powertrains, could require significant changes to the Daimler Truck Group's supply chain and result in higher product costs and supply bottlenecks. An increasing shift to e-mobility and digitalization throughout the industry has resulted and is expected to continue to result in long-term increases in demand for battery cells, semiconductors and certain critical materials, such as lithium, necessary to manufacture them. Due to the limited pool of suppliers, price increases and constraints in the supply of these materials have occurred and may continue to occur, which would limit the Daimler Truck Group's ability to meet demand for its current generation of vehicles (including its vehicles with conventional combustion engine) or commercialize its new zero-emission vehicles ("ZEV") profitably (or at all).

B.75

Company-specific risks / opportunities

Risk category	Probability of occurrence	Impact	Opportunity category	Impact
Production and technology risks	Low	High	Production and technology opportunities	Medium
Information technology risks	Low	Medium	Information technology opportunities	–
Personnel risks	Medium	Low	Personnel opportunities	–
Risks related to associated companies and joint ventures	Low	Low	Opportunities related to associated companies and joint ventures	–

Company-specific risks and opportunities

The following section covers Company-specific risks and opportunities of the Daimler Truck Group. A quantification of these risks and opportunities is shown in table ↗ B.75.

Production and technology risks and opportunities
Technical developments and innovations are of key importance for the safe and sustainable mobility of the future. Through the design of the product range, technical innovations are integrated into the strategic product planning of the vehicle segments. Technology risks can arise especially as a result of increasing technical complexity, the continually growing range of requirements that need to be met regarding emissions, fuel consumption and safety and the need to meet and constantly raise the quality standards of the Daimler Truck Group. These risks are prevalent in the automotive business, particularly with regard to launching and manufacturing products. In the context of the future transformation to zero-emission vehicles and the approach pursued by Daimler Truck, which focuses on the development, production and sales of battery-electric and hydrogen-based drive systems, this would result in high risks and also opportunities in relation to production, operation and warranties. Daimler Truck Group's future success depends on its ability to correctly assess and respond to the ZEV transformation with innovative, commercially attractive products and services that are able to compete in the market. Other decisive factors for successful conversion to ZEV's are customer acceptance, continued governmental support, sufficient publicly available charging infrastructure and hydrogen or energy at competitive prices, all of which are subject to uncertainty and to a large extent outside of Daimler Truck's control.

When a product is launched in the vehicle segments, the required components and equipment have to be available. In order to avoid restrictions in this context, the associated processes are continuously evaluated and improved. In order to secure and improve the long-term future viability of production facilities in the vehicle segments, modernizations as well as expansion, development and restructuring activities are carried out as required. The **implementation of modernization measures and the launch of new products** are usually associated with high investments. This can also lead to inefficiencies in the production process and, as a result, to a temporary reduction in production volumes.

In principle, there is a risk of internal bottlenecks due to low equipment availability or failures of **production plants or factories**, which would result in costs. A prolonged disruption at a manufacturing facility could result in production downtimes or temporary operation at reduced capacity preventing the Daimler Truck Group from completing production orders in a timely manner. Loss of business volume, reduced productivity or profitability at a particular production site and significant repair costs that are not covered by the Daimler Truck Group's insurance coverage. Production facilities are continuously maintained and modernized. As a precaution, spare parts are kept on hand for potentially affected systems, and spare machines are procured as necessary.

Capacity restrictions on the availability of batteries for certain vehicle models, interruptions in the supply chain and possible interruptions of supply by energy providers can lead to bottlenecks. New technical requirements may also lead to restrictions on the sale of vehicles that have already been produced. Restrictions on certain equipment features in new vehicle models and the lack of availability of vehicle parts at the right time could also mean that the vehicles cannot be handed over to customers as planned. In order to avoid such **bottleneck situations**, it is important that capacity bottlenecks can be compensated for by forward-looking planning. In addition, as part of the management of the entire value chain, supply routes as well as the availability and quality of products are continuously monitored. As a risk prevention measure, a supplier management system is in place to ensure the quantity and quality of the components required to manufacture the vehicles. Lack of availability and quality problems with certain vehicle parts can lead to production downtimes and higher costs.

The Daimler Truck Group is subject to risks relating to deviation from planning in connection with large projects, including the development and launch of new vehicle generations, vehicles or powertrains. This may especially be the case when capital-intensive projects, such as factory buildouts or capacity expansions, e.g., the introduction of a new production line, are required. These risks may result from a number of factors, including inaccurate assumptions with respect to planning and implementation costs, unexpected technical challenges, weaknesses in project design and management, and poor performance of third-party suppliers and business partners. These factors could result in significant cost overruns, delays in new product launches, delivery delays, quality issues and damage to customer relationships.

Warranty and goodwill cases could arise in the Daimler Truck Group if the quality of products does not meet the requirements, regulations are not fully complied with, or support in the event of problems and product care cannot be provided in the required form. Such warranty and goodwill cases as well as quality problems both with components in vehicles and in connection with technical innovations on vehicles that require adjustments can lead to financial burdens. Possible claims in connection with such risks are examined and, if necessary, appropriate measures are initiated for the affected products.

Information technology risks and opportunities

The systematically pursued digitalization strategy opens up new opportunities for Daimler Truck and allows it to enhance customer benefits and the value of the Company. Nevertheless, the high penetration level of information technology ("IT") in all business areas also harbors risks for business and production processes as well as for their services and products.

The ever-growing threat posed by **cybercrime** and the spread of aggressive malicious code give rise to risks that can affect the availability, integrity and confidentiality of information and IT-supported operating resources. Despite extensive precautions, in the worst-case scenario, this can lead to a temporary interruption of IT-supported business processes with severe negative effects on the Group's earnings. In addition, the loss or misuse of sensitive data may under certain circumstances lead to a loss of reputation. In particular, applicable regulatory requirements such as the EU General Data Protection Directive ("EU-GDPR") may, among other things, give rise to claims by third parties and result in costly regulatory requirements and penalties with an impact on earnings.

For the globally active Daimler Truck Group and its comprehensive business and production processes, it is of vital importance that information is available, up-to-date, complete and correct and that it can be exchanged as needed. The Group's internal IT security framework is based on international standards and uses industrial standards and good practice as part of its protective measures. New regulatory requirements for cyber security and cyber security management systems are taken into account in the further development of our processes and policies.

Appropriately secure IT systems and a reliable IT infrastructure must be used to protect information. Cyber threats must be identified over the entire lifecycle of applications and IT systems, and dealt with in line with their criticality. Particular attention is paid to risks that could, at worst, result in an interruption of business processes due to IT system failures and/or the loss and corruption of data. The advancing digitalization and connectivity of production equipment is supplemented by coordinated technical and organizational security measures.

Due to growing demands concerning the confidentiality, integrity and availability of data, Daimler Truck has implemented a wide range of preventive and corrective measures in order to minimize the associated risks and limit possible damage. For example, the Group reduces potential interruptions of operating processes in data centers by means of mirrored data sets, decentralized data storage, outsourced data backups and IT systems designed for high availability. Emergency plans are developed and employees are trained and regularly sensitized in order to maintain operating capability. Specific threats are analyzed, and countermeasures are coordinated at a globally active Cyber Security & Response Center. The protection of products and services against the danger of falling prey to hacker attacks and cybercrime is under constant development.

Personnel risks and opportunities

The Daimler Truck Group is dependent on good **relationships with its employees, their trade unions as well as employee representative bodies and stakeholders** and is party to a number of collective agreements, some of which impose obligations and restrictions on the Daimler Truck Group in connection with reorganizations, restructurings or similar corporate actions and which it may not be able to extend, renew or replace in a favorable or timely manner or at all. Any deterioration of the relationships with trade unions, works councils and other employee representative bodies could adversely impact the Daimler Truck Group's business operations. The Group could face strikes or other types of conflicts with trade unions, works councils or its employees in the future. Any such strikes, conflicts, work stoppages or other industrial actions may disrupt the Group's production and sales activities, damage its reputation and adversely affect its customer relations.

Competition for highly qualified employees and managers continues to be very fierce in the industry and the regions in which Daimler Truck operates. The future success of the Daimler Truck Group also depends on the extent to which it succeeds in recruiting, integrating and retaining specialist staff. The established human resources instruments take such personnel risks into consideration. A particular focus of human resources management is the targeted personnel development and further training of the Company's workforce. In order to remain successful as a company, we continuously develop the way we work together and optimize our management culture.

Demographic developments are forcing the Group to deal with changes caused by an aging workforce and to secure a skilled new generation of specialists and future executives. Generation management addresses this by implementing measures that do justice to the scope of the issue. We counter economic, market and competitive fluctuations with the established time and flexibility instruments, enabling reactions that are suitable for the respective situation.

Efficiency improvements and cost savings are crucial for the Group to maintain its competitiveness and improve its profitability. The Group is in the midst of implementing a number of operational performance and cost-saving initiatives to address fixed and variable costs affecting profitability. These operational performance and cost-saving measures, or components thereof, may not deliver the intended benefits within the time the Group targets. This may result in implementation costs in excess of those originally budgeted by the Group and the actual results of the initiatives may differ from the targets. If the targeted operational performance and cost-saving measures are not fully realized or achieved within the intended time, this could have an adverse effect on the Group's profit margins.

Risks and opportunities related to associated companies and joint ventures

Cooperation with partners in associated companies and joint ventures is of vital importance for Daimler Truck, in the transformation towards both zero-emission mobility and comprehensive digitalization. Particularly in the case of new technologies, associated companies can help boost synergy effects and improve cost structures in order to successfully face the competition in the commercial vehicle industry.

The Daimler Truck Group generally participates in the risks and opportunities of associated companies and joint ventures in line with its equity interest. It is also subject to share-price risks and opportunities if those companies are listed on the stock exchange.

The remeasurement of an interest in an associated company can result in risks and opportunities related to the investment's carrying amount for the segment to which the associated company belongs. Risks can also arise from ongoing business activities, especially through the integration of employees, technologies and products. The Group's business and legal interests may not always be aligned with those of its associated companies and joint ventures and any of the Group's current or future associated companies or joint ventures may fail to be successful, achieve their planned objectives and meet their targeted timelines. In addition, further financial obligations or additional financing requirements could arise. Associated companies are subject to a monitoring process so that, if necessary, decisions can be promptly made on whether or not measures should be taken to support or secure profitability. The recoverable amounts of investments in associated companies are also regularly monitored.

Financial risks and opportunities

The following section deals with the financial risks and opportunities of the Daimler Truck Group.

Risks and opportunities can have a negative or positive effect on the Group's profitability, liquidity and capital resources, and financial position. The probability of occurrence and impact of these risks and opportunities are listed in table ↗ B.76.

In principle, the Group's operating and financial risk exposures, on which the financial risks and opportunities are based can be divided into symmetrical and asymmetrical risk and opportunity profiles. With the symmetrical risk and opportunity profiles (e.g., currency exposures), risks and opportunities are equally present, while with the asymmetrical profiles (e.g., credit and country exposures), the risks outweigh the opportunities.

Daimler Truck is fundamentally exposed to risks and opportunities arising from changes in market prices such as exchange rates, interest rates and commodity prices. Changes in market prices can have a negative or positive effect on the Group's profitability, financial and asset position.

Daimler Truck systematically controls and monitors market price risks and opportunities, primarily as part of its business operations and financing activities and applies derivative financial instruments for hedging purposes where necessary, thus limiting both market price risks and opportunities.

The Group is also exposed to credit, country and liquidity risks, and risks from changes in credit ratings. As part of the risk management process, Daimler Truck regularly assesses these risks by considering changes in key economic indicators and market information. Plan assets to cover pension and health care benefits (market-sensitive investments, including equity and interest-bearing securities) are not included in the following analysis.

Exchange rate risks and opportunities

The Group's global orientation means that its business operations and financial transactions are linked to risks and opportunities related to fluctuations in exchange rates.

This applies in particular to fluctuations in the US dollar, the British pound, the Australian dollar, the Japanese yen and other currencies, against the euro. An exchange rate risk or opportunity arises in business operations primarily when revenue is generated in a different currency from that of the related costs ("transaction risk").

While production costs are incurred primarily in US dollars, euros and yen, a portion of revenue is generated in other currencies. Daimler Truck is exposed to this type of transaction risk, but only to a lesser extent thanks to its global production network. Regularly updated currency risk exposures are successively hedged with suitable financial instruments (predominantly currency forwards) in accordance with exchange rate expectations, which are continually reviewed, limiting both risks and opportunities. Any overcollateralization caused by changes in exposure is generally resolved promptly using appropriate measures. There are also exchange rate risks and opportunities related to the translation of the net assets, income and expenses of companies of the Group outside the euro zone ("translation risk"), against which the Group generally does not hedge.

B.76
Financial risks and opportunities

Risk category	Probability of occurrence	Impact	Opportunity category	Impact
Exchange rate risks	Low	Medium	Exchange rate opportunities	Medium
Interest rate risks	Low	Low	Interest rate opportunities	Low
Commodity price risks	Low	High	Commodity price opportunities	HIgh
Credit risks	Low	Low	Credit opportunities	–
Country risks	Low	Low	Country opportunities	–
Risks related to changes in credit ratings	Low	Low	Opportunities related to changes in credit ratings	Low
Risks related to pension plans	Low	Low	Opportunities related to pension plans	Low

Interest rate risks and opportunities

Changes in interest rates can create risks and opportunities for both business operations and financial transactions. Daimler Truck employs a variety of interest rate-sensitive financial instruments to meet the liquidity requirements of its business operations on a day-to-day basis. Most of these financial instruments are linked to the financial services business of Financial Services. Interest rate risks and opportunities arise when fixed interest periods between the assets and liabilities side of the balance sheet are incongruent. By means of refinancing coordinated with the terms of the financing agreements, the risk of maturity mismatch is minimized from both an interest-rate and a liquidity point of view. Remaining interest rate risks are managed through the use of derivative financial instruments. Measures for raising capital for the industrial and financial services businesses are coordinated centrally at Group level. Derivative interest rate instruments, such as interest rate swaps, are used to achieve the desired fixed interest rates and asset/liability structures (“asset and liability management”).

Commodity price risks and opportunities
As described in the section on procurement market risks and opportunities, Daimler Truck is exposed to risks from changes in commodity prices. A small proportion of the commodity price risks, primarily from the planned purchase of certain metals, can be reduced through the use of derivative financial instruments.

Credit risks
Credit risk describes the risk of a 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 Group is subject to credit risks, which result primarily from the financial services business and the operations of the vehicle business. The risks from leasing and sales financing are addressed in the section on general market risks and opportunities.

Credit risks also arise from the Group’s liquidity investments. Should payment defaults occur, this would adversely affect the Group’s profitability, liquidity and capital resources, and financial position. The limit methodology for liquidity investments with financial institutions has been continuously developed over the past few years. When making investment decisions, the borrower’s outstanding creditworthiness and balanced risk diversification are considered key. The majority of liquid assets are held in investments with an external investment-grade rating.

Country risks
Country risk describes the risk of a financial loss resulting from changes in political, economic, legal or social conditions in the respective country, for example due to sovereign measures such as expropriation or a ban on currency transfers. Daimler Truck is subject to country risks, which primarily result from cross-border financing or collateralization for Group companies or customers, from investments in subsidiaries or joint ventures, and from cross-border trade receivables.

Further information on country risks in the context of the disclosure of events after the reporting period can be found in Note 41 of the Consolidated Financial Statements. In addition, country risks also arise from cross-border investments in financial institutions. The Group addresses these risks by setting country limits (e.g., for hard currency portfolios of Financial Services companies). The Group also has an internal rating system, in which all countries in which Daimler Truck operates are divided into risk classes.

Risks and opportunities from changes to credit ratings
Risks and opportunities exist in possible downgrades or upgrades to credit ratings assigned by the rating agencies to Daimler Truck Holding AG (and thus to the Group’s creditworthiness) or to bonds issued or guaranteed by members of the Daimler Truck Group. Downgrades may adversely affect the Group’s financing if they increase the cost of borrowing or limit the Group’s financing options. In addition, downgrades may discourage investors from investing in Daimler Truck Holding AG.

Risks and opportunities relating to pension plans
Daimler Truck has defined benefit pension commitments and, to a small extent, additional obligations for healthcare benefits, which are largely covered by plan assets. The balance of pension obligations and plan assets constitutes the carrying amount or funded status for these employee benefit plans. The measurement of pension obligations and the calculation of net pension expense are based on assumptions. Even small changes in those assumptions, e.g. a change in the discount rate, have a negative or positive effect on the funded status and Group equity for the current financial year and, if they occur, lead to a change in the period-related net pension expense in the following financial year. The fair value of plan assets is largely determined by developments on the capital markets. Unfavorable or favorable developments, especially in shares and marketable debt securities, reduce or increase the carrying amount of plan assets. A change in the composition of plan assets can also have a positive or negative impact on their fair value. The broad diversification of investments, the selection of asset managers based on quantitative and qualitative analyses and the ongoing monitoring of returns and risk contribute to reducing the investment risk. The structure of pension obligations is taken into account when determining the investment strategy for plan assets in order to reduce fluctuations in the funded status.

Further information on the pension plans and their risks can be found in Note 24 of the notes to the Consolidated Financial Statements. Additional information on financial risks, risk-limiting measures and the management of these risks can be found in Note 34 of the Consolidated Financial Statements. Information on the Group's financial instruments can be found in Note 33 of the Consolidated Financial Statements.

Legal and tax risks and opportunities

The Group is also exposed to legal and tax risks. It recognizes provisions for these risks if and to the extent that those provisions are likely to be utilized and the amount of the obligations can be determined with sufficient accuracy.

Legal risks

Regulatory risks
The vehicle industry, and hence also the commercial vehicle industry is subject to national regulations all over the world. Legislation in various jurisdictions regulates the occupant safety and environmental impact of trucks, buses and other vehicles, including emission levels, fuel economy and noise levels, as well as the emissions of the factories in which the vehicles or parts thereof are manufactured. Failure to comply with relevant regulations in individual regions may result in significant penalties and reputational risks, and the non-approval of products in the affected markets.

To maintain high quality standards for its products and to comply with government-prescribed safety and other standards, the Group incurs substantial costs for monitoring, certification and quality assurance. Meeting government-mandated vehicle standards is costly and often technologically challenging, particularly where required standards conflict with one another. With the increasing complexity of commercial vehicles, also due to digitalization of components and their communication with each other, the risk of vehicle defects increases. The adoption of new technologies, many of which are still being refined for use in the transportation industry, including autonomous driving technologies and battery-electric vehicles, may increase the Group's exposure to vehicle defects and product liability. Applicable laws and governmental standards require manufacturers to take action to correct deficiencies related to vehicle safety and other standards, which may also result in recalls. Costs associated with delays in new model launches due to product defects and recall campaigns or warranty costs to remedy defects in vehicles that have been sold can be substantial.

Moreover, the Group must comply with a wide range of legal and regulatory requirements relating to anti-bribery and corruption, antitrust law, sanctions and export control, anti-money laundering and terrorist financing, product requirements, data protection, human rights and the handling of hazardous goods in connection with its global business activities.

Violations of regulations on anti-corruption, antitrust law, sanctions, export control, anti-money laundering and terrorist financing, product requirements, data protection and the handling of hazardous goods are sanctioned, e.g. with regulatory fines or criminal consequences. In addition, any violation can lead to negative media coverage and affect the Group's reputation.

Risks from legal proceedings
The subsidiaries of Daimler Truck Holding AG (especially Daimler Truck AG) are confronted with various legal proceedings, claims as well as governmental investigations and orders (legal proceedings) on a large number of topics. These include, for example, vehicle conformity and vehicle safety, dealer, supplier and other contractual relationships, financial services, industrial property rights (in particular patent infringement suits), warranty claims, and antitrust proceedings (including claims for damages). If the outcome of such legal proceedings is negative for the Daimler Truck Group or such proceedings are settled, the Group may be required to pay substantial compensatory and punitive damages or to undertake service actions, recall campaigns, monetary penalties or other costly actions. Legal proceedings and related settlements may have an impact on the Group's reputation.

Antitrust law proceedings (including actions for damages)
Mercedes-Benz Group AG, under the former name Daimler AG the former parent entity of Daimler Truck AG, was subject to an antitrust proceeding initiated by the European Commission. In July 2016, the European Commission issued a settlement decision against the former Daimler AG and four other European truck manufacturers for their participation in anti-competitive behavior in violation of European antitrust rules with regard to pricing and passing on the costs of compliance with strict emission rules for trucks. The European Commission found that Daimler AG participated in the relevant arrangements from January 17, 1997 to January 18, 2011. The individual fine imposed on Daimler AG by the European Commission's settlement decision amounted to €1.09 billion and was fully paid in 2016.

Following the settlement decision by the European Commission, legal actions, class actions and other forms of legal redress for damages by direct and indirect truck customers have been filed or initiated in several jurisdictions. Damage claims could result in substantial liabilities for the Daimler Truck Group as well as significant costs expended for defense measures, which may have a material adverse effect on the Daimler Truck Group's operations and its liquidity and capital resources.

In relation to the cartel infringement described above, most substantial claims (including certain types of class actions or aggregator claims) are pending or have been initiated in Germany, the United Kingdom, the Netherlands, and Spain. Claims are also pending in certain other European countries and in Israel (in a total of approximately 20 countries).

The Daimler Truck Group takes appropriate legal remedies to defend itself.

It cannot be ruled out that the regulatory risks and risks from legal proceedings discussed above, individually or in the aggregate, may materially adversely impact the profitability, liquidity and capital resources and financial position of the Group or any of its segments.

As legal proceedings are fraught with a large degree of uncertainty, it is possible that after their final resolution, some of the provisions that have been recognized for them could prove to be insufficient. As a result, substantial additional expenditures may arise. This also applies to legal proceedings for which the Group has seen no requirement to recognize a provision.

Although the final result of any such litigation may influence the Group's earnings and cash flows in any particular period, the Group believes that any resulting obligations are unlikely to have a sustained effect on the Group's financial position.

Further information on legal proceedings is provided in Note 31 of the Consolidated Financial Statements.

Tax risks and opportunities

Daimler Truck Holding AG and its subsidiaries operate in many countries around the world and are therefore subject to numerous different statutory provisions and tax audits. Any changes in legislation and jurisdiction, as well as different interpretations of the law by the tax authorities – especially in the area of cross-border transactions – can lead to considerable uncertainty. It is therefore possible that the tax provisions recognized may prove to be insufficient, which may have a negative impact on the Group's cash flow and net profit.

Positive effects on the Group's net profit and cash flow are also possible as a result of retroactive legislation, future court rulings or changes in the opinions of the tax authorities.

Any changes or interventions by the tax authorities are continuously monitored by the Tax department, and measures are taken if necessary.

In addition, if there is no or too little future taxable earnings, there is a risk that the tax benefit from loss carryforwards and tax-deductible temporary differences may not be recognized or may no longer be recognized in full, which could have a negative impact on net profit.

On the other hand, there is an accounting opportunity that tax benefits currently not recognized in full may be used or recognized in future years and could thus have a positive impact on the Group's net profit.

Overall assessment of the risk and opportunity situation

The overall picture of the Group's risk and opportunity situation is made up of the described individual risks and opportunities for all risk and opportunity categories.

In addition to the risk categories described above, unforeseeable events that could have a negative impact on business operations and thus on the profitability, liquidity and capital resources, and financial position of the Daimler Truck Group, as well as on the reputation of the Group. In particular, legal risks or social violations by partners and suppliers can have a negative effect on the reputation of the Daimler Truck Group, the environment and the employees of partners and suppliers. As one of the basic principles of corporate activity, Daimler Truck therefore pays particular attention to compliance with legal and ethical rules – including when selecting partners and suppliers.

In order to recognize risks and opportunities at an early stage and to successfully deal with the current risk and opportunity situation, the established risk and opportunity management system is continuously monitored and further developed.

Overall, the risk situation of the Daimler Truck Group has increased slightly compared with the prior year. Major drivers in this respect relate to the current condition of raw material and energy prices, global supply chains and the effects from the Russia-Ukraine war compared with the prior year.

Overall, the opportunity situation of the Daimler Truck Group has increased significantly compared to the prior year. Major driver in this respect relates to the current situation of the raw material prices.

No ESG-related risks that could very likely have a serious adverse impact on the non-financial aspects of the Daimler Truck Group are discernible, neither on the balance sheet date nor at the time the annual financial statements and consolidated financial statements were prepared.

Risks that alone or in combination with other risks could jeopardize the Group's continued existence checked as part of the determination of risk-bearing capacity. Such are neither at the balance sheet date nor at the time of preparation of the annual and consolidated financial statements recognizable.

Outlook

Our outlook for the 2023 financial year is based on the Daimler Truck Business Plan of Daimler Truck Holding AG, as approved by the Board of Management and the Supervisory Board. This plan takes into account the current business development as well as possible opportunities and risks, which are explained in detail in Risk and Opportunity Report. The premises and assessments we have made regarding general economic conditions and the development of commercial vehicle markets are also taken into account. The estimates regarding the future development of the Company presented here are based on the targets of our segments. Against this backdrop, we adjust our expectations for the business development to reflect current forecasts for the development of commercial vehicle markets. The statements made below are based on our knowledge at the time the 2022 combined management report was compiled.

The outlook is especially subject to the further developments in the Russia-Ukraine war and its impact on the global economy as well as the development of the high inflationary pressure and the associated restrictive monetary policy environment. The further macroeconomic and geopolitical development also harbor a high degree of uncertainty.

The world economy

We expect a further reduction of the momentum of the global economy in 2023. The fight against inflation is a priority for many central banks and we therefore expect restrictive monetary policy to continue to dampen consumer and capital expenditure. Global trade is also affected: Due to declining demand in important economies and sanctions, exports and imports are only likely to see moderate increases. Rising incidences and new variants of COVID-19 could prove a dampener, at least in some regions. According to our forecasts, the global economy will grow by up to 2% in 2023, thus below the growth rates of the pre-pandemic years. For the industrial nations we expect only a slight increase (+1%), while for the emerging markets we assume growth at the level of the prior year (+3.5%).

The economic output of the eurozone is likely to increase only slightly in 2023 (+0.5%). The calming of the energy markets should have a stabilizing effect, but we expect the European Central Bank ("ECB") to continue to act restrictively to lower inflation rates and expectations. We expect inflation to reach around 5% in 2023. The high price level and higher interest rates are likely to have a negative impact on the purchasing power of consumers and the investment activity of industry.

We also expect a weaker performance of the US economy in 2023 than in the prior year. With inflation well above the target rate, the US central bank will have to continue its restrictive course. We thus expect inflation to be around 4% in 2023. Dampening measures on the part of monetary policy are having an adverse effect on demand. For 2023, we therefore expect only slight growth of 0.5% in the US economy as a whole.

The Chinese economy may develop more dynamically in 2023 than in the prior year, as the restrictive zero-COVID policy was virtually abandoned at the end of 2022. We expect the economy to grow by around 5% in 2023.

The commercial vehicle market

Despite the difficult economic conditions in 2023, high energy prices and tension in some points of supply chains, we expect robust development in our important truck sales markets. From today's perspective, we anticipate a market volume for heavy-duty trucks ("class 8") in North America of between 280 and 320 thousand units. The market for heavy-duty trucks in the EU30 region (European Union, United Kingdom, Switzerland and Norway) will also probably have a volume of between 280 and 320 thousand units.

Unit sales

Based on the Group's general assumptions for the global economy and the Group's key commercial vehicle markets, the Group expects unit sales for the Industrial Business of between 510 and 530 thousand units.

For the **Trucks North America** segment, we expect unit sales to be between 190 and 210 thousand units and that there will continue to be bottlenecks in the supply chains.

For the **Mercedes-Benz** segment, with unit sales of 150 to 170 thousand units, we expect a result below the prior-year level. In Brazil, we expect a market and unit sales decline due to the introduction of the Euro VI emission standard. In the EU30 region, however, we expect a slight market recovery and an improvement in the supply chains.

For the **Trucks Asia** segment, unit sales of between 150 and 170 thousand units are expected. This forecast is based in particular on an expected market recovery in Japan, based on an improvement in the supply chains.

For the **Daimler Buses** segment, we forecast unit sales of between 20 and 25 thousand units. While we expect a decline in the Brazilian market due to the introduction of the Euro VI emission standard, we anticipate an increase in unit sales in the regions EU30, North America, and Mexico.

Revenue and EBIT

In financial year 2023, we expect revenue of the Daimler Truck Group to be between €55 and €57 billion. For the Industrial Business, we expect revenue of between €53 and €55 billion and an adjusted return on sales of 7.5% to 9%.

Based on our expected market development, the aforementioned factors and the planning of our segments, we expect a significant increase in Group EBIT in 2023. We also expect a significant increase in adjusted Group EBIT.

For the **Trucks North America** segment, we anticipate an adjusted return on sales of 10% to 12%, characterized by a positive unit sales performance, improved net pricing and strong aftersales business.

With an adjusted return on sales of 7% to 9% in the **Mercedes-Benz** segment, we forecast that the decline in unit sales and high material costs will be offset by improved net pricing and a positive development in the aftersales business.

In the **Trucks Asia** segment, we expect an increase in the adjusted return on sales to 3% to 5%. The forecast is mainly based on improved net pricing. However, we are expecting high material and energy costs in 2023.

For the **Daimler Buses** segment, we forecast an adjusted return on sales of 2% to 4%. Improved net pricing and a positive structure of unit sales will offset the countervailing effects of the decline in unit sales.

The **Financial Services** segment expects new business between €11 and €12 billion in 2023. This will be driven in particular by the US and the ramp-up of business operations in the two markets of the foundation phase (Germany and France). As a result, we anticipate an increase in contract volume. Furthermore, we expect a moderate increase in project-related expenses. In summary, we forecast adjusted earnings for 2023 and thus an adjusted return on equity at the prior-year level (9% to 11%). With regard to the equity base of all financial services companies, we take into account the requirement for the segment of an average equity ratio of 9%.

Free cash flow and Liquidity

We expect the free cash flow of the Industrial Business will be slightly higher in 2023 than in the prior year. Based on our expected increase in revenue and earnings, we also anticipate a slight easing in inventories, in particular of vehicles in the delivery process, as well as a further improvement in the supply situation.

For 2023, we aim to achieve a level of liquidity that is appropriate to the general risk situation in the financial markets and the risk profile of our Company. When calculating the level of liquidity, we also take possible risks into account, such as the risk of having to refinance during the temporary turmoil in the financial markets. We expect to have good access to the capital markets and the banking market in 2023. We intend to cover our financing requirements primarily through bonds, short-term debt instruments (“commercial papers”), bank loans and the securitization of receivables from the Financial Services business. The focus should be on bonds in the USD, CAD and EUR bond markets. Most central banks started a cycle of interest rate hikes in 2022, which generally led to rising refinancing costs. Most central banks started a cycle of interest rate hikes in 2022, which generally led to rising refinancing costs. We expect interest rates to continue to rise in the markets that are relevant to us, at least in the first half of the year. In addition, we aim to continue to ensure a high level of financial flexibility.

Dividend

In line with a sustainable dividend policy, we intend to base the calculation of the dividend on a distribution ratio of 40% of the net profit attributable to Daimler Truck shareholders. In addition, when calculating the dividend, we also consider the level of the free cash flow of the Industrial Business.

In accordance with the German Stock Corporation Act (Aktiengesetz or “AktG”), the dividend is distributed from the distributable profit reported in the annual financial statements of Daimler Truck Holding AG (parent company only) in accordance with the German Commercial Code (Handelsgesetzbuch or “HGB”). Accordingly, the Board of Management and Supervisory Board will propose to the Annual General Meeting to be held on June 21, 2023 that a dividend of €1.30 per share entitled to a dividend be distributed for financial year 2022.

Investment and research activities

Investments in property, plant and equipment
In the 2023 financial year, we will continue to make substantial investments in the future viability of our product portfolio. This applies in particular to e-mobility and the expansion of our sales networks. Against this backdrop, we expect investments to remain at the same high level as in 2022.

Investments on property, plant and equipment at the **Trucks North America** segment is mainly characterized by the expansion of production facilities and test centers as well as the acquisition of new production equipment to support the transformation to electric and autonomous vehicles.

Mercedes-Benz will invest in production preparation for major projects, including compliance with new legal requirements and the market launch of additional emission-free models. In the sales area, in particular the company’s own spare parts business, following the spin-off from the former Daimler AG (now Mercedes-Benz Group AG).

In the **Trucks Asia** segment, the focus in 2023 will continue to be on new technologies, including e-mobility and digitalization, as well as on the modernization of distribution centers, warehouses and plant optimization.

For the **Daimler Buses** segment, investments are planned with a focus on the completion of the new Bus World Home Service Center in Berlin and the expansion of the locations in Holysov, Czech Republic and Hosdere, Turkey.

Research and development
With our research and development activities, we aim to increase competitiveness against the backdrop of the mobility transformation and the associated technological challenges. We primarily focus on zero-emission vehicles, automated driving and further development of existing products. We therefore expect our research and development expenditure (including capitalization) in 2023 to be the same as in the prior year.

Trucks North America also continues to focus on future technologies such as emission-free vehicles and fuel efficiency. In addition, investments are also being made in the further development of existing products and the next generation of “Vocational Trucks”.

At **Mercedes-Benz**, development for battery- and hydrogen-powered vehicles will continue to be the focus in 2023. In parallel, the conventional powertrain will be adapted to future emission standards.

For **Trucks Asia**, the aim is to continue the development of e-mobility and new technologies and to further develop the existing portfolio.

At **Daimler Buses**, a significant shift toward emission-free drive systems and preparation of the coach portfolio for Euro VII is planned for 2023.

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Outlook key figures for Daimler Truck

	2022 Reported	2023 Outlook
Market for heavy-duty trucks		
North America (in thousands of units)	309	**280 to 320**
EU30 (in thousands of units)	296	**280 to 320**
Group		
Revenue	50.9 bn €	**55 to 57 bn €**
EBIT	3.5 bn €	**significant increase**
Adjusted EBIT	4.0 bn €	**significant increase**
Investment in property, plant and equipment	0.9 bn €	**on prior year level**
Research and development expenditure (including capitalized development costs)	1.8 bn €	**on prior year level**
Industrial Business		
Unit sales (in thousands of units)	520.3	**510 to 530**
Revenue	49.2 bn €	**53 to 55 bn €**
Adjusted return on sales	7.7%	**7.5% to 9%**
Free cash flow	1.7 bn €	**slight increase**
Trucks North America		
Unit sales (in thousands of units)	186.8	**190 to 210**
Adjusted return on sals	10.8%	**10% to 12%**
Mercedes-Benz		
Unit sales (in thousands of units)	166.4	**150 to 170**
Adjusted return on sales	8.1%	**7% to 9%**
Trucks Asia		
Unit sales (in thousands of units)	156.0	**150 to 170**
Adjusted return on sales	2.6%	**3% to 5%**
Daimler Buses		
Unit sales (in thousands of units)	24.0	**20 to 25**
Adjusted return on sales	0.4%	**2% to 4%**
Financial Services		
New business	9.4 bn €	**11 to 12 bn €**
Adjusted return on equity	9.9%	**9% to 11%**

Overall statement on future development

Uncertainties remain in connection with the Russia-Ukraine war, COVID-19, the high inflation rates as well as with regard to the difficult situation in global supply chains and energy markets. At the same time, meeting the Euro VII emissions standard and the necessary transformation to a CO_2-neutral future will require high levels of investment.

Our assumptions for 2023 are based on the fact that the ongoing Russia-Ukraine war will not have any additional negative effects on the global economy. We also expect high inflation rates to fall as a result of a targeted monetary policy. Furthermore, we assume that the current situation on the energy markets and in the global supply chains will not result in any additional burdens in the course of the year. Against this backdrop and supported by the brand strength and innovative power of our Company, we are generally confident about the year 2023.

Forward-looking statements
This document contains forward-looking statements that reflect our current views about future events. Words such as “anticipate”, “assume”, “believe”, “estimate”, “expect”, “intend”, “may/could”, “plan”, “project”, “should” and similar terms are used to express forward-looking statements. These statements are subject to a number of risks and uncertainties. Examples here include an adverse development of the global economic situation, in particular a decline in demand in our most important sales markets, a deterioration of our refinancing options on the credit and financial markets, unavoidable force majeure events such as natural disasters, pandemics, acts of terrorism, political unrest, armed conflicts, industrial accidents and their effects on our sales, purchasing, production or financing activities, changes in exchange rates, customs and foreign trade regulations, a shift in consumer behavior towards smaller and less profitable vehicles or a possible loss of acceptance of our products and services, forcing us to adjust prices and lower production capacities, price increases for fuel and commodities, disruption of production due to shortages of materials, labor strikes or supplier bankruptcies, a decline in the resale prices of used vehicles, the successful implementation of cost-reduction and efficiency-optimization measures, the business prospects of the companies in which we hold a significant equity interest, the successful implementation of strategic collaborations and joint ventures, changes in legislation, regulations and official guidelines, in particular those relating to vehicle emissions, fuel economy and safety, as well as the resolution of ongoing official investigations or investigations initiated by authorities and the outcome of pending or threatened future legal proceedings and other risks and uncertainties, some of which are described earlier in this Annual Report under the heading of “Risk and Opportunity Report”. Should one of these elements of uncertainty or one of these imponderables occur or should the assumptions on which the forward-looking statements are based prove to be incorrect, the actual results could differ substantially from the results stated or implied in these statements. We neither intend nor assume any obligation to update forward-looking statements on an ongoing basis, since these are based solely on the circumstances at the date of publication.

References made in this combined management report
Insofar as the references made in this Management Report relate to parts of the Annual Report that were not included in the external audit (parts outside the company and consolidated financial statements and the combined management report), or to the Daimler Truck website or to other reports or documents, these were also not part of the external audit.

C Corporate Governance

C Corporate Governance

Report of the Audit Committee

Dear Shareholders,
As Chairman of the Audit Committee, I am pleased to present to you the tasks and activities performed by this body.

Fundamentals of the work of the Audit Committee
The tasks and responsibilities of the Audit Committee are based on the relevant statutory provisions, the German Corporate Governance Code as amended, and the Rules of Procedure of the Supervisory Board and the Audit Committee, as amended.

In the 2022 financial year, the work of the Audit Committee was based on both the German Corporate Governance Code, version of December 16, 2019 (“GCGC 2019”) and the German Corporate Governance Code, version of April 28, 2022 (“GCGC 2022”).

At its November 11, 2022 meeting, the Supervisory Board resolved to make changes to its Rules of Procedure and those of the Audit Committee, which in particular take into account the new recommendations of the German Corporate Governance Code 2022 that sustainability issues be taken into account in the work and composition of the Supervisory Board and its committees.

Composition of the Audit Committee
With the formation of the Audit Committee on December 10, 2021, Michael Brecht, Akihiro Eto, Jörg Köhlinger, Harald Wilhelm, Thomas Zwick and myself, Michael Brosnan, were elected members of the Audit Committee. At the constituent meeting of the Supervisory Board following the conclusion of the Annual General Meeting on June 22, 2022, at which time the appointment by the court of the employee representatives also took effect, these members of the Supervisory Board were also re-elected to the Audit Committee. At its meeting on June 22, 2022, the Audit Committee then re-elected me, Michael Brosnan, as its Chairman and Michael Brecht as its Deputy Chairman. As Chairman of the Audit Committee, I am independent of Daimler Truck Holding AG and its Board of Management as defined in the relevant recommendation in the GCGC. With Harald Wilhelm and myself, Michael Brosnan, the Audit Committee includes two members with financial expertise within the meaning of Section 100 Subsection 5 of the German Stock Corporation Act (Aktiengesetz or “AktG”) and the recommendations of the GCGC 2022. Subsequent to the election of the employee representatives to the Supervisory Board on November 22, 2022, the Supervisory Board once again elected Michael Brecht, Jörg Köhlinger and Thomas Zwick as members of the Audit Committee in a written procedure. At the meeting held on December 15, 2022, the Audit Committee again elected Michael Brecht as its Deputy Chairman.

Tasks and responsibilities
The Audit Committee deals in particular with issues relating to accounting, financial reporting and sustainability reporting including the non-financial statement of the group. The Audit Committee’s duties also include the quality work on the annual audit and reviewing the qualifications and independence of the auditor. The Audit Committee discusses with the auditor the assessment of the key audit areas and particularly important audit matters (“key audit matters”). Furthermore, the Audit Committee deals with the appropriateness, effectiveness and functionality of the internal control system and risk management system, the audit system and the compliance management system. The Audit Committee is also regularly informed by the Board of Management about ongoing legal disputes.

After the appointment of the auditor at the Annual General Meeting, another task of the Audit Committee is to engage the auditor to conduct the audit of the annual financial statements and the audit review of interim financial reports. In addition, the Audit Committee identifies the main areas of the audit and negotiates audit fees with the auditor. The Audit Committee also commissions the auditor to provide further audit services, such as the audit of the non-financial statement of the Group as part of the management report.

Cooperation with the Supervisory Board
As Chairman of the Audit Committee, I informed the Supervisory Board about the Committee’s activities and the content of meetings and discussions held outside meetings. This information was provided at the respective Supervisory Board meeting, which took place after a meeting of the Audit Committee. A regular dialog takes place between the Chairman of the Supervisory Board and the Chairman of the Audit Committee.

Meetings and participants
The Audit Committee held seven meetings in the 2022 financial year, passed a resolution by means of the written procedure, and held an informative event at the beginning of the 2022 financial year. The Chairman of the Supervisory Board, Joe Kaeser, attended five meetings as a permanent guest. In compliance with relevant legal and other requirements, the member of the Company’s Board of Management responsible for Finance and Controlling as well as representatives of the auditors took part in the meetings as other permanent guests. Regular guests at meetings included in particular the Head of Accounting, the Chief Legal and Compliance Officer and the Head of Corporate Audit (Internal Audit), who informed the Audit Committee about individual items on the agenda. The Audit Committee also consulted with the auditor on a regular basis without the Board of Management.

In addition to the meetings of the Audit Committee, I held regular one-on-one meetings in my capacity as Chairman with the members of the Committee, permanent guests and the aforementioned representatives of Daimler Truck Group management, in particular for the preparation and follow-up of meetings. I also held regular discussions with the auditor's representatives on important audit issues and informed the members of the Committee.

Subjects of the activities of the Audit Committee in the 2022 financial year
In the course of the 2022 financial year, the Audit Committee discussed the annual and consolidated financial statements, the Combined Management Report and the results of the audit thereof, the interim financial reports and the results of the respective audit reviews with the responsible Board of Management member, the Head of Accounting, and representatives of the auditor prior to their publication. The meetings were also regularly supplemented by reports from Corporate Audit, Compliance and the Legal department. The Audit Committee received regular reports on ongoing legal proceedings, the legal risk situation, the compliance management system, and information on internal and external reports received by the Group's whistleblowing system Business Practices Office ("BPO") and the measures taken to deal with them.

As part of an initial information event on February 11, 2022, the Audit Committee dealt in detail with the key topics under its responsibility and discussed its importance at Daimler Truck with management of the Daimler Truck Group, in particular with the member of the Board of Management responsible for Finance and Controlling, the Head of Accounting, the Chief Legal and Compliance Officer, and representatives of the auditor.

At its first meeting on March 23, 2022, the Audit Committee examined and discussed in detail the Company financial statements, the consolidated financial statements and the combined management report (each of which had received an unqualified audit opinion from the auditor) with non-financial statement of the Group (which had been reviewed with limited assurance) for the 2021 financial year, as well as the Declaration on Corporate Governance, the proposal to be made at the Annual General Meeting for the appropriation of distributable profits, and the Remuneration Report. In addition, the Audit Committee reviewed the Dependency Report prepared for the period prior to the spin-off. The representatives of the auditor reported on the results of the audit, focused in particular on the key audit matters, and the audit procedure, including the conclusions reached in each case, and were available to the Committee for questions and extra information. The auditor's reports on the annual and consolidated financial statements (including the particularly important audit matters in the audit opinions), on the internal control system and significant accounting transactions were discussed together with the auditor. Further, the Audit Committee also reviewed the Company's risk management system. Following a thorough review and discussion, the Audit Committee recommended that the Supervisory Board approves the prepared financial statements, the combined management report including the non-financial statement of the Group, the Declaration on Corporate Governance, and the proposal for the appropriation of distributable profits made to the Annual General Meeting to fully allocate the distributable profits to other retained earnings. Furthermore, the Audit Committee approved the report of the Audit Committee on the 2021 financial year and recommended that the Supervisory Board submits the report of the Supervisory Board and the remuneration report to the Annual General Meeting. With regard to the Company's auditor, the Audit Committee in particular examined its independence and, after an initial analysis of the audit quality, resolved on the recommendation to the Supervisory Board regarding the proposal to the Annual General Meeting on the appointment of KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, as auditor, as auditor of the consolidated financial statements, as auditor for the review of interim financial reports for the 2022 financial year and for the interim financial reports for the 2023 financial year in the period up to the next Annual General Meeting in the 2023 financial year. The meeting on March 23, 2022 also included the annual planning of the Corporate Audit department.

At its meeting on May 16, 2022, the Audit Committee dealt in detail with the Interim Report for the first quarter of 2022 and acknowledged the reports from Corporate Audit, Compliance and the Legal department. The meeting also contained discussions on the further development of the accounting-related internal control systems.

Additional to the elections carried out in its constituent meeting held on June 22, 2022, the Audit Committee issued the audit mandate KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, after its appointment by the Annual General Meeting to audit the annual- and consolidated financial statements, the non-financial statement of the Group, the internal control systems for the 2022 financial year, and to review the Interim Reports for the 2022 financial year. The Committee also authorized me, Michael Brosnan, and, in case of my absence, Michael Brecht, to sign the engagement documents and fee agreement.

The meeting of the Audit Committee on July 13, 2022 focused in particular on an in-depth discussion of new developments relating to holistic sustainability reporting, on which the Audit Committee held detailed discussions with the responsible Board of Management member and the Head of Accounting. In addition, the Audit Committee dealt with the planning of the audit, determined the audit focus areas after the respective discussion with the auditor and dealt with aspects of accounting-related internal control systems and their further development.

At its meeting on August 10, 2022, the Audit Committee discussed the Interim Report for the second quarter of 2022 in detail and accepted reports from Corporate Audit, Compliance and the Legal department. As well as dealing with the further development of accounting-related internal control systems, the meeting focused in particular on the changes to the 2022 GCGC and their significance for the work and composition of the Audit Committee. In this regard, the Audit Committee was primarily informed about the increased requirements for financial expertise in the Audit Committee and the new recommendations regarding the collaboration with the auditor. At its meeting on November 10, 2022, the Audit Committee looked in detail at the Interim Report for the third quarter of 2022 and received reports from Corporate Audit, Compliance and the Legal department as well as regarding the audit in accordance with the EU Market Infrastructure Regulation. In preparation for the meeting of the Supervisory Board on November 11, 2022, the Audit Committee also dealt in detail with the corporate planning to be submitted by the Board of Management. Regarding the audit of the financial statements, the Audit Committee also discussed the catalog of non-audit services and confirmed the catalog after making corresponding adjustments.

At its meeting on December 15, 2022, in preparation for the Supervisory Board meeting on the same day, the Audit Committee dealt with the intended use of a specific financial indicator as a control variable for measuring the financial development of the Company and had a discussion in this regard with representatives of the management.

Company and consolidated financial statements 2022

At its meeting on March 9, 2023, the Audit Committee reviewed and discussed intensively the annual financial statements, the consolidated financial statements and the Combined Management Report (each of which had received an unqualified audit opinion from the auditor) and the non-financial statement of the Group (which had been reviewed with limited assurance) and further sustainability reporting of the Group integrated in the Combined Management Report for the 2022 financial year, as well as the Declaration on Corporate Governance, the proposal to be made at the Annual General Meeting for the appropriation of distributable profits, and the Remuneration Report. The representatives of the auditors reported thoroughly on the results of the audit and, in this report, addressed particularly important audit issues, so-called “Key Audit Matters”, and audit procedures, including the conclusions reached in each case, and made themselves available to the committee for questions and additional information. The auditor’s reports on the annual financial statements and consolidated financial statements (including the particularly important audit facts in the audit opinions), on the internal control system and significant accounting transactions were discussed together with the auditor’s representatives. Further, the Audit Committee also reviewed the risk management system. Following a thorough review and discussion, the Audit Committee recommended that the Supervisory Board approves the prepared financial statements, the combined management report with the included sustainability reporting which in turn included the non-financial statement, the Declaration on Corporate Governance and the proposal to be made at the Annual General Meeting for the appropriation of distributable profits. Furthermore, the Audit Committee approved its report on the 2022 financial year. With regard to the Company’s auditor, the Audit Committee in particular looked into its independence and, after an initial analysis of the audit quality, the recommendation to the Supervisory Board of the Supervisory Board to the Annual General Meeting on the appointment of KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, as auditor, as auditor of the consolidated financial statements, as auditor for the review of interim financial reports for the 2023 financial year and for the interim financial reports for the 2024 financial year in the period up to the next Annual General Meeting in the 2024 financial year.

Leinfelden-Echterdingen, March 2023

The Audit Committee

Michael Brosnan, Chairman

Declaration on Corporate Governance

In this Declaration on Corporate Governance according to Sections 289f, 315d of the German Commercial Code (Handelsgesetzbuch or “HGB”), the Board of Management and Supervisory Board jointly report on the corporate governance for the 2022 financial year. Unless otherwise stated below, the following statements apply equally to Daimler Truck Holding AG and the Daimler Truck Group. Pursuant to Section 317 Subsection 2 Sentence 6 of the German Commercial Code (“HGB”), the auditor’s review of the statements pursuant to Section 289f Subsections 2 and 5 and Section 315d of the German Commercial Code (“HGB”) is limited to determining whether such statements have actually been provided. The Declaration on Corporate Governance is available on the Company’s Website.

Declaration of the Board of Management and the Supervisory Board of Daimler Truck Holding AG pursuant to § 161 of the German Stock Corporation Act (Aktiengesetz) regarding the German Corporate Governance Code

Since the last declaration of compliance with the German Corporate Governance Code in December 2021, Daimler Truck Holding AG has complied with the recommendations of the Government Commission on the German Corporate Governance Code in the version of 16 December 2019 published in the electronic Federal Gazette on 20 March 2020 (hereinafter referred to as »GCGC 2019«) with the following exceptions:

- Recommendation B.3 GCGC 2019 states that initial appointments of board members should be for a maximum of three years. Already prior to the stock exchange listing of Daimler Truck Holding AG, Martin Daum was appointed as a member of the Board of Management of Daimler Truck Holding AG until 28 February 2025, Jochen Goetz until 30 June 2026, and Jürgen Hartwig until 30 November 2026. The longer appointment period took into account, in particular, that Daimler Truck Holding AG acts as the management holding company of Daimler Truck AG and that Martin Daum, Jochen Goetz and Jürgen Hartwig have already been members of the Board of Management of Daimler Truck AG since 1 October 2019. The appointment of the other members of the Board of Management was in accordance with the recommendation. Pursuant to the Rules of Procedure of the Supervisory Board adopted on 10 December 2021, the initial appointment of members of the Board of Management shall in future be for a maximum of three years so that the identical recommendation B.3 of the GCGC 2022 (as defined below) will in future be complied with.

- According to Recommendation C.4 GCGC 2019, a Supervisory Board member who is not a member of any management board of a listed company shall not accept more than five supervisory board mandates at non-group listed companies or comparable functions, with an appointment as chair of the supervisory board counting twice. According to Recommendation C.5 GCGC 2019, members of the management boards of listed companies shall not accept in total more than two supervisory board mandates at non-group listed companies or comparable functions and shall not accept the chairmanship of a supervisory board at a non-group listed company. Instead of observing the recommended total number of mandates for members of the Board of Management and the Supervisory Board as a rigid upper limit, it should be possible to consider each individual case in order to assess whether the number of mandates held, which are relevant within the meaning of the Code, appears appropriate. In this context, the individual workload to be expected as a result of the mandates accepted should be taken into account, which may vary depending on the mandate.

- According to Recommendation D.13 GCGC 2019, the Supervisory Board shall assess, at regular intervals, how effective the Supervisory Board as a whole and its committees fulfill their tasks. The Supervisory Board shall report in the Declaration on Corporate Governance if and how the self-assessment was conducted. An efficiency review can meaningfully only take place once the co-determined Supervisory Board has been constituted and has taken up its work. The co-determined Supervisory Board was constituted after the Annual General Meeting 2022. In order to be able to consider a sufficiently long period of time in the context of the efficiency review, the first efficiency review is then planned to take place in the 2023 financial year. Against this background, an efficiency review has not yet taken place; the identical recommendation D.12 GCGC 2022 will in future be complied with.

- According to recommendation F.2 GCGC 2019, inter alia the mandatory interim financial information shall be made publicly accessible within 45 days from the end of the reporting period. The Interim Report for the 1st Quarter 2022 was not made publicly accessible on 16 May 2022, but on 17 May 2022; for the rest the identical recommendation F.2 GCGC 2022 was and will in future be complied with.

Daimler Truck Holding AG complies and will in future comply with the recommendations of the Government Commission on the German Corporate Governance Code in the version of 28 April 2022 published by the Federal Ministry of Justice and Consumer Protection in the electronic Federal Gazette on 27 June 2022 (herein referred to as »GCGC 2022«) with the following exceptions:

- The recommendations C.4 and C.5 GCGC 2022, which are identical to recommendations of the GCGC 2019, will in future not be complied with due to due reasons mentioned before.

Leinfelden-Echterdingen, December 2022

Daimler Truck Holding AG

On behalf of the Supervisory Board Joe Kaeser Chairman	On behalf of the Board of Management Martin Daum Chairman

This Declaration of Compliance with the German Corporate Governance Code ("GCGC") as well as the no longer current Declarations of Compliance of the last five years are available on the Company's Website.

Information about remuneration

Remuneration system and remuneration report
The remuneration system applicable to the members of the Board of Management in accordance with Section 87a Subsections 1 and 2, Sentence 1 of the German Stock Corporation Act (Aktiengesetz or "AktG") for the 2022 financial year, which was approved by the Annual General Meeting on June 22, 2022, is available on the Company's Website. The resolution passed by the Annual General Meeting on June 22, 2022 in accordance with Section 113 Subsection 3 of the German Stock Corporation Act ("AktG") on the remuneration of the members of the Supervisory Board is available on the Company's Website. The 2022 Remuneration Report and the auditor's report pursuant to Section 162 German Stock Corporation Act ("AktG") will also be made publicly available on the two aforementioned websites. The Supervisory Board has decided to further develop the remuneration system for the members of the Board of Management, which was approved by the Annual General Meeting on June 22, 2022. Subject to approval by the Annual General Meeting in 2023, the new remuneration system for the members of the Board of Management shall take effect retroactively from January 1, 2023. An outlook on this can be found in the 2022 Remuneration Report.

The main principles and practices of corporate governance

Corporate Governance
The designation Daimler Truck Group includes Daimler Truck Holding AG and the companies of its group. Daimler Truck Holding AG is a stock corporation organized under German Stock Corporation law, with registered office in Stuttgart and business address at Fasanenweg 10, 70771 Leinfelden-Echterdingen. It has three governing bodies: the Board of Management, the Supervisory Board and the General Meeting. The duties of the governing bodies are essentially derived from the German Stock Corporation Act ("AktG"), the Articles of Incorporation of Daimler Truck Holding AG, and the Rules of Procedure.

German Corporate Governance Code
In addition to the legal requirements of the German Stock Corporation, Co-determination and Capital market law, Daimler Truck Holding AG complied with the recommendations of the GCGC 2019 in the version of December 16, 2019 and complies with the recommendations of the new GCGC 2022 of April 28, 2022, which came into force in June 2022, with the exceptions specified and explained in the Declaration of Compliance with GCGC. Daimler Truck Holding AG also voluntarily complied and complies with the suggestions of the GCGC.

The principles guiding our conduct
Our business conduct is aligned with Group-wide standards and with our Company values that go beyond the requirements of the law and the GCGC. In order to achieve long-term and sustainable business success on this basis, our goal is to ensure that our activities are in line with the interests of environment and society. This is because we, as one of the world's leading manufacturers of commercial vehicles, also strive to bring vehicles onto the roads that have a future. We have defined the most important principles in our Code of Conduct, which serves as a frame of reference for all employees of the Daimler Truck Group and supports them in making the right decisions even in difficult business situations.

Our Code of Conduct
Our Code of Conduct defines the central corporate principles that guide our behavior in daily business, our interpersonal conduct at the Group and our conduct toward business partners and customers. These corporate principles include respect for law and order as well as, for example, fairness, transparency, diversity and responsibility. In addition to the corporate principles, our Code of Conduct includes requirements and regulations concerning respect for and the protection of human rights and dealing with conflicts of interest; it also prohibits all forms of corruption. The Code of Conduct was revised in the reporting year and published at the beginning of February 2023 under the name "Daimler Truck Code of Conduct". The implementation is supported by a Group-wide communication campaign. The Code of Conduct applies to all companies and employees of the Daimler Truck Group worldwide. It is available on the Company's Website.

Policy statement on Social Responsibility and Human Rights

We are committed to UN Guiding Principles for Business and Human Rights and the National Action Plan for Business and Human Rights of the German Federal Government. Respect for human rights is a fundamental element of our social responsibility. We are strongly committed to this in all our companies and expect our business partners to do the same. We confirm our commitment in our Policy Statement on Social Responsibility and Human Rights. It extends our obligation to respect human rights from our Code of Conduct and forms the basis for the assumption of social responsibility at Daimler Truck.

Expectations for our business partners

In our "Daimler Truck Business Partner Standards" we define our requirements for our business partners with regard to respect for and protection of human rights, good working conditions, environmental protection and compliance. We require our business partners – in particular our direct suppliers – to comply with these standards and to communicate them to their employees and their upstream value chain. We also expect our business partners to assess whether these standards are being complied with. Compliance with these standards is the most important prerequisite for successful cooperation. Detailed regulations on these standards and requirements are contained in our contractual terms and conditions. Information about what we expect of our business partners can be found on the Company's Website.

Risk and compliance management, internal control system and internal audit in the Group

The Daimler Truck Group has internal control, risk and compliance management systems that are commensurate with the size and global presence of the Company and the scope of its business activities and that is geared towards the continuous and systematic management of entrepreneurial risks and opportunities. The Board of Management ensures that these systems also cover sustainability-related objectives, unless already required by law, and that this includes processes and systems for the recording and processing of sustainability-related data.

The risk management system is one component of the Group-wide planning, controlling and reporting process. This is to ensure that the Company management recognizes significant risks at an early stage and can initiate corrective actions in good time. The internal control system aims with regard to the accounting process to ensure the correctness and effectiveness of accounting and financial reporting. The risk management system and the internal control system are to be gradually expanded and further developed with the definition of further sustainability-related objectives in the 2023 financial year. A description of the main characteristics of the internal control system and the risk management system, as well as the comment upon the appropriateness and effectiveness of these systems, can be found in the Risk and Opportunity Report of the Combined Management Report.

Our compliance management systems, which are rooted in our culture of compliance, are designed to support the adherence to laws and policies by the Group and by its employees, to prevent misconduct and to systematically minimize compliance risks. The main characteristics of the compliance management systems are described in chapter Compliance in the combined management report; it also contains the comment upon the appropriateness and effectiveness of these systems.

The internal audit department supports the organization in achieving its objectives by using a systematic and targeted approach to evaluate and help improve the appropriateness and effectiveness of the compliance management systems, the risk management system, the internal control system, and the management and monitoring processes. The independence of the internal audit function is assured by the fact that it is free from interference and biases in its planning and performance of its work, and has unhindered access to the necessary persons, resources and information. Internal audit itself shall be subject to an external quality audit at least every five years.

In accordance with its Rules of Procedure, the Audit Committee of the Supervisory Board shall discuss with the Board of Management the appropriateness, effectiveness and functionality of the internal control and risk management system, the compliance management systems and the internal audit system at least once a year. The Chairman of the Audit Committee reports to the Supervisory Board on the committee's work no later than the next meeting of the Supervisory Board. The Supervisory Board deals with the internal control system with respect to the accounting and the risk management system also on the occasion of the audit of the annual and consolidated financial statements. As described in more detail in the Rules of Procedure for the Board of Management and the Supervisory Board, between Supervisory Board meetings, the Chairman of the Supervisory Board has regular contact with the Board of Management, in particular with the Chairman of the Board of Management, to discuss not only the Group's strategy and business development but also issues relating to risk management and compliance. In addition, the Board of Management regularly informs the Audit Committee and the Supervisory Board of the most important risks facing the Company and the Daimler Truck Group.

Accounting and external audit

The consolidated financial statements and interim financial reports are prepared in accordance with International Financial Reporting Standards ("IFRS") as applicable in the European Union. The annual financial statements are prepared in accordance with the accounting rules of the German Commercial Code ("HGB"). In addition to the half-yearly financial report, Daimler Truck also prepares quarterly financial reports. The consolidated financial statements and annual financial statements are audited by an external auditor; interim financial reports are reviewed by external auditors. The consolidated financial statements and Group management reports are made publicly accessible on the Company's Website within 90 days and the interim financial reports within 45 days of the end of the respective reporting period.

Based on the recommendation of the Audit Committee, the Supervisory Board submits a proposal to the Annual General

Meeting in respect of the appointment of the external auditor of the annual financial statements and consolidated financial statements and the review of the interim financial reports of Daimler Truck Holding AG. At the Annual General Meeting on June 22, 2022, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, was appointed as auditor for the annual financial statements, the consolidated financial statements and as auditor for the review of interim financial reports for the 2022 financial year and of interim financial reports for the 2023 financial year for the period up to the next Annual General Meeting in the 2023 financial year. KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, has been conducting the audit of the annual financial statements and of the consolidated financial statements of Daimler Truck Holding AG since the 2021 financial year; the responsible auditor has been Michael Mokler since the 2021 financial year.

Before submitting its recommendation for the election proposal to the General Meeting, the Audit Committee of the Supervisory Board obtained a declaration by the proposed auditor as to whether and, if so, which business, financial, personal or other relationships exist between the auditor and its boards, committees and audit managers on the one hand, and the Company and the members of its boards on the other hand, that could give rise to concerns of partiality. The declaration also covers any other services provided to the Daimler Truck Group in the previous financial year or contractually agreed for the following year, and the extent of such services.

The external auditor informs without undue delay the Chairman of the Audit Committee of all possible exclusions and biases arising during the audit or review and all significant findings and incidents material to the tasks of the Supervisory Board, which come to the attention of the external auditor during the audit. The auditor also informs the Audit Committee and notes in the audit report if, during the audit, they uncover facts that lead to an inaccuracy in the Declaration of Compliance with the GCGC of the Board of Management and Supervisory Board.

Composition and working method of the Board of Management

German law on stock corporations stipulates a dual management system – with strict separation between the Board of Management acting as the management body and the Supervisory Board as the monitoring body. Accordingly, the Board of Management of Daimler Truck Holding AG is responsible for managing the Company, while the Supervisory Board monitors and advises the Board of Management in this regard. In its management of the Company, the Board of Management is bound by the interests of the Company and committed to a sustainable increase in the value of the Company, taking into account the interests of shareholders, the workforce, and other stakeholders. The Board of Management and the Supervisory Board, in their management and supervisory activities, shall also consider the risks and opportunities associated with social and environmental factors for the Company, and the ecological and social impacts of the Company's activities, and take this into account in the Company's interests.

Board of Management
In accordance with the Articles of Incorporation of Daimler Truck Holding AG, the Board of Management has at least two members. The exact number of Board of Management members is determined by the Supervisory Board. As of December 31, 2022, the Board of Management of Daimler Truck Holding AG consists of eight members: Martin Daum, Jochen Goetz, Karl Deppen, Dr. Andreas Gorbach, Jürgen Hartwig, John O'Leary, Karin Rådström and Stephan Unger.

In the composition of the Board of Management, the quota requirement pursuant to Section 76 Subsection 3a German Stock Corporation Act ("AktG") whereby at least one woman and one man must be a member of the Board of Management of Daimler Truck Holding AG, is observed. The details of this are described in a separate section of this Declaration on Corporate Governance. In addition, with regard to the composition of the Board of Management, the Supervisory Board adopted a diversity concept embedded in an overall requirements profile, including an age limit. Details are also presented in a separate section of this Declaration on Corporate Governance.

Information on the members of the Board of Management and their areas of responsibility is also provided in chapter The Board of Management of the Annual Report. Information about the areas of responsibility and the curricula vitae of the Board of Management members is also available on the Company's Website.

Notwithstanding the overall responsibility of the Board of Management, the individual members of the Board of Management manage their areas of responsibility in their own responsibility within the framework of the instructions approved by the entire Board of Management. Certain matters defined by the Board of Management as a whole shall nevertheless be dealt with by the Board of Management as a whole and shall require its approval. The Chairman of the Board of Management coordinates the work of the Board of Management. There were no Board of Management committees during the reporting period.

The Board of Management is responsible in particular for the preparation of the annual financial statements, the consolidated financial statements and the combined management report of the Company and the Group including the herein integrated Sustainability Report with the Non-Financial Statement of the Group and is also responsible for the Group's interim financial reports. Together with the Supervisory Board, the Board of Management issues the Declaration of Compliance with the GCGC each year. It ensures that the provisions of applicable law, official regulations and the internal policies at the Company are adhered to, and works to ensure that the companies of the Group adhere to such rules and regulations ("compliance"). The tasks of the Board of Management also include establishing an internal control, risk and compliance management systems which are adequate and effective with regard to the extent of the business activities and the risk situation of the Company, the main characteristics of which are described in the Risk and Opportunity Report and in chapter Compliance in the Combined Management Report. Such features include the Business Practices Office ("BPO") whistleblower system, which operates throughout the Group, giving employees and external whistleblowers world-wide the opportunity to report rule violations in a protected manner.

The Board of Management and the Supervisory Board work closely together for the benefit of the Company. The Board of Management reports regularly, promptly and comprehensively to the Supervisory Board on the strategy of the Daimler Truck Group and its individual segments, which, in addition to the long-term economic objectives, also gives appropriate consideration to ecological and social objectives, corporate planning, which includes appropriate financial and sustainability-related objectives, profitability, business development, and the financial position of the Company, the internal control system, risk management system, as well as compliance matters. The Supervisory Board has defined the information and reporting duties of the Board of Management in greater detail. For certain types of transactions defined by the Supervisory Board, the Board of Management requires the prior approval of the Supervisory Board. The Board of Management, with the approval of the Supervisory Board, determines in particular the strategic direction of the Company and decides on corporate planning.

The members of the Board of Management are committed to the Company's interests and are subject to a comprehensive non-competition clause during their tenure at the Company. This does not apply to other mandates within the Daimler Truck Group and mandates assumed at the instigation of Daimler Truck Holding AG at one of its associated companies. No member of the Board of Management may pursue personal interests in his or her decisions or exploit business opportunities to which the Company is entitled for his or her own benefit or for the benefit of third parties. Each member of the Board of Management is required to disclose conflicts of interest immediately to the Chairman of the Supervisory Board and the Chairman of the Board of Management and to inform the other members of the Board of Management accordingly. The members of the Board of Management may only accept sideline activities, in particular mandates outside the Daimler Truck Group, to a limited degree. Taking on such mandates requires the prior consent of the Presidential and Remuneration Committee of the Supervisory Board. The Supervisory Board is responsible for deciding on whether remuneration for sideline activities should be offset against remuneration from the Company.

The Board of Management has subjected itself to Rules of Procedure, which are also available on the Company's Website. Information on the memberships of the members of the Board of Management to be disclosed pursuant to Section 285 No. 10 of the German Commercial Code ("HGB") can be found on the Company's Website.

Diversity
"Diversity, Equity & Inclusion Management" is part of the corporate strategy and provides the framework for a diverse and inclusive corporate culture. Details in this regard can be found in section "Diversity as a success factor" in chapter Our Team in the Combined Management Report.

The Board of Management also pays attention to diversity when filling management positions in the Company and strives to continuously increase the proportion of women in management positions. The Board of Management of Daimler Truck Holding AG, which has almost no employees, has set a target of 0% for the proportion of women at the two management levels below the Board of Management, including a deadline, and has given its reasons for doing so. The details of this are described in a separate section of this Declaration on Corporate Governance. The proportion of women in management positions at Daimler Truck worldwide was 18.6% at the end of the year 2022.

Composition and working method of the Supervisory Board and its committees

Supervisory Board
As of December 31, 2022, the Supervisory Board of Daimler Truck Holding AG consists of twenty members in accordance with the requirements of the German Co-Determination Act (Mitbestimmungsgesetz or "MitbestG"). Half of them are elected by the shareholders at the Annual General Meeting and the other half by the employees of the German operations of the Group. The members representing the shareholders and the members representing the employees are equally required by law to act in the Company's interests.

Up to the Annual General Meeting of Daimler Truck Holding AG on June 22, 2022, the Supervisory Board consisted of twenty members, all of whom had been elected by the General Meeting of Daimler Truck Holding AG prior to the separation of the commercial vehicle business from the Mercedes-Benz Group in December 2021; ten of these members had been elected in agreement with the employee side. In mid-December 2021, the Board of Management initiated a status procedure in accordance with Sections 97 et seq. German Stock Corporation Act ("AktG"). Subsequently, at the end of the Annual General Meeting 2022, all mandates of the Supervisory Board members expired in accordance with Section 97 Subsection 2 Sentence 3 German Stock Corporation Act ("AktG"). The ten current shareholder representatives on the Supervisory Board were newly elected by the shareholders at the Annual General Meeting on June 22, 2022 by individual election, while the employee representatives were appointed by the court on June 13, 2022 upon application with effect from the end of the Annual General Meeting 2022. Following the conclusion of the Annual General Meeting in 2022, the Supervisory Board held its constituent meeting for the first time as required under the German Co-Determination Act ("MitbestG"). Following the election of the ten current employee representatives to the Supervisory Board by delegates of the employees from the Group's German operations on November 22, 2022, the term of office of the previous employee representatives appointed by court order came to an end.

In the context of the separation of the commercial vehicle business from the Mercedes-Benz Group in the 2021 financial year, Mercedes-Benz Group AG (formerly Daimler AG), Mercedes-Benz Verwaltungsgesellschaft für Grundbesitz mbH (formerly Daimler Verwaltungsgesellschaft für Grundbesitz mbH) and Daimler Truck Holding AG entered into a so-called deconsolidation agreement on August 6, 2021, as an annex to the spin-off and hive-down agreement, which took effect upon entry of the spin-off and hive-down in the commercial register of Mercedes-Benz Group AG as transferring legal entity on December 9, 2021. This is intended to ensure that a de-facto majority of Mercedes-Benz Group AG at the General Meeting of Daimler Truck Holding AG does not lead to a control relationship and a related full consolidation obligation of Daimler Truck Holding AG at Mercedes-Benz Group AG. To this end, the deconsolidation agreement provides, among other things, that Mercedes-Benz Group AG and Mercedes-Benz Verwaltungsgesellschaft für Grundbesitz mbH undertake not to exercise their voting rights in the election of two out of ten shareholder representatives to the Supervisory Board of Daimler Truck Holding AG at the General Meeting of Daimler Truck Holding AG. Furthermore, the agreement provides that Mercedes-Benz Group AG and Mercedes-Benz Verwaltungsgesellschaft für Grundbesitz mbH shall not exercise their voting rights in the event of an early election or re-election of individual shareholder representatives or in the event of the election of substitute members, insofar as a resolution is adopted on the appointment or reappointment or replacement of a Supervisory Board member in whose original election they did not exercise their voting rights. This also applies to resolutions on the dismissal of Supervisory Board members, insofar as they did not exercise their voting rights in the election of the relevant Supervisory Board members on the basis of the deconsolidation agreement. With regard to the election of the eight shareholder representatives for which Mercedes-Benz Group AG and the Mercedes-Benz Verwaltungsgesellschaft für Grundbesitz mbH are entitled to exercise their voting rights under the deconsolidation agreement, the latter provides that Mercedes-Benz Group AG and Mercedes-Benz Verwaltungsgesellschaft für Grundbesitz mbH shall submit corresponding proposals to the Supervisory Board of the Company in goodtime prior to the adoption of the resolution on its election proposals. The deconsolidation agreement entered into force upon the spin-off taking effect and has an initial term until the conclusion of the fifth Annual General Meeting of Daimler Truck Holding AG following the Annual General Meeting of Daimler Truck Holding AG in 2022, and it will be extended if it is not duly terminated by either party. Subject to any approvals under merger and investment control legislation, the agreement will come to an end in accordance with Section 158 Subsection 2 of the German Civil Code (Bürgerliches Gesetzbuch or "BGB") (condition subsequent) if the (in)direct share ownership of Mercedes-Benz Group AG in Daimler Truck Holding AG should fall below 20.00% of the shares.

Against this background Mercedes-Benz Group AG and Mercedes-Benz Verwaltungsgesellschaft für Grundbesitz mbH submitted nominations for eight shareholder representatives to Daimler Truck Holding AG on February 18, 2022 with a view to the elections of the shareholder representatives at the Annual General Meeting on June 22, 2022. The Company's Supervisory Board embraced these nominations and proposed two further candidates to the Annual General Meeting for election to the Supervisory Board.

The curricula vitae of the individual members of the Supervisory Board and information on their other memberships that must be disclosed in accordance with Section 285 No. 10 of the German Commercial Code ("HGB") can be found on the Company's Website.

The Supervisory Board is composed so that its members as a whole are knowledgeable about the business sector in which the Company operates and also have the knowledge, skills and professional experience that are required for the proper performance of their tasks. Pursuant to Section 96 Subsection 2 of the German Stock Corporation Act ("AktG"), the Supervisory Board of Daimler Truck Holding AG must comprise at least 30% women and at least 30% men. In addition, the Supervisory Board has drawn up an overall requirements profile for its own composition, which includes a competence profile and a diversity concept for the Supervisory Board as a whole, including an age limit. In accordance with the recommendation of the GCGC 2022, the Supervisory Board decides and reports on the status of implementation, including also by means of a qualification matrix. The details of this are described in a separate section of this Declaration on Corporate Governance. Proposals by the Supervisory Board for the election of shareholder representatives by the General Meeting, for which the Nomination Committee submits recommendations, seek to satisfy the overall requirements profile of the Supervisory Board as a whole.

The members of the Supervisory Board assume responsibility for the training and further education measures required for the performance of their tasks, such as for example on matters of corporate governance or changes to legal frameworks, new products and future technologies, as well as sustainability issues, and are supported by the Company in doing so. In the context of an onboarding program and in-house workshops, new members of the Supervisory Board have the opportunity to exchange with members of the Board of Management and, if required, with other executives on current topics relating to the relevant areas of responsibility of the Board of Management, business operations and the strategy of the Company, thus gaining an overview of the relevant issues affecting the Group. The Company asks the members of the Supervisory Board about their interest in training and further education topics and plans appropriate training measures. In 2022, this included information events for the members of the Audit

Committee on new developments in the area of accounting and auditing. Information events on sustainability issues and legal framework are planned for the year 2023.

The Supervisory Board monitors and advises the Board of Management in its management of the business, in particular also with regard to sustainability issues. At regular intervals, the Board of Management reports to the Supervisory Board on the strategy of the Daimler Truck Group and its individual segments – which, in addition to the long-term economic objectives, also - gives appropriate consideration to ecological and social objectives, corporate planning, which includes appropriate financial and sustainability-related objectives, revenue development, profitability, business development and the financial position of the Group, as well as the internal control system, risk management system and compliance matters. The Supervisory Board has retained the right of approval for transactions of fundamental importance. Furthermore, in the Rules of Procedure for the Board of Management and in the Rules of Procedure for the Supervisory Board, the Supervisory Board has specified the information and reporting duties of the Board of Management vis-à-vis the Supervisory Board, the Audit Committee and – between the meetings of the Supervisory Board – vis-à-vis the Chairman of the Supervisory Board.

The duties of the Supervisory Board include appointing and, if necessary, dismissing members of the Board of Management. In accordance with the Rules of Procedure for the Supervisory Board, initial appointments of members of the Board of Management shall apply for a maximum of three years. Reappointment prior to the end of one year before the end of the appointment period with simultaneous cancellation of the current appointment should only take place in the event of special circumstances. The Supervisory Board observes the legal requirements for the equal participation of women and men in the composition of the Board of Management, according to which companies subject to Section 76 Subsection 3a of the German Stock Corporation Act (”AktG”) must have at least one woman and one man on the Board of Management. In addition, the Supervisory Board has adopted a diversity concept embedded in an overall requirements profile with regard to the composition of the Board of Management. Details are summarized in a separate section of this Declaration on Corporate Governance.

The Supervisory Board also determines the system of remuneration for the Board of Management, reviews it regularly, and on this basis determines the total individual remuneration of the individual members of the Board of Management. Daimler Truck Holding AG first had the opportunity to pass a resolution on the approval of the remuneration system for the members of the Board of Management and on the approval of the remuneration system for the members of the Supervisory Board at its Annual General Meeting on June 22, 2022. The remuneration system of the Board of Management was approved by a majority of 96.20% of votes cast. Information in this regard is available on the Company’s Website. The Supervisory Board’s remuneration system was approved by a majority of 99.84% of votes cast. Information in this regard is available on the Company’s Website. The 2022 Remuneration Report which will be submitted to the 2023 Annual General Meeting for approval, together with the auditor’s note in accordance with Section 162 of the German Stock Corporation Act (“AktG”), will be made publicly available also on the two aforementioned websites. The Supervisory Board has decided to further develop the remuneration system for the members of the Board of Management, which was approved by the Annual General Meeting on June 22, 2022. Subject to approval by the Annual General Meeting in 2023, the new remuneration system for the members of the Board of Management shall take effect retroactively from January 1, 2023. An outlook on this can be found in the 2022 Remuneration Report.

Furthermore, the Supervisory Board reviews the annual financial statements, the consolidated financial statements and the combined management report of the Company and the Group including the herein integrated Sustainability Report with the Non-Financial Statement of the Group, as well as the proposal concerning the appropriation of distributable profits. Following discussions with the external auditors and taking into consideration the audit reports of the external auditors and the results of the review by the Audit Committee, the Supervisory Board states whether, after the final results of its own review, any objections are to be raised. If this is not the case, the Supervisory Board approves the financial statements and the combined management report; the financial statements are deemed to have been adopted with the approval of the Supervisory Board. The Supervisory Board reports to the General Meeting on the results of its own review and on the manner and scope of its supervision of the Board of Management during the previous financial year. The Report of the Supervisory Board for the 2022 financial year is available in this Annual Report and on the Company ’s Website.

The Supervisory Board has adopted Rules of Procedure that regulate not only its duties and responsibilities, but above all the convening and preparation of its meetings and the procedures for passing resolutions. These Rules of Procedure also contain provisions on how to avoid conflicts of interest. Every member of the Supervisory Board must disclose conflicts of interest without delay to the Chairman of the Supervisory Board. To the extent that conflicts of interest arise, information on these conflicts and on how they are dealt with is provided in the Report of the Supervisory Board. The Rules of Procedure of the Supervisory Board are available on the Company’s Website.

Separate meetings of shareholder representatives and of employee representatives are held regularly in preparation for the Supervisory Board meetings. Moreover, executive sessions have been scheduled on a regular basis to enable individual topics to be discussed also in the absence of the Board of Management. Furthermore, the Board of Management shall not participate in the meetings of the Supervisory Board and the Audit Committee if the auditor is called upon to attend meetings as an expert, unless the Supervisory Board or the Audit Committee deems the participation of the Board of Management necessary.

The Supervisory Board will regularly assess, either internally or through the involvement of external consultants, how effectively the Supervisory Board as a whole and its committees are performing their tasks. In order to be able to consider a sufficiently long period of time - given that the co-determined

Supervisory Board of Daimler Truck Holding AG was only formed and began its work in June 2022 - an initial efficiency review shall take place in the 2023 financial year.

As of 31 December 2022, in addition to the Mediation Committee whose establishment is required by law and which was set up following the end of the 2022 Annual General Meeting, there are three other committees of the Supervisory Board. These committees perform the tasks assigned to them on behalf of and in the name of the full Supervisory Board, where permitted by law. The committee chairpersons report to the entire Supervisory Board on the committees' work at the latest in the meeting of the Supervisory Board following each committee meeting. The Supervisory Board has adopted Rules of Procedure for each of its committees. They are available on the Company's Website. Information on the current composition of these committees are accessible on the Company's Website.

The Report of the Supervisory Board also states how many meetings of the Supervisory Board and of the committees were held in person or as video or telephone conferences, and how many meetings of the Supervisory Board and the committees the individual members attended in each case.

Committees of the Supervisory Board

Presidential and Remuneration Committee
In accordance with its Rules of Procedure, the Presidential Committee, renamed as Presidential and Remuneration Committee in November 2022, prepares recommendations to the Supervisory Board for the appointment of new or existing members of the Board of Management, taking into account the overall requirements profile with the diversity concept, including requirements on the quota of women on the Board of Management which has been defined by the Supervisory Board. The Presidential and Remuneration Committee also submits proposals to the Supervisory Board on the concept of the remuneration system for the Board of Management and the appropriate level for the total individual remuneration of its members. It is responsible for the Board of Management members' contractual affairs. It decides on granting approval for sideline activities of the members of the Board of Management, and once a year submits to the Supervisory Board for its approval a complete list of the sideline activities of each member of the Board of Management. In addition, the Presidential and Remuneration Committee consults and takes decisions on matters of corporate governance, on which it also makes recommendations to the Supervisory Board. It supports and advises the Chairman of the Supervisory Board and his Deputy and prepares the meetings of the Supervisory Board within the limits of its responsibilities.

As of December 31, 2022, the members of the Presidential and Remuneration Committee were Chairman of the Supervisory Board Joe Kaeser (also Chairman of the Presidential and Remuneration Committee, which in the view of shareholder representatives, is independent within the meaning of the GCGC), Deputy Chairman of the Supervisory Board Michael Brecht; and two other members elected by the Supervisory Board. In the reporting period, they were Marie Wieck and Roman Zitzelsberger.

Nomination Committee
The Nomination Committee is tasked with making recommendations to the Supervisory Board for proposals to the General Meeting on the election of shareholder representatives to the Supervisory Board, on which the Supervisory Board then passes a final resolution. In doing so, the Nomination Committee considers and seeks to satisfy the overall requirements profile adopted by the Supervisory Board for the entire board. Furthermore, it also takes into account, without being bound by them, the election proposals that Mercedes-Benz Group AG and Mercedes-Benz Verwaltungsgesellschaft für Grundbesitz mbH submit to the Supervisory Board on the basis of the deconsolidation agreement concluded with the Company.

The duties of the Nomination Committee also include regularly reviewing which memberships expire at which time and whether the respective members of the Supervisory Board are eligible and willing to serve for a further term of office, taking into account the criteria described above. In its search for new members, the Nomination Committee can also avail itself of independent external human resources consulting services.

The Nomination Committee comprises the Chairman of the Supervisory Board and two other members, who are elected by the shareholder representatives by majority of votes cast. As of December 31, 2022, the members of the Nomination Committee are as follows: Joe Kaeser (Chairman of the Nomination Committee), Renata Jungo Brüngger and Marie Wieck. In the opinion of the shareholder representatives, two of the three members are independent within the meaning of the GCGC. The Nomination Committee is the only committee of the Supervisory Board which – in accordance with the recommendation of the GCGC – is composed exclusively of shareholder representatives.

Audit Committee
The Audit Committee is composed of six members, who are elected by a majority of the votes cast by the members of the Supervisory Board. As of 31 December 2022, these are shareholder representatives Michael Brosnan (Chairman of the Audit Committee), Akihiro Eto, Harald Wilhelm and employee representatives Michael Brecht (Vice Chairman of the Audit Committee), Jörg Köhlinger and Thomas Zwick.

The members of the Audit Committee are composed so that its members as a whole are knowledgeable about the business sector in which the Company operates. The Chairman of the Audit Committee, Michael Brosnan, has held auditing and management positions in the financial department of various companies for many years. He therefore has special knowledge and experience in the auditing of financial statements as well as in the application of accounting principles and internal control and risk management systems. Expertise also includes sustainability reporting and its audit and assurance. In the opinion of the shareholder representatives, he is independent within the meaning of the GCGC. Over and above the many years of practical experience that the majority of Audit Committee members have gained for example in similar committees, in addition to Michael Brosnan, in particular Harald Wilhelm, currently Chief Financial Officer of Mercedes-Benz Group AG, has special knowledge and experience in the application of accounting principles and internal control and risk management systems, including sustainability reporting.

The Audit Committee is responsible for monitoring the accounting and the accounting process as well as the sustainability reporting, and for the audit of the financial statements. It discusses with the Board of Management the appropriateness, effectiveness and functionality of the internal control and risk management system, the compliance management systems and the internal audit system at least once a year. Each member of the Audit Committee may obtain via the committee chairperson information directly from the heads of the central divisions of the Company who are responsible within the Company for the tasks that the Audit Committee performs in accordance with its Rules of Procedure. The chairman of the committee must communicate the information it receives to all members of the Audit Committee. If such information is obtained, the Board of Management must be informed without undue delay.

The Audit Committee regularly receives reports on the work of the internal audit department and the Compliance organization as well as on pending litigation. At least four times a year, the Audit Committee receives a report from the “BPO” whistleblower system on any suspected breaches of regulations by high-level executives or employees - based on a catalog of breaches of regulations - and is informed regularly about how these suspected breaches are dealt with.

Based on the auditor’s report, the Audit Committee examines the annual financial statements and the consolidated financial statements as well as the combined management reports of the Company and the Group, and discusses these with the auditor, with the Non-Financial Statement of the Group being audited by the auditor in a separate audit with limited assurance. The Audit Committee makes a proposal to the Supervisory Board on the adoption of the annual financial statements of Daimler Truck Holding AG, on the approval of the consolidated financial statements, and on the appropriation of distributable profit. The responsibilities of the Audit Committee also include discussions on the interim financial reports with the Board of Management prior to their publication. The Audit Committee discusses the audit risk assessment, the audit strategy and audit planning as well as the audit results with the external auditor. In addition, the Chairman of the Audit Committee regularly discusses the progress of the audit with the external auditor, even outside of meetings, and reports its findings to the Committee. The Audit Committee regularly consults with the external auditor, in absence of the Board of Management.

The Audit Committee also deals with the quality of the audit of the financial statements and makes recommendations on the Supervisory Board’s proposal for the election of external auditors, assesses the auditors’ suitability, qualifications and independence and, following their appointment by the General Meeting, engages them to audit the consolidated financial statements and the annual financial statements and to review the interim financial reports. Hereby, it agrees on the fees and determines the audit focus areas. The external auditor reports to the Audit Committee on all accounting matters that might be regarded as critical and on any material accounting-related weaknesses of the internal control system with respect to the accounting process and the risk management system that might be identified during the audit.

The Audit Committee’s responsibilities also include the prior approval of permissible services provided by the auditors or their affiliated companies to Daimler Truck Holding AG or its Group companies that are not directly connected with the audit of the financial statements.

Transactions between the Company and related parties within the meaning of Section 111b of the German Stock Corporation Act ("AktG") require the prior consent of the Audit Committee, unless there are grounds for a reservation of consent by the entire Supervisory Board or one of its committees under the law or according to the Supervisory Board. In accordance with its Rules of Procedure, the Audit Committee is also responsible for regularly evaluating the internal procedure pursuant to Section 111a Subsection 2 of the German Stock Corporation Act ("AktG") for transactions made in the ordinary course of business and within arm’s length conditions.

Mediation Committee

The Mediation Committee consists of the Chairman of the Supervisory Board Joe Kaeser, his Deputy Michael Brecht and two members elected respectively by employee representatives and shareholder representatives on the Supervisory Board by a majority of votes cast. As of December 31, 2022, these are Marie Wieck for the shareholder representatives and Roman Zitzelsberger for the employee representatives. The Committee is formed solely to perform the function laid down in Section 31 Subsection 3 of the German Co-Determination Act (“MitbestG”). The Mediation Committee had no reason to be active in the 2022 financial year.

Participation of women and men in management positions

The composition of the Board of Management reflects the participation requirement of Section 76 Subsection 3a German Stock Corporation Act ("AktG"), introduced by the Act to Supplement and Amend the Regulations for the Equal Participation of Women and Men in Management Positions in the Private and Public Sectors (Second Management Positions Act or "FüPoG II"), according to which at least one woman and one man must be a member of the Board of Management of companies subject to this provision. As of December 31, 2022, the Board of Management has one woman, Karin Rådström, among its eight members.

The Board of Management of a listed or co-determined company must in turn set targets for the proportion of women at the two management levels below the Board of Management. If the proportion of women is below 30% at the date when the Board of Management determines the targets, the targets may no longer fall below the proportion already achieved. At the same time as the targets are set, deadlines for their achievement must be determined, which may not exceed five years.

By resolution of December 10, 2021, the Board of Management of Daimler Truck Holding AG set a target proportion of women of 0% for the first and second management levels below the Board of Management and a deadline of December 31, 2025. The Board of Management was of the opinion that it was not reasonable to set a target for the proportion of women because the structure of the particular company needs to be taken into account when determining this target figure. Daimler Truck Holding AG is structured as a management holding company with the Board of Management and which provides management services in the Group. Below the level of the Board of Management, the Company – apart from a few employees with dual employment contracts – has no employees of its own. In the reporting period, Daimler Truck Holding AG had a total of less than five employees below the Board of Management, all of whom had a dual employment contract with Daimler Truck AG. According to current planning, no personnel increase is envisaged for Daimler Truck Holding AG. The Second Management Positions Act ("FüPoG II") assumes a larger number of employees and therefore also a larger number of management positions to be filled. For this reason, setting the target figure of 0% appears justified exceptionally. Furthermore, setting the target of 0% does not constitute a violation of the deterioration requirement.

Until the statutory gender quota was applicable, i.e., in the period up to the conclusion of the status proceedings with the end of the Annual General Meeting on June 22, 2022, the Supervisory Board passed a resolution on December 10, 2021 that set a target figure of at least 30% women and 30% men on the Supervisory Board. Since the completion of status proceedings upon the conclusion of the 2022 Annual General Meeting, the composition of the Supervisory Board of the listed Daimler Truck Holding AG is based on the provisions of the German Co-Determination Act ("MitbestG") so that in accordance with Section 96 Subsection 2 of the German Stock Corporation Act ("AktG") it must comprise at least 30% women and 30% men. The quota is to be fulfilled by the Supervisory Board as a whole. If shareholder representatives or employee representatives object to the overall fulfillment to the Chairman of the Supervisory Board prior to the election, the minimum proportion for this election must be met separately by the shareholder representatives and the employee representatives. Since there was no objection to the overall fulfillment, the gender quota, in its entirety, had to be observed in the elections of the shareholder representatives and employee representatives of the Supervisory Board.

The voluntary target figure was met by the Supervisory Board in the period leading up to the completion of status proceedings after the end of the 2022 Annual General Meeting. At the 2022 Annual General Meeting, with Renata Jungo Brüngger, Laura Ipsen and Marie Wieck three women were elected to the Supervisory Board as shareholder representatives and with Carmen Klitzsch Müller, Claudia Peter and Andrea Reith three women were appointed by court as employee representatives of the Supervisory Board effective the same date. As of December 31, 2022, three women are still represented on the shareholder side on the Supervisory Board of Daimler Truck Holding AG with Renata Jungo Brüngger, Laura Ipsen and Marie Wieck. In addition, as of December, 31 2022, following the completion of the elections of employee representatives to the Supervisory Board on November 22, 2022, also three women, Carmen Klitzsch-Müller, Andrea Reith and Andrea Seidel, now represent the employee side. The Supervisory Board of Daimler Truck Holding AG is therefore made up of 30% women and 70% men. The statutory gender quota of Section 96 Subsection 2 of the German Stock Corporation Act ("AktG") has thus been met.

In addition to Daimler Truck Holding AG itself, other companies of the Group such as Daimler Truck AG are subject to co-determination and have set their own target figures for the proportion of women on their respective Supervisory Boards, Boards of Management, and at the two management levels below the below the Board of Management, as well as a deadline for achieving these targets, and have published them in accordance with legal requirements.

Overall requirements profiles for the composition of the Board of Management and the Supervisory Board

The composition of the Board of Management and Supervisory Board of Daimler Truck Holding AG is based on diversity concepts with regard to aspects such as educational and professional background, gender, and age. The Supervisory Board has combined these diversity concepts with consideration of legal requirements and other demands on the expertise of the members of these boards, in the overall requirements profiles for the composition of the Board of Management and Supervisory Board described below. The overall requirements profiles are reviewed each year and also serve as the basis for long-term succession planning.

Board of Management

The aim of the overall requirements profile for the Board of Management is to ensure that the composition of a board of management is as diverse and complementary as possible. The Board of Management as a whole should possess the knowledge, skills and experience required for the proper execution of its tasks and be composed of members whose varied personal backgrounds and experience ensure that the Board of Management as a whole also embodies the desired management philosophy. The decisive aspect in staffing of a specific Board of Management position shall always be governed by the Company's interests in consideration of all circumstances in each individual case.

In the reporting period, the overall requirements profile for the Board of Management included in particular the following aspects, with the Supervisory Board adapting the aspect of "training and professional background" in its resolution of November 11, 2022 as shown below. In all other respects, the requirements profile for the Board of Management has remained unchanged since it was first adopted by the Supervisory Board in December 2021. In December 2022, the Supervisory Board also determined the implementation status described in more detail below:

– The members of the Board of Management shall have different **educational and professional backgrounds**, whereby at least two members should have a technical background. As of December 31, 2022, the Board of Management comprises two degreed engineers: Dr. Andreas Gorbach and Karin Rådström.

  In its resolution of November 11, 2022, the Supervisory Board made the addition that at least three members of the Board of Management should also have **expertise on sustainability issues relevant to the Company** from the areas of Environment, Social and Governance ("sustainability areas"), whereby each sustainability area should be covered by at least one member of the Board of Management. Expertise is the special knowledge and experience acquired in the course of vocational education or training or in-depth knowledge and experience gained through further professional or other activities. Expertise in a sustainability area within the meaning of the requirements profile is given if the relevant person has knowledge or experience in at least two of the following focus topics within each sustainability area:

  1. Environment:
  - Zero-emission products;
  - CO_2-neutral production;
  - Supply chains;

  - respectively also with regard to resource consumption.

  2. Social:
  - Traffic safety;
  - Creating the conditions for being a good employer (in particular with regard to diversity, equal opportunities & inclusion, health, wellbeing & occupational safety, continuing education);
  - Social responsibility (in particular respect for human rights in the Company and the supply chain);

  3. Governance:
  - Responsible governance;
  - Compliance & risk management;
  - Transparent reporting.

  The Board of Management meets regularly, at least twice a year, as Corporate Sustainability Board to discuss sustainability issues relevant to the Company. Members of the Board of Management also direct their attention to the focus topics of the sustainability areas outside of the meetings, in particular where such topics relate to their particular area of responsibility. All eight members of the Board of Management have special expertise in sustainability issues relevant to the Company. The sustainability areas they cover are as follows: Dr. Andreas Gorbach, John O'Leary, Karl Deppen and Karin Rådström are members of the Board of Management with expertise in the **Environment** sustainability area. Jürgen Hartwig is a member of the Board of Management with expertise in **Social** sustainability area. Jochen Goetz, Martin Daum and Stephan Unger are three members of the Board of Management that bring special expertise in the sustainability area of **Governance.**

– According to Section 76 Subsection 3a of the German Stock Corporation Act ("AktG"), in companies subject to this regulation **at least one woman and one man must be a member of the Board of Management**. As of December 31, 2022, the Board of Management has one woman, Karin Rådström, and seven men among its eight members.

– For the **last possible age-related appointment or reappointment** of a member of the Board of Management, the age of 62 relative to the starting date of the (new) term of office is used as orientation, which should not yet have been reached at the time of the beginning of a (new) term of office. When it set this age limit, the Supervisory Board deliberately decided in favor of a flexible benchmark allowing the required leeway for appropriate decision in individual cases. As of December 31, 2022, six of the eight members of the Board of Management were younger than the retirement age limit. Martin Daum and John O'Leary were also younger than the general age limit at the beginning of their current term of office.

- In addition, an appropriate **generation mix** among the members of the Board of Management is to be ensured, whereby, if possible, at least three members of the Board of Management should be 57 years or younger at the beginning of the relevant term of office. Six of the eight members of the Board of Management currently in office were 57 years old or younger at the beginning of their current term of office.

- Decisions related to the composition of the Board of Management should also take into account **internationality** in the sense of different cultural backgrounds or international experiences gained through multi-year assignments abroad, whereby, if possible, at least one member of the Board of Management shall be of international origin. Irrespective of the many years of international experience a large majority of members of the Board of Management have gained, this target is met as of December 31, 2022 because of the international background of John O'Leary and Karin Rådström.

- Generally, and subject to the disclosure of an exception in the Declaration of Compliance with the GCGC pursuant to Section 161 of the German Stock Corporation Act ("AktG"), members of the Board of Management of listed companies shall not hold more than two supervisory board mandates in listed companies or comparable functions, nor shall they hold the chair of the supervisory board in a non-group listed company. For the purposes of calculating the **maximum number of mandates** in accordance with the overall requirements profile, supervisory board memberships mandates in joint ventures, that fall within the areas of responsibility of a member of the Board of Management are not considered as comparable functions. With regard to Karin Rådström, her mandate at Commercial Vehicle Charging Europe B.V. is a mandate in a joint venture, that falls in her area of responsibility and which therefore does not count as a comparable function for the purposes of calculating the maximum number of mandates according to the overall requirements profile. The requirements for the maximum number of mandates in accordance with the overall requirements profile are fulfilled as of December 31, 2022. Notwithstanding this, in the Declaration of Compliance a deviation to recommendation C.5 of the GCGC is specified and explained.

The aspects described above are to be taken into consideration when staffing a specific Board of Management position. On the basis of a target profile that takes specific qualification requirements and the aforementioned criteria into account, the Presidential and Remuneration Committee then draws up a shortlist of available candidates with whom it conducts interviews. It then submits a recommendation to the Supervisory Board for its approval and gives the reasoning behind this recommendation. Decisions regarding appointments to the Board of Management are always governed by the Company's interests in consideration of all circumstances in each individual case. In the Supervisory Board's view, fundamental personal criteria that make a person suitable for a Board of Management position include, in particular, the individual's personality, integrity, convincing leadership qualities, expertise for the segment he or she will head, previous achievements, knowledge of the Company, and the ability to adapt business models and processes in a changing world.

Together with the Board of Management, the Supervisory Board also ensures a long-term succession planning for the Board of Management, for which it takes the overall requirements profile and the individual circumstances into account. In this process, it is to discuss the duration of the contracts of current Board of Management members, the possibility of extending them, and potential successors. The duties of the Presidential and Remuneration Committee of the Supervisory Board also include holding discussions about the Group's talented and exceptional executives at regular intervals. Executives at the management level below the Board of Management and persons of especially high potential are to be evaluated on the basis of an analysis of potential and the criteria of the overall requirements profile, and the next development steps are then to be discussed and defined together with the Board of Management. The succession planning process also includes a regular report from the Board of Management regarding the proportion and development of female executives. The Board of Management has the task of recommending a sufficient number of suitable candidates to the Supervisory Board. Daimler Truck Holding AG aims to primarily fill Board of Management positions with executives that have risen within the Group. Nonetheless, potential external candidates may also be evaluated and included in the selection process on a case-by-case basis, if necessary with the support of external human resources consulting services.

Supervisory Board
The Supervisory Board is to be composed so that its members as a whole are knowledgeable about the business sector in which the Company operates. The aim of the overall requirements profile for the Supervisory Board as a whole is also to ensure that the composition of the Supervisory Board is as diverse and mutually complementary as possible. The Supervisory Board as a whole must understand the Company's business model and also possess the knowledge, skills and experience needed to properly execute its task of supervising and advising the Board of Management. This applies in particular to the areas of finance, accounting, auditing of financial statements, internal control procedures, risk management, compliance, internal audit, human resources, legal, corporate governance and sustainability. Overall, the members of the Supervisory Board should complement each other in terms of their expertise and professional experience in such a way that the entire board can draw on the broadest possible range of experience and different specialist knowledge. The Supervisory Board also views the diversity of its members in terms of age, gender, internationality and other personal attributes as an important foundation for effective collaboration. Resolutions of the Supervisory Board regarding proposals for candidates for election to the General Meeting shall always be governed by the Company's interests in consideration of all circumstances in each individual case.

The overall requirements profile for the Supervisory Board included in the reporting period, in particular, the following aspects, with the Supervisory Board adapting the aspects "educational and professional background" in its resolution of November 11, 2022, in particular in light of the new version of the GCGC 2022 and as set out below, and including stipulating requirements for the expertise of Supervisory Board members in sustainability issues relevant to the Company. In all other respects, the requirements profile for the Supervisory Board has remained unchanged since it was first adopted by the Supervisory Board in December 2021. With regard to the implementation status of the overall requirements profile, in its meeting held on November 11, 2022 the Supervisory Board determined that it is also met with regard to the adaptations decided on at the same meeting, as further described below, in relation to the time before the employee representative elections at the end of November 2022. In addition, following the changes in the composition of the Supervisory Board as a result of the elections of the employee representatives, the Supervisory Board also determined in December 2022 the implementation status of the overall requirements profile described in more detail below and also presented this status at the end of this Declaration on Corporate Governance in the form of a qualification matrix:

– The members of the Supervisory Board should have different **educational and professional backgrounds**, and the composition of the Supervisory Board should also take into account the fact that it may be necessary to acquire new skills in the course of product, market developments, or other developments.

  At least five members should have an education or profession with a **technical background** or possess specific technological know-how, such as from the areas of information technology (including digitalization), or engineering (including mechanical engineering or electrical engineering). Jacques Esculier, Laura Ipsen, John Krafcik, Andrea Seidel, Marie Wieck and Roman Zitzelsberger are six Supervisory Board members who have completed a relevant technical university degree. In addition, six other employee representatives have completed appropriate professional training with a technical background. These are Michael Brecht, Bruno Buschbacher, Jörg Köhlinger, Jörg Lorz, Andrea Reith and Thomas Zwick.

  At least four members should have a professional training or professional experience in the area of **finance**. The Supervisory Board must have at least one member with special knowledge and experience in the application of accounting principles and internal control and risk management systems. At least one other member should have special knowledge and experience in auditing of financial statements. The expertise in accounting and auditing also includes sustainability reporting and its audit and assurance. Eight members of the Supervisory Board have professional training or professional experience in the financial field. These are Michael Brecht, Michael Brosnan, Raymond Curry, Jacques Esculier, Akihiro Eto, Joe Kaeser, Harald Wilhelm and Roman Zitzelsberger. Michael Brosnan and Harald Wilhelm have appropriate expertise in the application of accounting principles and internal control and risk management systems. Michael Brosnan also has the relevant expertise in the auditing of financial statements. The expertise of the two aforementioned members in the area of accounting and auditing also includes sustainability reporting and its audit and assurance.

At least four members of the Supervisory Board should have **expertise on sustainability issues relevant to the Company** in the areas of Environment, Social and Governance ("sustainability areas"), whereby each sustainability area should be covered by at least one member of the Supervisory Board. Expertise in this context relates to the special knowledge and experience which is acquired in the course of professional training or continuing education or deepened by the further professional or other activity. A person has expertise in a sustainability area within the meaning of the overall requirements profile if they have knowledge or experience in at least one of the defined focus topics of a sustainability area. The sustainability areas and focus topics correspond to those described above in the overall requirements profile for the Board of Management.

With regard to the dispersal of sustainability expertise within the Supervisory Board, the knowledge and experience of Joe Kaeser and Bruno Buschbacher particularly in the **Environment** sustainability area is worth highlighting. Bruno Buschbacher has specific expertise with regard to the focus topic "zero-emission products" in the engine construction field, key for Daimler Truck, which primarily relates to the manufacture of emission-free and low-emission truck engines. Joe Kaeser has particular expertise in the focus topic "CO_2-neutral production", which has special importance in the industrial context, with particular consideration of emission reduction, resource conservation and energy efficiency in production, thanks to his long professional career, his work on supervisory boards and in the public sector. The Supervisory Board includes two further members with expertise in the **Environment** sustainability area. These are Michael Brecht (focus topic "supply chains") and Roman Zitzelsberger (focus topic "zero-emission products" also with regard to resource consumption).

The following eleven members of the Supervisory Board have relevant expertise in the **Social** area of sustainability: Thanks to his many years of service at Waymo LLC, John Krafcik has special knowledge and experience with regard to the focus topic "traffic safety" in autonomous driving, an important research field for Daimler Truck. Renata Jungo Brüngger, Michael Brecht and Jörg Lorz each have expertise in the focus topic "social responsibility" (respect for human rights). The following members of the Supervisory Board have expertise in the focus topic "creating the conditions to be a good employer": Raymond Curry (diversity, equal opportunities & inclusion as well as health), Jacques Esculier (wellbeing), Laura Ipsen (continuing education and diversity, equal opportunities & inclusion), Carmen Klitzsch-Müller (equal opportunities), Marie Wieck and Andrea Seidel (both diversity, equal opportunities & inclusion) and Roman Zitzelsberger (employee participation).

Owing to their professional careers, a large majority of Supervisory Board members have competences in the **Governance** sustainability area. In particular, worth highlighting is Marie Wieck's expertise in the focus topic "responsible governance" due to the increased consideration and anchoring of sustainability issues in corporate decisions as part of her professional and social commitment. In addition, the following seven members can also demonstrate their expertise in the **Governance** area of sustainability, whereby the focus topic "responsible governance" is covered by Joe Kaeser due to his special expertise in the increased consideration and anchoring of sustainabiity issues in corporate decisions, as well as by Michael Brecht, Jörg Köhlinger and Roman Zitzelsberger, each focusing on co-determination issues. Renata Jungo Brüngger and Harald Wilhelm have particular expertise in the focus topic "compliance and risk management". The focus topic "transparent reporting" is satisfied in particular by the two financial experts on the Audit Committee Michael Brosnan and Harald Wilhelm.

– Since the conclusion of the status proceedings at the end of the 2022 Annual General Meeting, the composition of the Supervisory Board is such that, in accordance with the provisions of the German Co-Determination Act ("MitbestG"), by law, at least 30% of the members of the Supervisory Board must be women and at least 30% men. Until this statutory **gender quota** became applicable, the Supervisory Board by means of a resolution passed on December 10, 2021, set and met the target of having at least 30% women and 30% men. As of December 31, 2022, three women are represented on both the shareholder representatives and employee representatives side. This means that the proportion of women on both sides and in the overall Supervisory Board is 30%. The gender ratio on the Supervisory Board thus complies with the legal requirements.

– Members who are proposed for election to the Supervisory Board for a full term of office should generally not be over the age of 72 at the time of the election. In specifying this **general age limit**, the Supervisory Board has intentionally refrained from stipulating a strict upper age limit and instead decided in favor of a flexible age limit that provides the necessary leeway for an appropriate assessment of the circumstances in the individual case, keeps the range of potential Supervisory Board candidates sufficiently broad and allows reelection. None of the members of the Supervisory Board in office on December 31, 2022 were older than the general age limit at the time of their election.

– An appropriate **generation mix** among the members of the Supervisory Board members must also be taken into account. At least eight members of the Supervisory Board should be no older than 62 years of age at the time of their election or reelection. Of the Supervisory Board members in office as of December 31, 2022, with the exception of Michael Brosnan, Joe Kaeser and Martin H. Richenhagen, all other 17 members were 62 years old or younger at the time of their election for their current terms of office.

– In order to ensure appropriate **internationality**, for example, through many years of international experience, the Supervisory Board has set a target of a proportion of at least 30% of international shareholder representatives and a resulting quota of 15% relative to the Supervisory Board in its entirety. Notwithstanding the many years of international experience of a large majority of the shareholder representatives, this target was significantly exceeded by December 31, 2022 due to the international background of Michael Brosnan, Akihiro Eto, Jacques Esculier, Renata Jungo Brüngger, John Krafcik, Laura Ipsen, Martin H. Richenhagen and Marie Wieck on the shareholder side, with 80%, and with Raymond Curry and Andrea Seidel on the employee side, and therefore with 50% for the Supervisory Board as a whole.

– According to the recommendations of the GCGC on the **independence** of the members of the Supervisory Board, on the shareholder side, the Supervisory Board is to include what it considers to be an appropriate number of independent members – also taking into account the shareholder structure. A member is to be considered independent in this sense if they are independent of the Company and its Board of Management, and of any controlling shareholder. There is no controlling shareholder in this sense at the Company; against the background of the deconsolidation agreement concluded with Mercedes-Benz Group AG, in particular Mercedes-Benz Group AG is also not to be regarded as a controlling shareholder.

  The GCGC recommends that more than half of the shareholder representatives are to be independent of the Company and its Board of Management – and that these members must always include the Chairman of the Supervisory Board, the Chairman of the Audit Committee and the Chairman of the committee that deals with the remuneration for the Board of Management. Within the meaning of this recommendation, a Supervisory Board member is to be considered independent, if they have no personal or business relationship with the Company or its Board of Management that may cause a substantial and not merely temporary conflict of interest.

  It is up to the shareholder representatives side of the Supervisory Board to assess the independence of its members. Four indicators of a possible lack of independence are to be considered (membership of the Board of Management within a period of two years prior to the appointment as member of the Supervisory Board; a material business relationship with the Company or an entity dependent on it, e.g., as a customer, supplier, creditor or advisor; a close family relationship with a member of the Board of Management; membership in the Supervisory Board for more than twelve years – all criteria apply both to Supervisory Board members themselves and to their relevant close family members). At the same time, the shareholder representative side is expressly granted the right to consider a Supervisory Board member independent if one or even multiple indicators apply, although this assessment is to be explained in the Declaration on Corporate Governance.

The Supervisory Board has concluded that – with the exception of Renata Jungo Brüngger and Harald Wilhelm – all shareholder representatives in office as of December 31, 2022 are independent of Daimler Truck Holding AG and its Board of Management, including, in particular, the Chairman of the Supervisory Board, who is also Chairman of the Presidential and Remuneration Committee, and the Chairman of the Audit Committee.

Other than the two exceptions mentioned, also taking into account the indicators of the GCGC, none of the shareholder representatives has a personal or commercial relationship with Daimler Truck Holding AG or its Board of Management that could give rise to a material conflict of interest that is not merely temporary in nature. With regard to Renata Jungo Brüngger and Harald Wilhelm, it should be noted that both, as acting members of the Board of Management of Mercedes-Benz Group AG (i.e., in a responsible function of a company outside the Group), maintain a significant business relationship with the Company or a company dependent on this Company due to the extensive contractual interrelationships that exist between the two groups also since the spin-off became effective in December 2021. Against this background, neither is currently considered to be independent of the Company within the meaning of recommendation C.7 of the GCGC.

As a result – with the exception of Renata Jungo Brüngger and Harald Wilhelm – all shareholder representatives on the Supervisory Board were deemed to be independent, namely Joe Kaeser, Michael Brosnan, Jacques Esculier, Akihiro Eto, Laura Ipsen, John Krafcik, Martin H. Richenhagen and Marie Wieck.

- The requirements profile also includes a general limit for the **duration of membership**, according to which, as a general rule, only candidates who have been members of the Supervisory Board for no more than twelve years should be proposed for reelection to the Supervisory Board for a full term of office. The requirement is met for all current members of the Supervisory Board.

- Each candidate for membership of the Supervisory Board and each member of the Supervisory Board must be able to expend the expected **time effort** and be willing and able to make a substantial commitment to the performance of the required measures for training and continuing education. Prior to each election proposal, the Supervisory Board ensures that the candidates in question can expend the time effort required for the office.

- As a general rule and subject to the disclosure of an exception in the Declaration of Compliance with the GGCGC pursuant to Section 161 of the German Stock Corporation Act (”AktG”), a Supervisory Board member who is also a member of the board of management of a listed company shall not hold more than two supervisory board mandates in non-group listed companies or comparable functions (including their membership of the Supervisory Board of Daimler Truck Holding AG) and shall not chair the Supervisory Board of non-group listed companies. As a general rule and subject to the disclosure of an exception in the Declaration of Compliance with the GCGC pursuant to Section 161 of the German Stock Corporation Act (”AktG”), Supervisory Board members who are not also members of the board of management of a listed company may not serve on more than five supervisory boards of non-group listed companies or perform comparable functions (again including their membership of the Supervisory Board of Daimler Truck Holding AG), with the chair of one supervisory board being counted twice. Dual mandates of Supervisory Board members in other supervisory bodies of the same group are to be disregarded for the purposes of the calculation of the **maximum number of mandates** in accordance with the overall requirements profile. Due to having dual mandates within the same group, Renata Jungo Brüngger, Joe Kaeser, Harald Wilhelm, and Jörg Köhlinger therefore do not exceed the maximum number of mandates set out in the overall requirements profile. As of December 31, 2022, only Martin H. Richenhagen exceeded the maximum number of positions set out in the requirements profile due to his taking up of another position in the reporting period. Joe Kaeser also exceeded the maximum number of positions according to the requirements profile until his position ended in June 2022. Nevertheless, the Supervisory Board is of the opinion that the requirements profile is met entirely, since in the view of the Supervisory Board, there is no doubt that Joe Kaeser and Martin H. Richenhagen were and are able to perform all of the mandates they have assumed, in particular that they have the time to do so, given the many years of extensive experience they each have. With regard to recommendations C.4 and C.5 of the GCGC, exceptions are specified and explained in the Declaration of Compliance with the GCGC.

Proposals by the Supervisory Board for the election of shareholder representatives by the General Meeting, for which the Nomination Committee submits recommendations, are to take into account the aspects outlined above and aim to satisfy the overall requirements profile for the Supervisory Board as a whole. The Nomination Committee is to draw up a shortlist of proposed members on the basis of a target profile, taking into account the specific qualification requirements and the aforementioned criteria, hold structured discussions with these proposed members, and in the process also obtain assurance that the proposed member has sufficient time to be able to exercise the position with due care. The Nomination Committee then recommends a candidate to the Supervisory Board for its approval and includes an explanation of its recommendation. Resolutions of the Supervisory Board regarding proposals for candidates for election to the General Meeting shall always be governed by the Company’s interests in consideration of all circumstances in each individual case.

Qualification matrix for the Supervisory Board

The status of implementation of the overall requirements profile for the Supervisory Board can also be found in the qualification matrix for shareholder representatives and the qualification matrix for employee representatives shown below:

C.01

Qualification matrix reflects implementation status of the overall requirements profile – shareholder representatives

As of 12/2022		Kaeser (Chair)	Brosnan	Esculier	Eto	Ipsen	Jungo Brüngger	Krafcik	Richenhagen	Wieck	Wilhelm
Educational and Professional Background (as defined in overall requirements profile)	**Technology**			✓		✓		✓		✓	
	Finance	✓	✓ audit[1], acc.[1]	✓	✓						✓ acc.[1]
	Sustainability[2]	E, G	G	S		S	S, G	S		S, G	G
Diversity (as defined in overall requirements profile)	**Gender quota**[3] (SB: 30% male and 30% female)	male	male	male	male	female	female	male	male	female	male
	General age limit (max. 72 years at (re-)election[4])	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Generation mix (min. 8 in SB max. 62 years at (re)election[4])			✓	✓	✓	✓	✓		✓	✓
	Internationality (SR: min. 30% and total SB: 15%)		✓	✓	✓	✓	✓	✓	✓	✓	
Personal Suitability (as defined in overall requirements profile)	**Independence** (>50% of SR)[1]	✓	✓	✓	✓	✓		✓	✓	✓	
	Time effort	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	No overboarding[5]	✓[6, 7]	✓	✓	✓	✓	✓[6]	✓		✓	✓[6]
General limit for Membership Duration: 12 years max.[1] (year of first election)		✓ (2021)	✓ (2021)	✓ (2021)	✓ (2021)	✓ (2021)	✓ (2021)	✓ (2021)	✓ (2021)	✓ (2021)	✓ (2021)

(E) Environment
(S) Social
(G) Governance
(SB) Supervisory Board
(SR) Shareholder representative
(acc.) Financial expert accounting
(audit) Financial expert audit

1 As defined in GCGC
2 Expertise regarding sustainability issues relevant to Daimler Truck
3 In accordance with German Stock Corporation Act ("AktG")
4 SR election on June 22, 2022
5 Group mandates only counted once according to overall requirements profile
6 Overboarding in accordance with GCGC despite fulfillment of overall requirements profile
7 Overboarding in accordance with overall requirements profile ended on June 1, 2022 due to end of the mandate for NXP Semiconductors N.V.

C.02

Qualification matrix reflects implementation status of the overall requirements profile – employee representatives

As of 12/2022		Brecht (Deputy Chair)	Buschbacher	Curry	Klitzsch-Müller	Köhlinger	Lorz	Reith	Seidel	Zitzelsberger	Zwick
Educational and Professional Background (as defined in overall requirements profile)	**Technology**	✓	✓			✓	✓	✓	✓	✓	✓
	Finance	✓		✓						✓	
	Sustainability[2]	E, S, G	E	S	S	G	S		S	E, S, G	
Diversity (as defined in overall requirements profile)	**Gender quota**[3] (SB: 30% male and 30% female)	male	male	male	female	male	male	female	female	male	male
	General age limit (max. 72 years at (re-)election[4])	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Generation mix (min. 8 in SB max. 62 years at (re)election[4])	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Internationality (SR: min. 30% and total SB: 15%)			✓					✓		
Personal Suitability (as defined in overall requirements profile)	**Independence** (>50% of SR)[1]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Time effort	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	No overboarding[5]	✓	✓	✓	✓	✓[6]	✓	✓	✓	✓	✓
General limit for duration of office: 12 years max.[1] (year of first election)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

(E) Environment
(S) Social
(G) Governance
(SB) Supervisory Board
(SR) Shareholder representative
(ER) Employee representative

1 As defined in GCGC
2 Expertise regarding sustainability issues relevant to Daimler Truck
3 In accordance with the German Stock Corporation Act ("AktG")
4 ER election on November 22, 2022
5 Group mandates only counted once according to overall requirements profile
6 Overboarding in accordance with GCGC despite fulfillment of overall requirements profile

Managers' transactions

Members of the Board of Management and of the Supervisory Board are legally required pursuant to Article 19 Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse (Market Abuse Regulation) to disclose transactions conducted for their own account involving shares or debt instruments of Daimler Truck Holding AG, related derivatives or other related financial instruments, insofar as the total amount of the transactions conducted by the member or related persons reaches or exceeds the sum of €20,000 within a single calendar year. The transactions disclosed to Daimler Truck Holding AG are duly published.

Shareholders and General Meeting

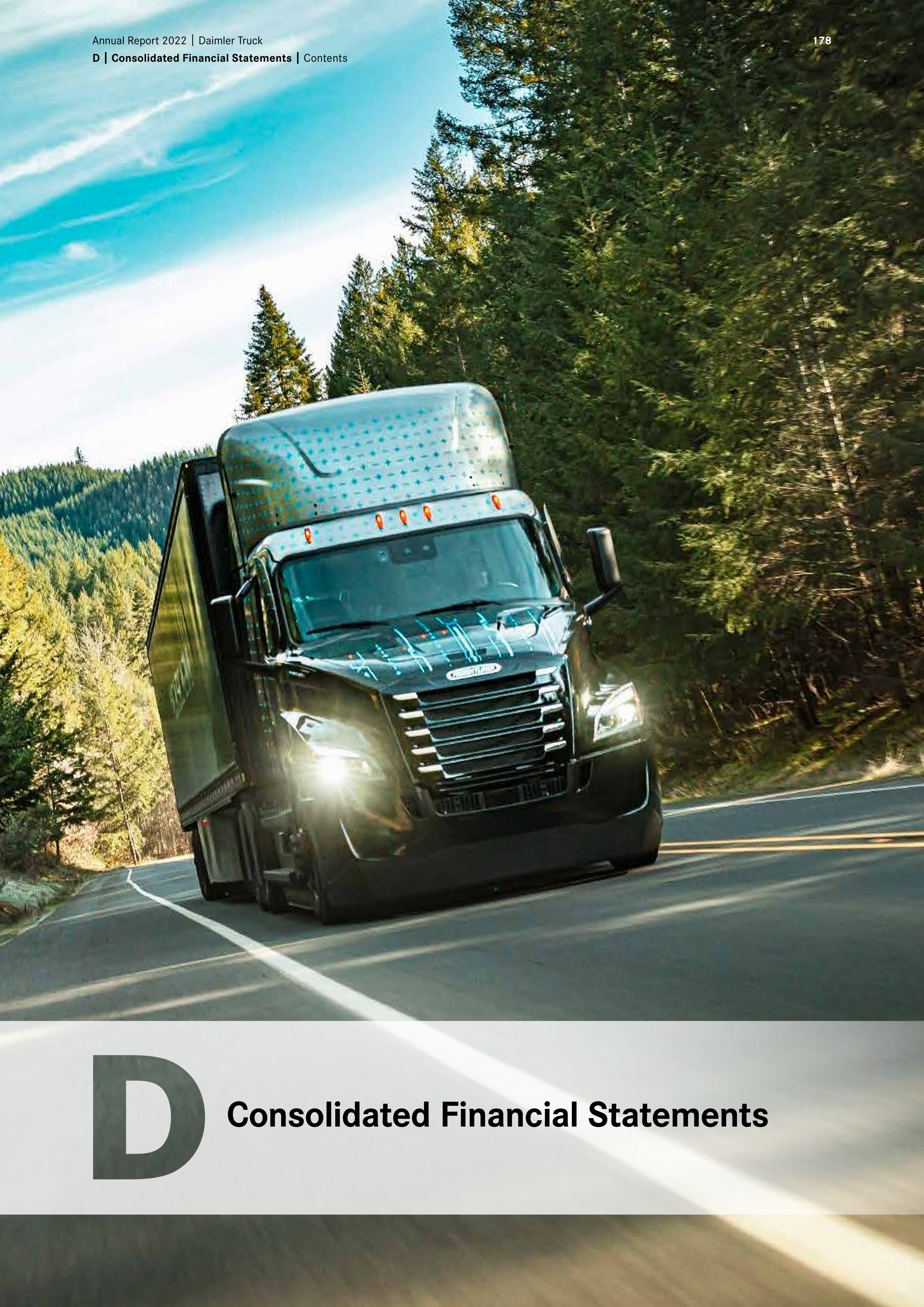
The shareholders exercise their membership rights, in particular their voting rights, at the Company's General Meeting. Each share of Daimler Truck Holding AG entitles the holder to one vote. At the General Meeting, shareholders regularly take decisions on, among other things, the appropriation of distributable profits, the election of the external auditor, the discharge of the members of the Board of Management and the Supervisory Board, the approval of the annual remuneration report, and the election of shareholder representatives, which is regularly carried out as an individual election. The remuneration system for the Board of Management and the remuneration of members of the Supervisory Board must be submitted to the General Meeting every four years at least. Amendments to the Articles of Incorporation and certain capital measures are also decided upon at the General Meeting and implemented by the Board of Management, and where necessary with the Supervisory Board's approval.

Shareholders who are entered in the Company's shareholder register on the day of the General Meeting and who have registered in good time prior to the General Meeting in accordance with the information provided in the convocation will be permitted to attend the General Meeting and can exercise their voting rights. The details, in particular of registration and the stop on changes in the shareholder register required for technical reasons in the run-up to the General Meeting and the options for exercising voting rights (by proxy, e.g., Company proxies bound by instructions and possibly by postal vote), are published together with the convocation to the General Meeting in the German Federal Gazette ("Bundesanzeiger").

Shareholders can submit motions on resolutions proposed by the Board of Management and the Supervisory Board and challenge the resolutions made at the General Meeting. The reports, documents and information required by law for the General Meeting, including the Annual Report, are available on the Company's Website, as is the agenda for the General Meeting and any countermotions or election proposals from shareholders and other documents and information on the General Meeting.

As part of our comprehensive investor relations activities we maintain close contact with our shareholders. We provide shareholders, financial analysts, shareholder associations, the media and interested members of the public with extensive and regular information on the situation of the Company and inform them immediately of any significant business changes. The Chairman of the Supervisory Board is also regularly prepared, within reasonable limits, to hold discussions with investors on issues relating specifically to the Supervisory Board.

We make extensive use of the Company's website for our investor relations work, in addition to other communication channels. All material information published in the 2022 financial year, including annual, quarterly and semi-annual financial reports, press releases, voting rights notifications according to the German Securities Trading Act (Wertpapierhandelsgesetz or "WpHG"), presentations and audio recordings from analyst and investor events and conference calls, as well as the financial calendar, are available on the Company's Website. The dates of major publications, such as the Annual Report and interim financial reports, as well as the dates of the General Meeting, the Annual Results Conference and analysts' conferences are announced well in advance in the financial calendar.



D Consolidated Financial Statements

D Consolidated Financial Statements

Consolidated Statement of Income

D.01

	Note	2022	2021
In millions of euros			
Revenue	5	50,945	39,764
Cost of sales	6	-41,513	-32,519
Gross profit		9,432	7,245
Selling expenses	6	-2,928	-2,722
General administrative expenses	6	-1,957	-1,635
Research and non-capitalized development costs	6	-1,618	-1,398
Other operating income	7	880	2,029
Other operating expense	7	-177	-348
Profit/loss on equity-method investments, net	14	-226	106
Other financial income/expense, net	8	90	80
Earnings before interest and taxes (EBIT)	35	3,496	3,357
Interest income	9	198	73
Interest expense	9	-245	-156
Profit before income taxes		3,449	3,274
Income taxes	10	-686	-891
Net profit		2,763	2,383
thereof profit attributable to non-controlling interests		98	36
thereof profit attributable to shareholders		2,665	2,347
Earnings per share (in euros) for profit attributable to shareholders	37		
Basic and diluted		3.24	2.85

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income[1]

D.02

	2022	2021
In millions of euros		
Net profit	**2,763**	2,383
Currency translation adjustments	54	429
Debt instruments		
Unrealized gains/losses (pre-tax)	2	–
Taxes on unrealized gains/losses and on reclassifications	–	–
Debt instruments (after tax)	2	–
Derivative financial instruments		
Unrealized gains/losses (pre-tax)	136	-28
Reclassifications to profit or loss (pre-tax)	6	19
Taxes on unrealized gains/losses and on reclassifications	-33	-1
Derivative financial instruments (after tax)	109	-10
Items that may be reclassified to profit/loss	**165**	419
Equity instruments		
Unrealized gains/losses (pre-tax)	-11	-9
Taxes on unrealized gains/losses and on reclassifications	-1	3
Equity instruments (after tax)	-12	-6
Actuarial gains/losses from pensions and similar obligations (pre-tax)	1,320	1,059
Taxes on actuarial gains/losses from pensions and similar obligations	-153	162
Actuarial gains/losses from pensions and similar obligations (after tax)	1,167	1,221
Items that will not be reclassified to profit/loss	**1,155**	1,215
Other comprehensive income/loss, net of taxes	**1,320**	1,634
thereof loss attributable to non-controlling interests, after taxes	-31	-4
thereof income attributable to shareholders, after taxes	1,351	1,638
Total comprehensive income	**4,083**	4,017
thereof income attributable to non-controlling interests	67	32
thereof income attributable to shareholders	4,016	3,985

1 Refer to Note 21. Equity for further information on the Consolidated Statement of Comprehensive Income.

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Financial Position

D.03

		At December 31,	
	Note	2022	2021
In millions of euros			
Assets			
Intangible assets	11	2,779	2,700
Property, plant and equipment	12	7,993	7,860
Equipment on operating leases	13	4,433	3,542
Equity-method investments	14	1,073	1,369
Receivables from financial services	15	12,359	8,943
Marketable debt securities and similar investments	16	21	34
Other financial assets	17	828	706
Deferred tax assets	10	1,643	1,388
Long-term trade receivables	20	105	21
Other assets	18	364	309
Total non-current assets		31,598	26,872
Inventories	19	8,815	7,793
Trade receivables	20	4,577	3,941
Receivables from financial services	15	10,066	7,155
Cash and cash equivalents		5,944	7,244
Marketable debt securities and similar investments	16	1,124	105
Other financial assets	17	677	654
Other assets	18	1,168	1,036
Total current assets		32,371	27,928
Total assets		63,969	54,800
Equity and liabilities			
Share capital		823	823
Capital reserves		14,277	14,277
Retained earnings		5,847	1,886
Other reserves		-895	-1,066
Equity attributable to shareholders		20,052	15,920
Non-controlling interests		554	503
Total equity	21	20,606	16,423
Provisions for pensions and similar obligations	23	1,147	2,471
Provisions for other risks	24	2,743	2,645
Financing liabilities	25	13,328	11,120
Other financial liabilities	26	2,110	1,802
Deferred tax liabilities	10	65	68
Deferred income	27	1,000	1,111
Contract and refund liabilities	28	1,940	1,785
Other liabilities	29	53	31
Total non-current liabilities		22,386	21,033
Trade payables		5,317	4,359
Provisions for other risks	24	2,206	2,045
Financing liabilities	25	7,511	5,479
Other financial liabilities	26	2,716	2,498
Deferred income	27	655	664
Contract and refund liabilities	28	1,871	1,634
Other liabilities	29	701	665
Total current liabilities		20,977	17,344
Total equity and liabilities		63,969	54,800

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows[1]

D.04

	2022	2021
In millions of euros		
Profit before income taxes	3,449	3,274
Depreciation and amortization/impairments	1,120	1,160
Other non-cash expense and income	300	-737
Gains (-)/losses (+) on disposals of assets	-15	-624
Change in operating assets and liabilities		
Inventories	-1,143	-1,307
Trade receivables	-631	-348
Trade payables	904	1,171
Receivables from financial services	-3,385	66
Vehicles on operating leases	-141	186
Cash outflows from the settlement of pre-existing relationships	-171	–
Other operating assets and liabilities	277	-118
Dividends received from equity-method investments	13	12
Income taxes paid	-1,100	-635
Cash flows from operating activities	-523	2,100
Additions to property, plant and equipment	-898	-762
Additions to intangible assets	-234	-318
Proceeds from disposals of property, plant and equipment and intangible assets	106	114
Proceeds from the disposal of shares in Daimler Truck Fuel Cell GmbH & Co. KG	–	634
Proceeds from disposals of shareholdings	52	136
Net cash outflows from the acquisition of financial service business	-2,059	–
Net cash inflows from the acquisition of financial service business	55	–
Investments in other shareholdings	-213	-302
Acquisition of marketable debt securities and similar investments	-4,498	-1,634
Proceeds from sales of marketable debt securities and similar investments	3,509	6,296
Other	13	96
Cash flows from investing activities	-4,167	4,260
Change in short-term financing liabilities	-1,649	529
Additions to long-term financing liabilities	10,327	13,304
Repayment of long-term financing liabilities	-5,269	-7,418
Dividends paid to non-controlling interests	-52	-26
Transactions with the Mercedes-Benz Group until the spin-off	-23	-7,264
Cash flows from financing activities	3,334	-875
Effect of foreign exchange rate changes on cash and cash equivalents	56	96
Net increase in cash and cash equivalents	-1,300	5,581
Cash and cash equivalents at beginning of period	7,244	1,663
Cash and cash equivalents at end of period	5,944	7,244

1 Refer to Note 30. Consolidated Statement of Cash Flows for further information on the Consolidated Statement of Cash Flows.

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity[1]

D.05

	Share capital	Capital reserve	Invested equity attributable to the Mercedes-Benz Group[2]/ Retained earnings[3]	Other reserves – items that may be reclassified in profit/loss: Currency translation	Other reserves – items that may be reclassified in profit/loss: Equity instruments/ debt instruments
In millions of euros					
Balance at January 1, 2021	–	–	9,703	-1,525	19
Net profit	–	–	2,347	–	–
Other comprehensive income before taxes	–	–	1,059	433	-9
Deferred taxes on other comprehensive income	–	–	162	–	3
Total comprehensive income	–	–	3,568	433	-6
Dividends to Non-controlling interests	–	–	–	–	–
Transactions with the Mercedes-Benz Group	–	–	3,672	–	–
Allocation of invested equity according to the legal structure[3]	823	14,277	-15,100	–	–
Other changes	–	–	43	–	–
Balance at December 31, 2021	**823**	**14,277**	**1,886**	**-1,092**	**13**
Balance at January 1, 2022	**823**	**14,277**	**1,886**	**-1,092**	**13**
Net profit	**–**	**–**	**2,665**	**–**	**–**
Other comprehensive income before taxes	**–**	**–**	**1,333**	**72**	**-9**
Deferred taxes on other comprehensive income	**–**	**–**	**-153**	**–**	**-1**
Total comprehensive income	**–**	**–**	**3,845**	**72**	**-10**
Dividends to Non-controlling interests	**–**	**–**	**–**	**–**	**–**
Other changes	**–**	**–**	**116**	**–**	**–**
Balance at December 31, 2022	**823**	**14,277**	**5,847**	**-1,020**	**3**

1 Refer to Note 21. Equity for further information on changes in equity.
2 Until the spin-off on December 9 2021, the net assets attributable to the Daimler Truck companies within the Mercedes-Benz Group were reported as invested equity. Daimler Truck companies' transactions with the Mercedes-Benz Group's companies recognized directly in equity were reported separately. After the spin-off, the invested equity was divided up in accordance with the legal structure and the articles of incorporation of Daimler Truck Holding AG as the Daimler Truck Group's parent company; transactions with the companies of the Mercedes-Benz Group recognized in equity are reported as transactions with shareholders in the item Other changes. For more information refer to Note 21. Equity.
3 Retained earnings also include items that will not be reclassified to the Consolidated Statement of Income.

Derivative financial instruments	**Equity attributable to shareholders**	Non-controlling interests	**Total equity**	
				In millions of euros
28	8,225	483	8,708	**Balance at January 1, 2021**
–	2,347	36	2,383	Net profit
-9	1,474	-4	1,470	Other comprehensive income before taxes
-1	164	–	164	Deferred taxes on other comprehensive income
-10	3,985	32	4,017	Total comprehensive income
–	–	-26	-26	Dividends to Non-controlling interests
–	3,672	–	3,672	Transactions with the Mercedes-Benz Group
–	–	–	–	Allocation of invested equity according to the legal structure3
-5	38	14	52	Other changes
13	**15,920**	**503**	**16,423**	**Balance at December 31, 2021**
13	**15,920**	**503**	**16,423**	**Balance at January 1, 2022**
–	**2,665**	**98**	**2,763**	Net profit
142	**1,538**	**-31**	**1,507**	Other comprehensive income before taxes
-33	**-187**	**–**	**-187**	Deferred taxes on other comprehensive income
109	**4,016**	**67**	**4,083**	Total comprehensive income
–	**–**	**-52**	**-52**	Dividends to Non-controlling interests
–	**116**	**36**	**152**	Other changes
122	**20,052**	**554**	**20,606**	**Balance at December 31, 2022**

The accompanying notes are an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

1. General information and significant accounting policies

General information
The accompanying consolidated financial statements of Daimler Truck Holding AG (the "Consolidated Financial Statements") have been prepared in accordance with Section 315e of the German Commercial Code (Handelsgesetzbuch or "HGB") and comply with the International Financial Reporting Standards and the interpretations of the IFRS Interpretations Committee as adopted by the European Union ("EU") ("IFRS").

The Consolidated Financial Statements present the operations of Daimler Truck Holding AG ("DTHAG") and its subsidiaries (also referred to as "Daimler Truck", the "Daimler Truck Group" or the "Group").

Daimler Truck Holding AG is a stock corporation organized under the laws of the Federal Republic of Germany. The Company is domiciled in Stuttgart and entered in the Commercial Register of the District Court of Stuttgart under No. HRB 778600 with its business address at Fasanenweg 10, 70771 Leinfelden-Echterdingen, Germany.

The Daimler Truck Group is a manufacturer of commercial vehicles with a worldwide product range of trucks and buses. Its product portfolio is rounded out by a range of financial services. Daimler Truck Holding AG is the ultimate parent company of the Daimler Truck Group.

The commercial vehicle business comprises the four automotive segments (refer to Note 35. Segment reporting) that engage in the production of trucks, buses, engines, and provide related services and have divisions which produce and market brand-specific products. Other business activities and investments, as well as functions and services provided by the Group's headquarters and other Group companies not allocated to the automotive segments and projects managed by headquarters are reported under Reconciliation in the segment reporting. The automotive segments and Reconciliation, together, are referred to as the "Industrial Business". All the related financial services activities, which constitute one additional segment, are referred to as "Financial Services".

The Consolidated Financial Statements comprise the Consolidated Statement of Income, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and the Notes to the Consolidated Financial Statements, prepared on a going concern basis.

The Consolidated Financial Statements are presented in Euros. Amounts are stated in millions of Euros, except where otherwise indicated. Rounding differences may arise when individual amounts or percentages are added together.

The Consolidated Financial Statements were prepared on March 9, 2023 by the Board of Management of Daimler Truck Holding AG and approved for publication.

Accounting policies

IFRS applied
The Consolidated Financial Statements at December 31, 2022 have been prepared in accordance with the IFRS applicable for periods beginning on or after January 1, 2022. The accounting policies applied in the Consolidated Financial Statements therefore comply with the IFRS required to be applied in the EU as of December 31, 2022 for all periods presented.

However, to present assets and liabilities, income and expenses fully retrospectively, Management had to use judgment in developing and applying accounting policies in order to produce information that is relevant to users, reliable and free from bias, and complete in all material respects for the time periods when the Group had not yet been a consolidated group. Such special considerations are discussed below with respect to the presentation of the Consolidated Financial Statements, and otherwise in the respective Notes.

IFRS issued, endorsed by the EU and adopted in the reporting period for the first time
No new standards or other amendments and improvements to standards have been adopted that are mandatory for financial years beginning on January 1, 2022 and are expected to have a material impact on the profitability, liquidity and capital resources and financial position of the Group.

IFRS issued, but not yet adopted
In May 2017, the International Accounting Standards Board ("IASB") issued the standard IFRS 17 – Insurance contracts. The standard was endorsed in the EU in November 2021. IFRS 17 will replace the currently applicable IFRS 4 – Insurance contracts. It establishes more transparency and comparability regarding 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 January 1, 2023. Early adoption is permitted. The Board of Management of the Company currently does not expect any material impacts on the Group's profitability, liquidity and capital resources and financial position due to the application of IFRS 17. Early adoption is not currently planned.

In addition, further amendments and improvements to standards have been issued which are partially endorsed and not yet applied and which are not expected to have a material impact on the Group's profitability, liquidity and capital resources and financial position.

Sustainability
Sustainability is an important part of the long-term objectives and thus of many strategic projects of the Daimler Truck Group. The aim is to develop sustainable and consequently future-proof transport solutions for goods traffic and passenger transport and to put them on the road. This also includes Daimler Truck Group's objective to offer only new vehicles that are CO_2-neutral in driving operation by 2039 in Europe, North America and Japan. Sustainability is an integral part of the core business and part of corporate responsibility.

This strategic focus is having an impact in particular in the capitalization of development costs for the eActros or the eCanter, as well as in the investment in strategic partnerships in 2022, such as the founding of joint ventures Commercial Vehicle Charging Europe BV ("CVCharg") to set up and operate a European high-performance network for battery-powered trucks and coaches or Greenlane Infrastructure, LLC to set up and operate a network of accessible charging stations for medium- and electric and fuel-cell or hydrogen-powered trucks as well as buses in the USA and Canada.

The development of a hydrogen-powered vehicle consists, on the one hand, of the cellcentric GmbH & Co. KG ("cellcentric") joint venture, which develops and produces the fuel cell drive, and, on the other hand, of its own vehicle developments for this drive technology.

In the commercial vehicle industry, there are different laws in different regions, which are also reflected in the objectives of a complete green production and supply chain by 2039 in Europe, North America and Japan. The development activities are based on the goal of meeting these environmental requirements.

Capitalized development costs amounted to €167 million in 2022 (2021: €176 million). The proportion of development costs for combustion engines will continue to decrease and the proportion of emission-free vehicles will continue to increase.

In addition, the Daimler Truck Group plans that emission-free vehicles can be largely manufactured at the existing production facilities. This is already happening at the large production sites in Germany and in the USA. Accordingly, this gives the ability to respond flexibly to customer demand in the future.

Presentation

Consolidated Statement of Financial Position
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 generally presented as non-current items.

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

Measurement
The Consolidated Financial Statements have been prepared on the historical-cost basis with the exception of certain items such as financial assets measured at fair value through profit or loss, derivative financial instruments, hedged items, and pensions and similar obligations. The measurement models applied to those exceptions are described below.

Principles of consolidation
The Consolidated Financial Statements include the financial statements of Daimler Truck Holding AG and the financial statements of all subsidiaries, including structured entities, which are directly or indirectly controlled by Daimler Truck Holding 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 which are controlled also have to be consolidated. Accordingly, the assets and liabilities are recognized in the Consolidated Statement of Financial Position. 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 prepared as of the reporting date of the Consolidated Financial Statements. The financial statements of Daimler Truck Holding AG and its subsidiaries included in the Consolidated Financial Statements are prepared using uniform recognition and measurement principles. All intra-Group assets and liabilities, equity, income and expenses, except gains and losses from foreign currency translation, as well as cash flows from transactions between consolidated entities, are eliminated in the course of the consolidation process.

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 Daimler Truck Group has joint control together with a partner (joint arrangements), it is necessary to differentiate 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). Joint operations that have no significant impact on the Consolidated Financial Statements are generally accounted for using the equity method.

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 or 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).

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. The components of equity are translated using historical rates. The Consolidated Statement of Income and the Consolidated Statement of Cash Flows are translated into Euros using the average exchange during the quarters of the financial years 2022 and 2021.

The exchange rates of the US dollar, the Brazilian real, and the Japanese yen – the most significant foreign currencies for the Daimler Truck Group – are as shown in table ↗ **D.06.**

D.06
Exchange rates

		December 31, 2022			December 31, 2021	
	USD	BRL	JPY	USD	BRL	JPY
	€1 =	€1 =	€1 =	€1 =	€1 =	€1 =
First quarter	1.1217	5.8696	130.4600	1.2048	6.5990	127.8100
Second quarter	1.0647	5.2384	138.2100	1.2058	6.3813	131.9300
Third quarter	1.0070	5.2834	139.1600	1.1788	6.1593	129.7600
Fourth quarter	1.0205	5.3700	144.2400	1.1435	6.3821	130.0100
Spot exchange rate	1.0666	5.6386	140.6600	1.1326	6.3101	130.38

Hyperinflation
To determine whether a country is to be considered as in hyperinflation, the Daimler Truck Group refers to the list published by the International Practices Task Force (IPTF), the Center for Audit Quality and 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 January 1 of the respective reporting year.

In addition to Argentina, Turkey has also been classified as a high-inflation country since this reporting year. The activities of the Daimler Truck Group in both countries are recognized in accordance with IAS 29 if the functional currency is the local currency. The accounting impact is included in retained earnings within “Other” in the Consolidated Statement of Changes in Equity.

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

Generally, payment from sales of vehicles, service parts and other related products is made when the customer obtains control of these products.

Dealers may finance their vehicle inventory by means of dealer inventory financing provided by Financial Services, as described in Note 35. Segment reporting. Furthermore, end-customers may be credit financed by Financial Services. Receivables from sales financing with end-customers and dealers are presented in receivables from financial services. Further information is provided in Note 15. Receivables from financial services.

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 Daimler Truck 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 Daimler Truck 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 Daimler Truck Group considers several factors when assessing whether the customer has a significant economic incentive to exercise his right. Amongst 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 Daimler Truck Group provides customers with a guaranteed minimum resale value that they receive on resale (residual-value guarantee) do not constraint 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 Daimler Truck Group sells assets to a third-party manufacturer from which the Daimler Truck Group buys back the manufactured products after completion of the commissioned work. If the sale of the assets is not accompanied by the transfer of control to the third-party manufacturer, no revenue is recognized under IFRS 15 – Revenue from Contracts with Customers.

The Group offers extended, separately priced warranties for certain products as well as service and maintenance contracts. Revenue from these contracts is deferred insofar as a customer has made an advance payment and is generally recognized over the contract period in proportion to the costs expected to be incurred based on historical information. A loss on these contracts is recognized in the current period if the expected costs for outstanding services under the contract exceed unearned revenue. Usually, those contracts are paid in advance or in equal instalments over the contract term.

For multiple-element arrangements, such as when vehicles are sold with free or reduced-in-price maintenance programs 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 Daimler Truck Group primarily uses price lists with consideration of average price reductions granted to its customers.

Vehicles may be initially sold to non-Group dealers. Subsequently, a customer may decide to enter into a leasing contract with Financial Services regarding such a vehicle. The vehicle is therefore sold by the non-Group dealer to Financial Services and a leasing contract is entered into with the customer. When control of the vehicle is transferred to the non-Group dealer, the Daimler Truck Group recognizes revenue from the sale of the vehicle.

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 Daimler Truck 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 good 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. 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 Daimler Truck Group uses a variety of sales-promotion programs 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 programs 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, the related receivables are recognized at present value (using market rates) and revenue is reduced for the interest incentive granted.

- If subsidized leasing fees are agreed upon in connection with finance leases, revenue from the sale of a vehicle is reduced by the amount of the interest incentive granted.

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 cost 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.

Profit/loss on equity-method investments, net
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 Daimler Truck Group's share of dilution gains and losses resulting from the Group's non-participation or disproportionately low participation in capital measures of companies in which shares are held and are accounted for using the equity method are also included in profit/loss on equity-method investments. This item also includes impairment losses and/or gains on the reversal of such impairments of equity-method investments.

Other financial income/expense, net
Other financial income/expense, net includes all income and expense from financial transactions which are included neither in interest income nor in interest expense, and which for the Financial Services segment are included neither in revenue nor in cost of sales. For example, the expense from the compounding of interest on provisions for other risks is recognized in this line item.

Furthermore, income and expenses from equity interests are included in other financial income/expense, net, if such income or expenses are not presented under 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 obligations and other 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.

For the Financial Services segment, 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.

Income taxes
Income taxes comprise of current income taxes and deferred taxes.

Current income taxes are calculated based on the respective local taxable income and local tax laws for the period. In addition, current income taxes include amounts for uncertain tax payments or tax refunds for periods not yet finally assessed, but exclude interest expenses, interest refunds and penalties concerning uncertain income tax positions.

If it is probable that a taxation authority will not accept an uncertain tax treatment, a tax expense or income for uncertain income tax positions is recognized. The amount is based on the best estimate of the expected tax payment (expected value or most likely amount). Only in the case of tax loss carryforwards or unused tax credits, no current tax liabilities or tax refunds are recognized for these uncertain tax positions. Instead, the deferred tax assets for the unused tax loss carryforwards or tax credits are adjusted.

Current tax liabilities and assets are presented as income tax liabilities and assets on the balance sheet.

Deferred tax assets or liabilities are calculated on the basis of temporary differences between the tax basis and the carrying amount of assets and liabilities as well as on unused tax loss carryforwards and unused tax credits. No deferred tax assets or liabilities are recognized for temporary differences resulting from the initial recognition of assets or liabilities in a transaction which neither constitutes a business combination nor affects accounting or taxable profit (initial recognition exemption).

The Daimler Truck Group does not recognize deferred tax assets on temporary differences, tax loss carryforwards and tax credits if it is not probable that future taxable income will be available against which the deductible temporary differences, tax loss carryforwards and tax credits can be utilized.

Measurement is based on the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. For this purpose, tax rates and tax laws are used which have been substantively enacted at the reporting date.

Changes in deferred tax assets and liabilities are generally recognized in deferred tax income or expense inside profit or loss, except for changes recognized in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are presented separately as non-current items on the balance sheet.

Deferred tax liabilities for taxable temporary differences associated with investments in subsidiaries, branches, associates and interests in joint arrangements are not recognized if the Daimler Truck Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Earnings per share
Basic earnings per share are calculated by dividing profit attributable to shareholders of the Daimler Truck Group by the weighted-average number of shares outstanding. As there were no dilutive effects in 2022 and 2021, diluted earnings per share correspond to basic earnings per share in these years.

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 recognized if the conditions for capitalization according to IAS 38 are met. Subsequent to initial recognition, the asset is carried at cost less accumulated amortization and accumulated impairment losses. Capitalized development costs include all direct costs and allocable overheads and are amortized on a straight-line basis over the expected product life cycle (in general with a maximum amortization period of ten years). 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 each year-end. Changes in expected useful lives are treated as changes in accounting estimates. The amortization expense on intangible assets with finite useful lives is recognized 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. If the amount is less than the fair value of the individually identifiable acquired assets and liabilities, the difference is recognized directly through profit or loss as an acquisition at a price below market value. Goodwill is accounted for at the subsidiaries in the functional currency of each subsidiary.

In connection with obtaining control, non-controlling interest in the acquiree is principally recognized at the proportionate share of the acquiree's identifiable assets, which are measured at fair value.

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 estimated costs, if any, of dismantling, restoration and removals.

Property, plant and equipment are depreciated over the useful lives as shown in table ↗ D.07.

D.07

Useful lives of property, plant and equipment

Buildings[1]	10 to 50 years
Leasehold improvements	Period of the lease
Technical equipment and machinery	5 to 25 years
Other equipment, factory and office equipment	3 to 30 years

1 Buildings include any related improvements.

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 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.

Daimler Truck Group as lessee

The Daimler Truck Group as a lessee recognizes, for generally all lease contracts, right-of-use assets as well as corresponding leasing liabilities for the outstanding lease payments.

According to IFRS 16 – Leases, a lessee may elect, 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 Daimler Truck Group applies both recognition exemptions. The lease payments associated with those leases are generally recognized as an expense on a straight-line basis over the lease term or on another systematic basis if appropriate.

Right-of-use assets, which are included under property, plant and equipment, are initially measured 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, less any lease incentives received from the lessor, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset.

Lease liabilities, which are assigned to financing liabilities, are measured initially at the present value of the lease payments. 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 Daimler Truck 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. The incremental borrowing rate, which is mainly applied at the Daimler Truck Group, is based on risk-adjusted interest rates and determined for the respective lease terms and currencies. 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), we use a duration adjustment in order to account for that difference.

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 (through profit or loss) and reduced by 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. Such contract terms offer the Daimler Truck Group the greatest possible flexibility. In determining the lease term, all facts and circumstances offering economic incentives for exercising extension options or not exercising termination options are taken into account. In determining the lease term, those options are only considered if they are reasonably certain.

Sale and leaseback
In a sale and leaseback transaction, the requirements of IFRS 15 are applied to ascertain whether the transfer of an asset has to be accounted for as a sale.

If the transfer of an asset does not satisfy the requirements of IFRS 15 to be accounted for as a sale of the asset, the transferred asset is still recognized and a financial liability is recognized equal to the transfer proceeds in accordance with IFRS 9 – Financial instruments.

If the transfer of an asset is accounted for as a sale, the lessee accounting principles described above apply to those sold assets if the Daimler Truck Group leases them back from the buyer. Accordingly, only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor is recognized.

Daimler Truck Group as lessor
Based on the risk and rewards associated with a leased asset, it is assessed whether economic ownership of the leased asset is transferred to the lessee (so-called finance leases) or remains with the lessor (so-called operating leases).

Operating leases, i.e. by which economic ownership of the vehicle remains at the Daimler Truck Group, relate to vehicles that the Group produces itself and leases to third-parties. 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 Daimler Truck Group is obliged to repurchase the vehicles in the future are accounted for as operating leases.

- 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 Daimler Truck Group considers several factors when assessing whether a customer has a significant economic incentive to exercise his right at contract inception. Amongst others, these are the relation between 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 at local and corporate levels regarding the expected level of prices, based upon which the vehicles to be returned in the leasing business are evaluated. If changing market developments lead to a negative deviation from assumptions, there is a risk of lower residual-values of used vehicles. Depending on the region and the current market situation, the measures taken generally include continuous market monitoring as well as, if required, price-setting strategies or sales-promotion measures designed to regulate vehicle inventories. The quality of market forecasts is 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 (depreciated) cost of production under leased equipment 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 Daimler Truck Group products that Financial Services acquires from non-Group dealers or other third-parties and leases to end customers. These vehicles are presented at (amortized) cost of acquisition under leased equipment in the Financial Services segment. If these vehicles are Group products and are subsidized, the subsidies are deducted from the cost of acquisition. 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. The revenue received from the sale of Group products to the dealers is estimated by the Group as being of the magnitude of the respective addition to leased equipment at Financial Services. In 2022, additions to leased equipment from these vehicles at Financial Services amounted to €868 million (2022: €109 million).

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.

Transfer of Phase 2 legal entities and operations from the Mercedes-Benz Group as part of the spin-off
In the context of the separation of the commercial vehicle business from the Mercedes-Benz Group in 2021, Daimler Truck Holding AG entered into a spin-off and hive-down agreement (“demerger agreement”), which took effect upon entry in the commercial register of Mercedes-Benz Group AG as the transferring legal entity on December 9, 2021 (“spin-off”).

As part of the spin-off, Daimler Truck Holding AG committed to acquire the truck and bus-related lease portfolios as well as wholesale and retail loan portfolios from the Mercedes-Benz Group via asset deals or share deals in 2022 (“Phase 2 transactions”). The purchase of Phase 2 legal entities and operations commenced in April 2022. For more information, refer to Note 4. Business combinations.

Before the acquisition, there were already existing contractual relationships between the Daimler Truck Group as the acquirer and the acquired truck and bus-related financial services business (“pre-existing relationships”) in the context of the transfer of trucks/buses to the financial services companies for renting to end customers as well as from the assumption of opportunities and risks from residual values. These contractual relationships were terminated with the acquisition of the Financial Services companies. The fair value of the pre-existing relationships was measured using the discounted cash flow method. This results in an amount that corresponds to the termination amount and the value of the non-market component of the contracts. Existing assets and liabilities of the Daimler Truck Group as the acquirer were also taken into account.

Equity-method investments
On the date of acquisition, a positive difference between cost of acquisition and the Daimler Truck 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 Daimler Truck 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 or 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.

Impairment test of non-current non-financial assets
At December 31, 2022, the Daimler Truck Group assessed whether there was an indication that an asset might be impaired or whether there was an indication that a previously recognized impairment loss might be reversed. If such indication exists, the Daimler Truck 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 groups of assets (cash-generating units or "CGU"(s)). 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. If 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 to sell and value in use. For cash-generating units, the Daimler Truck Group in a first step determines the respective recoverable amount as value in use and compares it with the respective carrying amount (including goodwill). The cash-generating units of the Daimler Truck Group that were tested for impairment are Trucks North America, Mercedes-Benz, Trucks Asia, Daimler Buses and Financial Services. The Trucks Asia segment is comprised of the Trucks Asia CGU, and the at-equity investment in Beijing Foton Daimler Automotive Co. Ltd ("BFDA") (not part of the Truck Asia CGU), refer to Note 14. Equity-method investments. A further CGU for the start-up TORC Robotics, Inc. ("TORC"), is presented under Reconciliation in the segment reporting.

Sustainability is an integral part of the Daimler Truck Group's business strategy. The Daimler Truck Group believes it can only remain successful over the long-term if it concludes its business operations responsibly. Therefore, the Daimler Truck Group wants to drive transformation of the industry towards efficient and emission-neutral transportation by advancing innovative and sustainable transportation safely and responsibly and seeing sustainable corporate governance. This includes that the Daimler Truck Group aims to offer only new vehicles in Europe, North America and Japan that are CO_2 neutral in driving operation by 2039. Full Zero-Emission only works based on electric powertrains, and accordingly the development of two kinds of electric vehicles: battery-powered, where batteries are charged with electricity; and hydrogen-powered, which are fueled by hydrogen, stored in tanks and converted into energy by fuel cells. At the end of 2022, the Daimler Truck Group already had emission-free truck and bus models in series production in Europe, America and Asia. In the coming years, not only other vehicles with battery drives will follow, but also with hydrogen-based fuel cells. Furthermore, the Group will continue to expand its technology path in the future and explore the potential of different battery technologies and charging options. Given the importance of ensuring the right infrastructure is in place to support these Zero-Emission-Vehicles on the road, the Daimler Truck Group plans to with selected partners to establish a high-performance charging network infrastructure.

The intended shift from internal combustion engines to zero-emission vehicles as well as the changing customer demand for more sustainable products is reflected in the fact that in all automotive segments the focus after 2022 and the following years is on development projects related to zero-emission vehicles. In addition to changing customer behavior, these development projects are strongly influenced by technology and infrastructure developments as well as emissions regulations. Further information is provided in Note 1 section: "Sustainability".

The impairment test of the CGUs reflects these transformation targets within the forecasted planning periods as well as within the calculation of the terminal value. Daimler Truck Group's objective that in the triad markets by 2030 the share of sales from commercial vehicles that are CO_2 neutral in driving operation should be up to 60% is reflected in assumptions like a steady increase in the share of emission-free vehicles in the planning periods for the respective markets. Since the main transformation objectives are outside of the detailed planning period, assumptions about the shifting of revenues, costs and corresponding investments are reflected in the terminal value as well. These parameters are reflected in the annual impairment tests of our vehicle-related CGUs.

The Daimler Truck Group's sustainable business strategy includes the vision of accident-free driving as a potential major contribution to society. Accident-free driving means comprehensive protection for all road users. In order to make this vision reality, alongside its existing top safety features within its vehicles, the Daimler Truck Group is focusing on the further development of its driver assistance and autonomous driving systems in particular. Our activities to drive transformation through autonomous trucking solutions are especially reflected within the TORC Robotics, Inc. CGU.

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 are approved by management and are valid at the date when the impairment test is conducted. In general, the planning period covers five-year period. Terminal value derivations are based on a steady state, which reflects start-up businesses such as the TORC Robotics, Inc. CGU. Planning is based on expectations regarding future market shares, the general development of respective markets as well as the products' profitability. The derivation of value in use includes risk assessments. The assumptions for the plans are validated by considering historical trends and external data sources (including, but not limited to, market surveys). The effects of IFRS 16 is reflected consistently within the calculation of the value in use, as well as in measuring the net assets.

– For the automotive business CGUs, the rounded risk-adjusted interest rates used to discount cash flows are calculated for each cash-generating unit at 9.0% after taxes/12.0% before taxes (December 31, 2021: 8.0% after taxes/12.0% before taxes). The main assumptions used for discounted cash flows are sales trends and return on sales, which, for most CGUs, on average increase over the planning period. Return on sales are considered on an adjusted basis by excluding any special or one-off effects.

– For the Financial Services CGU a risk-adjusted interest rate of 10.0% after taxes/14.0% before taxes is applied (December 31, 2021: 9.0% after taxes/13.0% before taxes). The main assumptions used are the return on equity and growth in new customers, which on average increase over the planning period. Return on equity is considered on an adjusted basis by excluding any special or one-off effects.

– For the TORC Robotics, Inc. CGU, a separate risk-adjusted rate of 18.5% after taxes/25.0% before taxes is applied, representing the CGU as a start-up enterprise (December 31, 2021: 17.5% after taxes/23.5% before taxes).

The discount rate for the Financial Services CGU represents the cost of equity, whereas the risk-adjusted interest rate for the cash-generating units of the automotive business and TORC Robotics, Inc. are 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. In addition, several sensitivity analyses are conducted.

The sensitivity analyses are based on assumptions about the expected business growth and development, which are based on the facts and circumstances prevailing at the time of the preparation of the Consolidated Financial Statements, as well as on realistic assumptions about the future development of global and industry-specific environment. Truck and bus industries are subject to cyclical fluctuations, and as a result, react to varying degrees, depending on region and sector. Therefore, a conservative approach is used for all automotive CGUs in calculating the terminal value. Whereby unfavorable changes in underlying conditions which may deviate from assumptions, and that are beyond the Board of Management's control, actual values may differ from estimated values.

At December 31, 2022, the estimated recoverable amount of the Trucks Asia CGU exceeded its carrying amount by 14.0%. The main key assumptions were the return on sales, the cost of capital ("WACC") and the growth rate. In the context of the sensitivity analyses, the carrying amount would equal the recoverable amount for the Trucks Asia CGU, if:

– the expected return on sales would be reduced to a profitability level of 4.1%; or

– the WACC would be increased to 10.4%.

The planning has been based on the assumption of an unchanged conservative growth rate of 0% for terminal value, and has therefore no impact on the sensitivity analyses.

If value in use is lower than the carrying amount, fair value less costs to sell is additionally calculated to determine the recoverable amount.

An assessment for assets other than goodwill 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 Daimler Truck 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 depreciation) if no impairment loss had been recognized in prior years.

Non-current assets held for sale and disposal groups
The Group classifies non-current assets or disposal groups as held for sale if the carrying amount will be recovered principally through a sale transaction rather than through continuing use. In this case, the assets or disposal groups are no longer depreciated but measured at the lower of carrying amount and fair value less costs to sell. Immediately before classification as held for sale, the carrying amount of the asset is determined in accordance with the applicable individual requirements. 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 asset or disposal group concerned. The Group generally discloses these assets or disposal groups separately in the Consolidated Statement of Financial Position.

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 Daimler Truck 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 Daimler Truck 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 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 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 financial assets 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 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”). Cash and cash equivalents consist primarily of cash on hand, checks 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.

After initial recognition, 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 on the application of the effective interest method are also recognized in profit or loss, as well as the effects of currency translation.

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 present 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 measured at fair value, with unrealized gains or losses being recognized in other comprehensive income. Upon disposal of debt instruments, the accumulated gains and losses recognized in other comprehensive income 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.

Impairment of financial assets
At each reporting date, a loss allowance 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 losses for these instruments. Expected credit losses are allocated using three stages:

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 instrument.

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 and measured at lifetime expected credit loss. Objective evidence for a credit-impaired financial asset includes 91 days past due date and other information about significant financial difficulties of the borrower.

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 Daimler Truck 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 and

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 mainly calculated with a statistical model using 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 the future expectation factors. 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, for example, at the end of insolvency proceedings or after a court determines it is uncollectible.

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 simultaneous recognition of new financial assets. This is estimated to be rare and immaterial for receivables from financial services. 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 has to be recalculated and a modification gain or loss has to be 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:
Financial liabilities primarily include trade payables, liabilities to banks, derivative financial liabilities and other liabilities such as non-controlling interests in consolidated commercial real-estate partnerships. These interests are classified as puttable instruments since the non-controlling partner has the right to terminate and return their shareholding in exchange for a settlement. Puttable instruments in commercial real-estate partnerships are accounted for as a financial liability in the Consolidated Financial Statement.

The Group participates in reverse-factoring arrangements under which suppliers may elect to receive early payment from financial institutions by factoring their receivables from the Group. The Daimler Truck Group qualifies the financial liabilities eligible to the reverse factoring arrangements as trade payables as the obligations to pay for goods or services are invoiced by a supplier. The Group considers trade payables as part of the working capital. In general trade payables have an original maturity of less than 12 months. Related payments are included within operating cash flows because they remain operational in nature.

Financial liabilities measured at amortized cost:
After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest method. The measurement of the puttable instruments in commercial real-estate partnerships equals the present value of the redemption amount in the case of termination of the shareholding.

Financial liabilities at fair value through profit or loss:
Financial liabilities 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 and interest rate risks.

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 Daimler Truck 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 presented 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 Daimler Truck Group designates and documents the hedge relationship from the date a derivative contract is entered into as a fair value hedge or a cash flow hedge. 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, the variability of cash flows to be received or paid from expected transactions related to a recognized asset or liability or a highly probable forecast transaction is 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. Hedging transactions are regularly assessed to determine whether the effectiveness requirements are met while they are designated.

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

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. 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. 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 values 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 plans for pensions and other post-employment benefit obligations (medical care) in accordance with IAS 19 Employee Benefits is based on the projected unit credit method. Plan assets invested to cover defined benefit pension obligations and other post-employment benefit obligations (medical care) are measured at fair value and offset against the corresponding obligations. If the benefit entitlements are not covered by assets, the amount included in provisions for pensions and similar obligations corresponds to the amount of the defined benefit obligation (DBO) pension commitments. If the benefit entitlements are covered by plan assets, a net amount is recognized from the fair value of the plan assets and the DBO is adjusted in relation to any effects of the asset ceiling.

The balance of defined benefit plans 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 or loss under interest expense or interest income in the Consolidated Statement of Income. The other expenses resulting from pension obligations and other post-employment benefit obligations (medical care), which mainly result from entitlements acquired during the year under review, are taken into consideration in the 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 have a direct impact on the Consolidated Statement of Financial Position and are recognized in 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 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
A provision is recognized when a liability 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 criteria of the regulations on recognition and measurement 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 program is initiated. Estimates for accrued warranty costs are primarily based on historical experience.

Restructuring provisions are set up in connection with programs 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. Restructuring provisions 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.

Contract liabilities occur at the Daimler Truck Group especially from prepaid service and maintenance contracts and extended warranties.

Refund liabilities:
A refund liability occurs if the Daimler Truck 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 Daimler Truck Group does not expect to be entitled and is thus not included in the transaction price.

Refund liabilities occur at the Daimler Truck Group especially in the following circumstances:

- obligations from sales transactions (especially performance bonuses, discounts and other price concessions) in the scope of IFRS 15, and

- sales with the right of return and residual-value guarantees.

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
The Daimler Truck Group uses the indirect method for the determination of cash flows from operating activities. Interest paid as well as interest and dividends received are classified as cash flows 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 flows from investing activities.

Prior to the spin-off, financing transactions of the Daimler Truck Group with the Mercedes-Benz Group ("Transactions with the Mercedes-Benz Group") were presented in the cash flows from financing activities. Transactions with the Mercedes-Benz Group also include cash inflows and outflows in connection with profit-or-loss transfer agreements between the Daimler Truck Group and the Mercedes-Benz Group, purchase price for the acquisition of businesses under common control, which is already accounted for retrospectively, dividends paid to Mercedes-Benz Group companies, and other financing transactions.

2. Accounting estimates and management judgments

In the Consolidated Financial Statements, to a certain degree, estimates and management judgments have to be made 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 amounts of income and expense reported for the period. The major items affected by such estimates and management judgments are described as follows. Actual amounts may differ from the estimates. Changes in the estimates and management judgments can have a material impact on the Consolidated Financial Statements.

Acquired receivables from Financial Services entities from Phase 2 transactions

In connection with the Phase 2 transactions, truck and bus-related Financial Services companies and divisions were acquired after the spin-off from the Mercedes-Benz Group in 2022 by the Daimler Truck Group. The assets acquired with the business combinations mainly consist of receivables from financial services. Acquired receivables from financial services are recognized at fair value at the time of acquisition in accordance with IFRS 3 – Business combinations. The main assumptions regarding the acquired receivables from financial services relate to the weighted average cost of capital (“WACC”) and the expected credit losses. Refer to Note 4. Business combinations.

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

To determine the recoverable amounts of cash-generating units, estimates have to be used as part of impairment tests for non-financial assets. 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 include assumptions regarding future market shares and the growth of the respective markets, as well as regarding the products’ profitability.

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 financial investment. Refer to Note 14. Equity-method investments, for the presentation of carrying amounts of equity-method investments.

Recoverable amount of equipment on operating leases

The Daimler Truck Group regularly reviews the factors determining the values of its leased vehicles. In particular, it is necessary to estimate the residual-values of vehicles at the end of their leases, which constitute a substantial part of the expected future cash flows from leased assets. 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 recent 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 periods of the lease contracts.

Collectability of receivables from financial services

The Daimler Truck Group regularly estimates the risk of default on receivables from financial services. 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 estimated 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. GDP growth, unemployment rate, cost-performance index) and forecasts of future economic conditions. For receivables from financial services, these forecasts are determined using a scenario analysis (baseline scenario, optimistic 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. Refer to Note 15. Receivables from financial services and Note 34. Management of financial risks for further information.

Product warranties
The recognition and measurement of provisions for product warranties is generally connected with estimates.

The Group provides various types of product warranties depending on the type of product and market conditions. Provisions for product warranties are generally recognized when vehicles are sold or when new warranty programs are initiated. Based on historical warranty-claim experience, assumptions have to be made on the type and extent of future warranty claims and customer goodwill, as well as on possible recall campaigns. 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. Further information on provisions for other risks is provided in Note 24. Provisions for other risks.

Liability and litigation risks and regulatory proceedings
Various legal proceedings, claims and governmental investigations are pending against the Daimler Truck Group on a wide range of topics. If the outcome of such legal proceedings is detrimental to the Daimler Truck 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 Daimler Truck 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 potential litigation will have to be adjusted due to future developments. Changes in estimates and premises can have a material effect on the Group's future profitability. It is also possible that provisions recognized for some legal proceedings may turn out to be insufficient once such proceedings have ended. The Daimler Truck 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 Daimler Truck Group's operating results and cash flows for a particular reporting period, management believes that it should not materially affect the Group's financial position. Further information on liability and litigation risks and regulatory proceedings is provided in Note 31. Legal proceedings.

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 on which the influencing factors are based may differ from current developments. The financial effects of deviations of the main factors are calculated with the use of sensitivity analyses. Refer to Note 23. Pensions and similar obligations for further information.

Income taxes
The calculation of income taxes is based on the legislation and regulations applicable in the various countries. Due to their complexity, tax items presented in the Consolidated Financial Statements are possibly subject to different interpretations by taxpayers on the one hand and local tax authorities on the other. Different interpretations can occur especially in connection with the recognition and measurement of balance sheet items as well as in connection with the assessment of expenses and income. For the calculation of deferred taxes, assumptions have to be made regarding future taxable income and the time of realization of the deferred tax benefits. In this context, the Daimler Truck Group takes into consideration, among other things, the projected earnings from subsidiaries, the effects on earnings of the reversal of taxable temporary differences, and realizable tax strategies. As future business developments are uncertain and are sometimes beyond the Daimler Truck Group's control, the assumptions to be made in connection with accounting for deferred tax assets are connected with a substantial degree of uncertainty.

On each balance sheet date, the Daimler Truck Group carries out impairment tests on deferred tax assets on the basis of the planned taxable income in future financial years. Deferred tax assets are only recognized if it is probable that future taxable income will be available to realize tax benefits.

3. Consolidated Group

Composition of the Group

Table ↗ D.08 shows the composition of the Group. A list of the companies included in the Consolidated Financial Statements and of investments accounted for at-equity of the Daimler Truck Group pursuant to Section 313 of the German Commercial Code ("HGB") is provided in the statement of investments, refer to Note 42. Additional information.

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 Daimler Truck Group and the fair presentation of its profitability, liquidity and capital resources, and financial position would amount to approximately 1% of the Daimler Truck Group's total assets; the aggregate revenue and the aggregate net profit would amount to approximately 1% of the Daimler Truck Group's revenue and net profit.

In connection with the Phase 2 transactions during 2022, the Daimler Truck Group acquired further companies from the Mercedes-Benz Group.

Structured entities

The structured entities of the Daimler Truck Group are rental companies and asset-backed-securities (ABS) companies. The purpose of the rental companies is primarily the acquisition, renting-out and management of assets. The ABS companies are primarily used for the Daimler Truck Group's refinancing. The assets transferred to structured entities usually result from the Daimler Truck Group's leasing and sales financing business. Those entities refinance the purchase price by issuing securities.

At the reporting date, the Daimler Truck Group has business relationships with three controlled structured entities. In addition, the Daimler Truck Group has relationships with six non-controlled structured entities.

Assets and liabilities held for sale

At December 31, 2022 there are no significant assets and liabilities held for sale.

D.08
Composition of the Group

	At December 31, 2022	2021
Consolidated subsidiaries	125	114
Germany	13	14
International	112	100
Unconsolidated subsidiaries	22	20
Germany	8	5
International	14	15
Joint operations accounted for using the equity method	1	1
Germany	–	–
International	1	1
Joint ventures accounted for using the equity method	8	7
Germany	1	1
International	7	6
Associated companies accounted for using the equity method	6	6
Germany	1	1
International	5	5
Joint operations, joint ventures, associated companies and material other investments accounted for at (amortized) cost	11	11
Germany	5	5
International	6	6
Significant other investments accounted for at fair value	4	3
Germany	2	1
International	2	2
Total	177	162

4. Business combinations

Acquisition of truck and bus-related Financial Services companies and business units from Mercedes-Benz Group
During 2022 and after the spin-off, in connection with the Phase 2 transactions, the Daimler Truck Group acquired the following truck and bus related Financial Services companies as well as Financial Services business units (together hereinafter also referred to as the "acquired Financial Services business") from Mercedes-Benz Group.

On April 1, 2022, the Daimler Truck Group acquired 100% of the shares in the Financial Services companies Mercedes-Benz Broker Argentina S.A. and Mercedes-Benz Servicios S.A. including the shares in its subsidiaries Mercedes-Benz Compañía Financiera Argentina S.A. with registered office in Argentina, Buenos Aires, Daimler Truck Financial Services Belgium S.A./N.V. with registered office in Belgium, Brussels ("BEL"), Mercedes-Benz Trucks Financial Services Italia S.p.A. with registered office in Italy, Rome ("ITA") and Daimler Truck Financial Services Nederland B.V. with registered office in the Netherlands, Utrecht ("NL").

On September 30, 2022, the Daimler Truck Group acquired 100% of the shares of Mercedes-Benz Kamyon Finansman A.S. including including the shares in its subsidiary Daimler Sigorta Aracilik Hizmetleri A.S. with registered office in Turkey, Istanbul.

On November 7, 2022, the Daimler Truck Group acquired100% of the shares in Daimler Truck Financial Services Espana E.F.C., S.A.U. with registered office in Spain, Madrid ("ESP-FS").

The share deal transactions, described above, constitute business combinations (together hereinafter also referred to as "share deal transactions") in accordance with IFRS 3 – Business Combinations.

The information on the business combinations in Argentina of Mercedes-Benz Servicios S.A., including the shares in its subsidiary Mercedes-Benz Compañía Financiera Argentina S.A., as well as Mercedes-Benz Broker Argentina S.A. is presented below on an aggregated basis ("ARG"). Similarly, the business combinations in Turkey with regard to Mercedes-Benz Kamyon Finansman A.S., including the shares in its subsidiary Daimler Sigorta Aracilik Hizmetleri A.S. is also presented on an aggregate basis ("TR").

Additionally, on May 6, 2022, the Daimler Truck Group acquired the truck and bus-related Financial Services business of Mercedes-Benz Renting, S.A, headquartered in Madrid, Spain ("ESP-RT") in an asset deal. Furthermore, the Daimler Truck Group acquired the truck and bus-related Financial Services division of Mercedes-Benz Financial Services UK Ltd. with registered offices in the United Kingdom, Milton Keynes ("UK") on August 1, 2022 as part of another asset deal. These acquisitions also constitute business combinations in accordance with IFRS 3 – Business Combinations.

With the above transactions, the Daimler Truck Group is strengthening its focus on truck and bus-related leasing and Financial Services business in Europe and South America.

The acquired Financial Services business was fully integrated into the existing Financial Services segment.

With the acquisition of Financial Services companies, there were already existing contractual relationships between the Daimler Truck Group as the acquirer and the acquired truck and bus-related Financial Services business ("pre-existing relationships") in the context of the transfer of trucks/buses to the Financial Services companies for renting to end customers as well as from the assumption of opportunities and risks from residual values. These contractual relationships were terminated with the acquisition of the Financial Services companies. The fair value of the pre-existing relationships at the time of acquisition were €171 million. The fair value of the pre-existing relationships was measured using the discounted cash flow method. This resulted in a gain of €44 million in 2022, which was recognized as other operating income in the Consolidated Statement of Income and allocated in full to the Financial Services segment.

As part of the 2021 demerger agreement, valuation mechanisms were defined for determining the purchase prices. These include, among other aspects, the preparation of external evaluation reports that are not yet final as of the reporting date for acquisition of NL, ITA, UK, TR, ESP-RT and ESP-FS. The finalization of the external evaluations are still outstanding as of December 31, 2022 and is planned for the period up to one year after the corresponding acquisition dates. No significant purchase price adjustments are expected. The purchase price allocation and measurement of the assets and liabilities acquired for BEL and ARG were concluded by December 31, 2022. The finalization of the purchase price allocation has not resulted in any significant changes.

Table ↗ D.09 below shows the fair values of the consideration transferred in respect of the acquired Financial Services business at the respective acquisition dates. As described above, some of these are still provisional.

D.09

Consideration transferred in business combinations

	ARG	BEL	ITA	NL	ESP-RT	UK	TR	ESP-FS	Total
In millions of euros									
Purchase prices of share deal transactions and asset deal transactions[1]	7	2	18	46	194	695	37	7	**1,006**
Repayment of financing liabilities to the Mercedes-Benz Group	–	80	601	396	–	–	–	193	**1,271**
Less cash allocated for the settlement of pre-existing relationships	–	-12	-5	-5	-134	-15	–	–	**-171**
Total consideration transferred (purchase price, partly preliminary)	**7**	**70**	**614**	**437**	**60**	**680**	**37**	**200**	**2,106**
Paid by Dec. 31, 2022	7	70	614	437	60	680	23	211	**2,103**
Cash acquired	-10	–	-2	-6	–	–	-75	-6	**-99**
Net consideration transfered by Dec. 31 2022	**-3**	**70**	**612**	**431**	**60**	**680**	**-52**	**205**	**2,004**

1 The purchase prices for TR and ESP-FS are provisional, as the final purchase price is derived from the evaluation of a neutral expert. The expert opinion must be drawn up within 12 months after acquisition date.

As part of the purchase price allocation, the assets purchased and liabilities acquired were measured at fair value using the discounted cash flow method. In addition to the recognition of intangible assets relating to customer relationships and software, this led in particular to the recognition of the purchased leasing portfolio (receivables from Financial Services and leased assets) and of goodwill. Where the acquisition price is below the fair value, a gain in bargain purchase has been recognized directly in the Consolidated Statement of Income.

The main assumptions made in the context of the purchase price allocation relate to the development of future revenue and margins of the acquired truck and bus-related Financial Services business, expected margins from the credit and leasing portfolios, and expectations on future customer behavior and cost of capital.

Table ↗ **D.10** presents the partly preliminary allocation of the consideration transferred to the assets purchased and liabilities acquired measured at fair value at the respective acquisition dates.

D.10

Assets purchased and liabilities acquired at fair value (partly preliminary[1])

	ARG	BEL	ITA	NL	ESP-RT	UK	TR	ESP-FS	Total
In millions of euros									
Intangible assets	1	–	–	3	–	5	–	–	**9**
Property, plant and equipment	–	–	–	–	–	–	1	–	**1**
Equipment on operating leases	–	8	16	98	60	220	–	–	**402**
Receivables from financial services	94	69	641	337	–	451	540	160	**2,291**
Trade receivables	1	6	–	13	–	–	2	–	**23**
Cash and cash equivalents	10	–	2	6	–	–	75	6	**99**
Other financial assets	1	–	–	–	1	–	14	40	**56**
Other assets	7	2	7	–	1	–	1	19	**38**
Total assets	**114**	**85**	**666**	**457**	**62**	**676**	**633**	**225**	**2,918**
Provisions	–	–	–	–	–	–	2	2	4
Financing liabilities	68	–	–	–	–	–	527	–	**595**
Trade payables	–	5	–	4	–	–	–	4	**13**
Other financial liabilities	10	1	–	8	2	–	34	2	**57**
Other liabilities	4	1	1	9	2	–	8	3	**28**
Total liabilities	**82**	**7**	**1**	**21**	**4**	-	**571**	**11**	**697**
Purchased net assets	**32**	**77**	**665**	**435**	**57**	**676**	**63**	**214**	**2,220**
Total consideration transferred (purchase price)	**7**	**70**	**614**	**437**	**60**	**680**	**37**	**200**	**2,106**
Goodwill (+) or gain on bargain purchase (-)	**-25**	**-7**	**-51**	**2**	**3**	**4**	**-26**	**-14**	**-114**

1 The evaluation reports for the acquisition of NL, ITA, UK, TR, ESP-RT and ESP-FS are provisional, as the final evaluation reports are not yet available.

Table ↗ **D.11** represents the contractually agreed gross amounts of receivables from Financial Services acquired and trade receivables, at the respective acquisition dates, as well as the best estimate of the contractual cash flows expected to be irrecoverable:

D.11

Gross contractual amounts and best estimate of cash flows expected to be irrecoverable

	ARG	BEL	ITA	NL	ESP-RT	UK	TR	ESP-FS	Total
In millions of euros									
Contractual gross amounts	97	76	667	354	–	455	554	186	**2,390**
Related cash flows expected to be uncollectible	1	1	26	4	–	4	13	26	**76**

The business combinations of BEL, ITA, ARG, TR und ESP-FS resulted in an acquisition at a price below fair value in the amount of €123 million and were recognized as a gain on bargain purchase within other operating income in the Consolidated Statement of Income in 2022. The acquisition at a price below fair value resulted primarily from the expected lower profitability of the companies in connection with the market-standard equity position.

Table ↗ D.12 shows the amount of revenue and profit/loss after tax generated by the acquired Financial Services business from the acquisition date to December 31, 2022, as recognized in the Consolidated Statement of Income in 2022.

D.12

Revenues and profit/loss after tax generated between acquisition date and Dec. 31, 2022

	ARG	BEL	ITA	NL	ESP-RT	UK	TR	ESP-FS	Total
In millions of euros									
Revenues	26	13	29	47	51	50	34	4	**254**
Profit/loss after tax	-8	-1	-6	–	-5	-10	-10	2	**-38**

The pro forma revenue and pro forma consolidated profit/loss after tax that would have been recognized in the Consolidated Statement of Income in 2022 if the business combinations had already taken place on January 1, 2022 would amount to €469 million and a loss of €33 million, respectively. In determining these amounts, management assumed that the fair value adjustments made at the acquisition date would also have been effective in the event of an acquisition on January 1, 2022.

Table ↗ D.13 shows the respective pro forma components of the acquired Financial Services business from January 1, 2022 until the acquisition date in the above-mentioned pro forma revenues and pro forma consolidated profit/loss after tax:

D.13

Pro forma components of pro forma revenues and pro forma net profit after tax from January 1, 2022 until acquisition date

	ARG	BEL	ITA	NL	ESP-RT	UK	TR	ESP-FS	Total
In millions of euros									
Pro forma revenues (pro rata)	8	4	9	23	22	72	69	7	**215**
Pro forma consolidated profit/loss after tax (pro rata)	2	–	–	1	–	-3	13	-9	**5**

5. Revenue

Revenue disclosed in the Consolidated Statement of Income includes revenue from contracts with customers and other revenue not in the scope of IFRS 15.

Revenue from contracts with customers (revenue according to IFRS 15) is disaggregated by the two categories – type of products and services and geographical regions – and presented in table ↗ **D.14**. The category type of products and services corresponds to the reportable segments as presented in Note 35. Segment reporting.

Other revenue primarily comprises revenue from the rental and leasing business of €1,008 million (2021: €994 million), interest from Financial Services of €1,320 million (2021: €888 million) and effects from currency hedging. Interest from the financial services business includes financial income on the net investment in leases of €187 million (2021: €142 million).

Revenue according to IFRS 15 includes revenue that was previously included in contract liabilities at December 31, 2021 that amounted to €1,043 million in 2022 (revenue in 2021 that was previously included in contract liabilities at January 1, 2021: €814 million) and revenue from performance obligations of €99 million (2021: €132 million), which were met or partially met in previous periods.

In the second quarter of 2022, revenue in accordance with IFRS 15 included revenue from a license agreement with Beijing Foton Daimler Automotive Co., Ltd., an equity-method financial investment of the Daimler Truck Group (refer to Note 38. Related party disclosures), presented within the Mercedes-Benz segment.

D.14
Revenue

In millions of euros	Trucks North America	Mercedes-Benz	Trucks Asia	Daimler Buses	Financial Services	Total segments	Reconciliation	Daimler Truck Group
2022								
Revenue according to IFRS 15	**21,985**	**19,650**	**6,466**	**3,494**	**176**	**51,771**	**-3,139**	**48,632**
Europe	**207**	**12,213**	**381**	**2,456**	**42**	**15,299**	**-864**	**14,435**
North America	**21,408**	**1,182**	**130**	**256**	**46**	**23,022**	**-1,285**	**21,737**
Asia	**8**	**1,905**	**5,166**	**62**	**17**	**7,158**	**-689**	**6,469**
Latin America[1]	**175**	**3,442**	**222**	**643**	**22**	**4,504**	**-253**	**4,251**
Other markets	**187**	**908**	**567**	**77**	**49**	**1,788**	**-48**	**1,740**
Other revenue	**54**	**563**	**33**	**195**	**1,583**	**2,428**	**-115**	**2,313**
Total revenue	**22,039**	**20,213**	**6,499**	**3,689**	**1,759**	**54,199**	**-3,254**	**50,945**

In millions of euros	Trucks North America	Mercedes-Benz	Trucks Asia	Daimler Buses	Financial Services	Total segments	Reconciliation	Daimler Truck Group
2021								
Revenue according to IFRS 15	15,772	15,513	5,949	2,991	101	40,326	-2,395	37,931
Europe	88	10,248	284	2,328	–	12,948	-675	12,273
North America	15,326	1,104	89	150	41	16,710	-1,139	15,571
Asia	13	1,068	4,925	51	9	6,066	-455	5,611
Latin America[1]	150	2,210	185	384	11	2,940	-120	2,820
Other markets	195	883	466	78	40	1,662	-6	1,656
Other revenue	10	600	20	220	1,021	1,871	-38	1,833
Total revenue	15,782	16,113	5,969	3,211	1,122	42,197	-2,433	39,764

1 Excluding Mexico.

At December 31, 2022, it was anticipated that future revenue of €3,373 million (2021: €2,991 million) related to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period will be realized within the next three years. 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. Any long-term performance obligations considered of minor importance to the overall contract value of a bundled contract are not considered in assessing the initial duration of the bundled contract.

Revenue by segment is shown in table ↗ **D.90** and by region in table ↗ **D.92** in Note 35. Segment reporting.

6. Functional costs

Cost of sales

Items included in cost of sales are shown in table ↗ **D.15**.

D.15
Cost of sales

	2022	2021
In millions of euros		
Expense of goods sold	-38,717	-30,528
Depreciation of equipment on operating leases	-716	-670
Refinancing costs at Financial Services	-726	-409
Impairment losses on receivables from Financial Services	-174	-103
Other cost of sales	-1,180	-809
	-41,513	-32,519

The increase in the Group's cost of sales is mainly due to higher sales in 2022 than in 2021.

In 2022, the cost of sales also increased due to expenses for risk provisions, and increased portfolio and interest rates in the Financial Services segment.

Expense of goods sold includes amortization expense of capitalized development costs in the amount of €120 million (2021: €183 million).

The expense of goods sold also includes, among other expenses, cost optimization programs to reduce fixed costs (refer to table ↗ **D.16**).

Selling expenses

In 2022, selling expenses amounted to €2,928 million (2021: €2,722 million). Selling expenses consist of direct selling costs as well as selling overhead expenses, such as personnel expenses, material costs and other selling costs.

General administrative expenses

In 2022, general administrative expenses amounted to €1,957 million (2021: €1,635 million). They consist of expenses which are not attributable to production, sales or research and development functions, such as personnel expenses, depreciation and amortization of fixed and intangible assets, and other administrative costs.

Research and non-capitalized development costs

In 2022, research and non-capitalized development costs were €1,618 million (2021: €1,398 million) and primarily comprise personnel expenses and material costs.

Effects on functional costs due to Russia-Ukraine war

Russia has been at war with Ukraine since the end of February 2022. On February 27, 2022, the Group decided to suspend all its business activities in Russia until further notice. The increased risks in connection with the Russia-Ukraine war led to an impairment of trade receivables of €100 million, which was recognized accordingly in selling expenses. Additionally in 2022, a loss allowance of €18 million was also recognized on inventories.

Cost optimization programs

In all functional cost areas, there were expenses from cost-optimization programs in connection with the measures agreed with the General Works Council of Mercedes-Benz Group AG in December 2019 to cut the Group's costs and reduce jobs in a socially responsible manner. The expenses were primarily attributable to the Mercedes-Benz and Daimler Buses segments.

Furthermore, the Group recognized a restructuring provision in connection with the transformation plan announced by Mercedes-Benz do Brasil Ltda. (Brazil) in September 2022 to restructure certain internal tasks and thus reduce costs and cut approximately 2,200 jobs in a socially responsible manner. The expenses were attributable to the Mercedes-Benz and Daimler Buses segments.

Table ↗ **D.16** provides an overview of the composition of the total expenditure of the cost optimization program.

D.16
Expenses associated with cost optimization programs

In millions of euros	2022	2021
Cost of sales	176	67
Selling expenses	5	18
General administrative expenses	42	39
Research and non-capitalized development costs	1	17
	224	141

Personnel expenses and average number of employees
Personnel expenses included in the Consolidated Statement of Income amounted to €7,820 million in 2022 (2021: €7,093 million). Personnel expenses comprise wages and salaries in the amount of €6,016 million (2021: €5,404 million), social-security contributions in the amount of €1,479 million (2021: €1,298 million) and expenses from pension obligations in the amount of €325 million (2021: €391 million).

Pursuant to Section 314 Subsection 1 No. 4 of the German Commercial Code ("HGB"), the average numbers of people employed in the Daimler Truck Group, are shown in table ↗ **D.17**.

D.17
Average number of employees

	2022	2021
Trucks North America	27,630	25,392
Mercedes-Benz	44,278	42,985
Trucks Asia	16,244	16,255
Daimler Buses	16,385	16,491
Financial Services	1,577	1,281
Central Functions & Services[1]	2,324	1,137
	108,438	103,541

1 Including entities which are not allocated to reportable segments and are presented under Reconciliation within the segment reporting.

Information on the total remuneration of the key management personnel is provided in Note 39. Remuneration of the members of the Board of Management and the Supervisory Board.

7. Other operating income and expense

The composition of other operating income is shown in table ↗ **D.18**.

D.18
Other operating income

In millions of euros	2022	2021
Gain on Bargain purchase related to Phase 2 transactions	123	–
Income from the termination of pre-existing relationships	-44	–
Income from costs recharged	310	382
Government grants and subsidies	51	61
Gain on disposal of property, plant and equipment	34	48
Rental income not relating to sales financing	42	34
Gain from the loss of control of cellcentric	–	-1,215
Miscellaneous other operating income	276	289
	880	2,029

In 2022, other operating income includes gain on bargain purchase for acquisitions at a price below market value of €123 million and income from the termination of pre-existing relationships of €44 million. Both incomes are due to the acquired Financial Services business.

Income from costs recharged includes income from licenses and patents, as well as shipping costs and other costs charged, with related expenses primarily within the functional costs.

Government grants and subsidies mainly comprise reimbursements relating to current early-retirement contracts and subsidies for alternative drive systems.

In 2021, other operating income included the gain from the loss of control of the cellcentric GmbH & Co. KG joint venture resulting in a positive effect on earnings of €1,215 million in other operating income, of which €624 million is accounted for in particular by the remeasurement of the 50.00% interest in cellcentric GmbH & Co. KG that is held by the Daimler Truck Group.

The composition of other operating expense is shown in table ↗ D.19.

D.19
Other operating expense

In millions of euros	2022	2021
Goodwill impairment loss	–	-40
Loss on disposal of property, plant and equipment	-18	-22
Miscellaneous other operating expense	-159	-286
	-177	-348

Miscellaneous other operating expense also includes provisions for liability and litigation risks and regulatory proceedings.

8. Other financial income/expense, net

Table ↗ D.20 shows the components of other financial income/expense, net.

D.20
Other financial income/expense, net

In millions of euros	2022	2021
Income and expense from compounding and effects from changes in discount rates of provisions for other risks	139	26
Miscellaneous other financial income/expense, net	-49	54
	90	80

9. Interest income and interest expense

Table ↗ D.21 shows the components of interest income and interest expense.

D.21
Interest income and interest expense

In millions of euros	2022	2021
Interest income		
Interest and similar income	198	73
	198	73
Interest expense		
Net interest expense on the net obligation from defined benefit pension plans	-55	-48
Interest and similar expense	-190	-108
	-245	-156

10. Income taxes

Table ↗ D.22 shows the components of income taxes.

D.22
Components of income taxes

In millions of euros	2022	2021
Current taxes	-1,062	-777
Deferred taxes	376	-114
	-686	-891

The current tax expense includes tax expenses recognized for prior periods at German and non-German subsidiaries of €4 million (2021: expense of €12 million).

The deferred tax income or expense is comprised of the components shown in table ↗ D.23.

D.23
Components of deferred tax income (+) or expense (-)

	2022	2021
In millions of euros		
Deferred taxes due to temporary differences	342	-139
Deferred taxes due to tax loss carryforwards and tax credits	34	25
	376	-114

Daimler Truck Holding AG is domiciled in Germany with an applicable income tax rate of 29.8% in 2022 and 2021, respectively. It consists of a federal corporate income tax rate of 15.0%, a solidarity tax surcharge of 5.5% on each year's federal corporate income taxes, and a trade tax rate of 14.0%. The deferred taxes were measured using the substantively enacted tax rates of the respective tax jurisdictions.

Table ↗ D.24 shows a reconciliation of expected income tax expense to actual income tax expense determined using the unchanged applicable German combined statutory tax rate of 29.8%.

D.24
Reconciliation of expected income tax expense to actual income tax expense

	2022	2021
In millions of euros		
Expected income tax expense	-1,029	-976
Foreign tax rate differential	133	71
Trade tax rate differential	5	18
Tax law changes	-19	20
Change in unrecognized deferred tax assets	364	32
Tax-free income and non-deductible expenses	-126	15
Other	-14	-71
	-686	-891

The change in unrecognized deferred tax assets in 2022 predominantly result from companies forming the German tax group of Daimler Truck Holding AG.

Tax-free income and non-deductible expenses include effects from non-German and German legal entities and operations, for example, from tax-free dividends and non-deductible expenses resulting from such dividends.

The Other effects primarily relate to foreign currency effects, inflationary effects and withholding taxes.

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 Consolidated Statement of Financial Position, deferred tax assets and liabilities are presented as shown in table ↗ D.25.

D.25
Deferred tax assets and liabilities

	2022	2021
In millions of euros		
Deferred tax assets	1,643	1,388
Deferred tax liabilities	-65	-68
Deferred tax assets, net	1,578	1,320

In respect of each type of temporary difference and in respect of each type of unutilized tax loss carryforwards and unutilized tax credits, the deferred tax assets and liabilities before offset are summarized in table ↗ D.26.

D.26
Split of deferred tax assets and liabilities before offset

	At December 31,	
	2022	2021
In millions of euros		
Intangible assets	**81**	67
Property, plant and equipment	**51**	28
Equipment on operating leases	**63**	47
Inventories	**235**	173
Receivables from financial services	**161**	183
Miscellaneous assets, mainly other financial assets	**1,286**	1,213
Tax loss carryforwards and unused tax credits	**530**	521
Provisions for pensions and similar obligations	**175**	227
Other provisions	**928**	800
Liabilities	**1,060**	1,056
Deferred income	**733**	729
Miscellaneous liabilities	**17**	11
	5,320	5,055
Unrecognized deferred tax assets	**-716**	-1,349
thereof on temporary differences	**-248**	-858
thereof on tax loss carryforwards	**-468**	-491
Deferred tax assets, gross	**4,604**	3,706
Development costs	**-228**	-214
Other intangible assets	**-50**	-52
Property, plant and equipment	**-735**	-856
Equipment on operating leases	**-750**	-782
Inventories	**-63**	-30
Receivables from financial services	**-148**	-2
Miscellaneous assets	**-117**	-47
Provisions for pensions and similar obligations	**-857**	-374
Other provisions	**-27**	-16
Miscellaneous liabilities	**-51**	-13
Deferred tax liabilities, gross	**-3,026**	-2,386
Deferred tax assets, net	**1,578**	1,320

The development of net deferred tax assets, is shown in table ↗ D.27.

D.27
Change of deferred tax assets, net

	2022	2021
In millions of euros		
Deferred tax assets, net as of January 1	**1,320**	1,159
Deferred tax benefit/expense in the Consolidated Statement of Income	**376**	-114
Change of deferred tax assets/ liabilities on equity instruments / debt instruments included in other comprehensive income	**-1**	3
Change of deferred tax assets/ liabilities on derivative financial instruments included in other comprehensive income	**-33**	-1
Change of deferred tax assets/ liabilities on actuarial gains/ losses from defined benefit pension plans included in other comprehensive income	**-153**	162
Other changes1	**69**	111
Deferred tax assets, net as of December 31	**1,578**	1,320

1 Other changes primarily relate to effects from currency translation.

Tax expense that was recognized in comprehensive income is as shown in table ↗ D.28.

D.28
Total comprehensive income

	2022	2021
In millions of euros		
Income tax expense in the Consolidated Statement of Income	**-686**	-891
Income tax expense or benefit recognized in other reserves	**-187**	164
	-873	-727

Unrecognized deferred tax assets decreased by €633 million during 2022 (2021: decrease of €553 million). Unrecognized deferred tax assets decreased in 2022 by €364 million and decreased in 2021 by €32 million in the Consolidated Statement of Income. Outside of profit or loss, unrecognized deferred tax assets decreased in 2022 by €269 million (2021: decrease of €521 million). The changes recognized outside profit or loss primarily result from the recognition or reversal of write-downs in other comprehensive income.

At December 31, 2022, deductible temporary differences for which no deferred tax assets are recognized are €762 million (December 31, 2021: €2,826 million).

Furthermore, at December 31, 2022, unused corporate income tax losses for which no deferred tax assets are recognized amount to €1,367 million (December 31, 2021: €1,450 million), of which €1,268 million of unused tax losses can be carried forward indefinitely (December 31, 2021: €1,369 million). At December 31, 2022, €25 million of unused corporate income tax losses for which no deferred tax assets are recognized are expected to expire within the next five years (December 31, 2021: €31 million). €0 million of unused corporate income tax losses for which no deferred tax asset is recognized are expected to expire in six to ten years (December 31, 2021: €0 million). €74 million of unused corporate income tax losses for which no deferred tax assets are recognized are expected to expire after more than ten years (December 31, 2021: €49 million).

At December 31, 2022, unused capital losses for which no deferred tax assets are recognized are €67 million (December 31, 2021: €76 million). Moreover, unused state tax losses in the USA (in 2021 including trade tax losses) that can be carried forward indefinitely or with expiry dates of up to 20 years for which no deferred tax assets are recognized are €101 million (December 31, 2021: €130 million).

The Daimler Truck Group believes that the utilization of those deferred tax assets is not probable or it cannot be reliably documented that sufficient future taxable income will be available against which the deductible temporary differences, tax loss carryforwards and tax credits can be offset. As the probability criterion required by IAS 12 – Income Taxes is therefore not fulfilled, no deferred tax assets are recognized, also in countries with tax loss carryforwards that can be carried forward indefinitely.

The Daimler Truck Group incurred tax losses in 2022 or 2021 in some subsidiaries (prior to the spin-off: legal entities and operations). After offsetting the deferred tax assets against deferred tax liabilities, the net deferred tax assets recognized at the Daimler Truck Group from these subsidiaries amount to €640 million at December 31, 2022 (December 31, 2021: €388 million). Thereof €385 million (December 31, 2021: €194 million) relate to the German tax group of Daimler Truck Holding AG, which were recognized based on future expected positive effects. These positive effects are based on higher sales volumes for vehicles (supported by current level of customer orders and expected market development) and components, as well as price increases (supported by current level of customer orders and pricing campaigns). Based on these convincing evidence we only consider a planning period of three years. The Daimler Truck Group believes it is probable that there will be sufficient future taxable income to utilize these deferred tax assets. The Daimler Truck Group's current estimate of deferred tax assets which are considered to be realizable may change in the future, which may require higher or lower deferred tax assets.

From the current perspective, the retained earnings of non-German subsidiaries (prior to the spin-off: legal entities and operations) are largely intended to be reinvested in those subsidiaries. The Daimler Truck Group did not recognize deferred tax liabilities on retained earnings of non-German subsidiaries of €7,115 million (December 31, 2021: €8,426 million), which are intended to be reinvested. If those earnings were paid out as dividends, an amount of 5.0% would be taxed under German taxation rules and, if applicable, would be subject to non-German withholding tax. Additionally, 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. It is not practicable to estimate the amount of taxable temporary differences for these undistributed foreign earnings.

The Daimler Truck Group has various unresolved issues concerning open income tax years with the tax authorities in a number of jurisdictions. The Daimler Truck 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.

To compensate for tax risks arising from periods prior to the spin-off date, Daimler Truck Holding AG agreed to refund future tax arrears payments from tax audits for periods in which the truck business was operated in a separate legal entity and for which Mercedes-Benz Group AG had not already recognized any provisions for tax risks. The fair value of the liability is measured at zero.

To address concerns about uneven profit distribution and tax contributions of large multinational corporations, various agreements have been reached at the global level, including an agreement by almost 140 jurisdictions to introduce a global minimum tax rate of 15.0% ("Pillar 2"). In December 2021, the Organization for Economic Cooperation and Development ("OECD") published a draft legislative framework, followed by detailed guidelines in March 2022 to be used by the individual countries that have signed the agreement to amend their local tax laws. In December 2022, the EU adopted an EU directive on Pillar 2, which is largely based on the OECD Pillar 2 proposals. This EU directive must now be transposed into the national law of the EU member states by the end of 2023 so that the regulations within the EU can enter into force from 2024. At the time of approval of the Consolidated Financial Statements, there was no German draft law yet available. However, it is well-known that legislative implementation is being worked on in Germany and a large number of other countries. The Daimler Truck Group assumes that the Pillar 2 regulations will be applied for the first time for the 2024 financial year and has initiated the necessary measures to enable the timely application of the Pillar 2 regulations. The progress of the legislative process in each jurisdiction Daimler Truck operates in is closely monitored.

11. Intangible assets

The development of intangible assets is shown in table ↗ **D.31**.

Intangible assets include assets with indefinite lives, such as goodwill, distribution rights and brands. The Group intends to continue to use these assets. Table ↗ **D.29** shows goodwill by segment and within Reconciliation in the segment reporting. Intangible assets with indefinite lives, excluding goodwill, are €1,077 million at December 31, 2022 (December 31, 2021: €1,083 million).

D.29
Goodwill by segment

	At December 31, 2022	2021
In millions of euros		
Trucks North America[1]	**253**	240
Mercedes-Benz	**201**	195
Trucks Asia	**85**	80
Daimler Buses	**4**	4
Financial Services	**9**	–
Reconciliation[2]	**122**	115
	674	634

1 Primarily changes from currency translation.
2 Goodwill within Reconciliation relates to the TORC Robotics, Inc. cash-generating unit.

In 2021, Daimler Truck AG ("DTAG") entered into several new license agreements with the Mercedes-Benz Group for the rights-to-use brands, patents and IP domains. The most significant license agreement is the right-to-use of the Mercedes-Benz brand for an indefinite period of time in exchange for no consideration. The right-to-use of the brand is included in other intangible assets and the carrying amount as of December 31, 2022 was €932 million (December 31, 2021: €932 million). The useful life of the brand is indefinite, as for the foreseeable future it is expected to continue to generate net cash inflow for the Group and the brand itself is well-established and has demonstrated its ability to survive change.

The brand is subject to an annual impairment test on a CGU level for the Mercedes-Benz and Daimler Buses segments. The impairment test at December 31, 2022 did not require any impairment.

Table ↗ **D.30** shows the line items of the Consolidated Statement of Income in which the total amortization expense for intangible assets is included.

D.30
Amortization expense for intangible assets in the Consolidated Statement of Income

	2022	2021
In millions of euros		
Cost of sales	**150**	213
Selling expenses	**7**	7
General administrative expenses	**18**	7
Research and non-capitalized development costs	**11**	17
Other operating expense	**–**	40
	186	284

D.31
Intangible assets

	Goodwill	Development costs (internally generated)	Other intangible assets[2]	Total
In millions of euros				
Acquisition/manufacturing costs				
Balance at January 1, 2021	760	2,671	1,028	4,459
Additions due to business combinations	–	–	–	–
Other additions	–	176	1,074	1,250
Reclassifications	–	–	–	–
Disposals	–	-224	-57	-281
Other changes[1]	61	-3	-4	54
Balance at December 31, 2021	821	2,620	2,041	5,482
Additions due to business combinations	**17**	**–**	**8**	**25**
Other additions	**6**	**167**	**68**	**241**
Reclassifications	**–**	**–**	**–**	**–**
Disposals	**–**	**-856**	**-58**	**-914**
Other changes[1]	**24**	**-7**	**-23**	**-6**
Balance at December 31, 2022	**868**	**1,924**	**2,036**	**4,828**
Depreciation				
Balance at January 1, 2021	134	1,950	693	2,777
Additions	40	183	61	284
Reclassifications	–	–	–	–
Disposals	–	-224	-56	-280
Other changes[1]	13	-3	-9	1
Balance at December 31, 2021	187	1,906	689	2,782
Additions	**–**	**120**	**66**	**186**
Reclassifications	**–**	**–**	**–**	**–**
Disposals	**–**	**-856**	**-49**	**-905**
Other changes[1]	**7**	**-6**	**-15**	**-14**
Balance at December 31, 2022	**194**	**1,164**	**691**	**2,049**
Carrying amount at December 31, 2021	634	714	1,352	2,700
Carrying amount at December 31, 2022	**674**	**760**	**1,345**	**2,779**

1 Primarily changes from currency translation.
2 Other intangible assets include assets subject to amortization and assets with indefinite useful lives not subject to amortization. The carrying amount of the right to use the Mercedes-Benz brand at December 31, 2022 was €932 million (December 31, 2021: €932 million).

12. Property, plant and equipment

Property, plant and equipment as shown in the Consolidated Statement of Financial Position with a carrying amount of €7,993 million at December 31, 2022 (December 31, 2021: €7,860 million) includes right-of-use assets related to lessee accounting.

The development of property, plant and equipment, excluding right-of-use assets, is shown in table ↗ D.32.

During 2022, government grants of €14 million (2021: €9 million) were deducted from other additions within property, plant and equipment.

D.32
Property, plant and equipment (excluding right-of-use assets)

	Land, buildings and leasehold improvements	Technical equipment and machinery	Other equipment, factory and office equipment	Advance payments and construction in progress	Total
In millions of euros					
Acquisition or manufacturing costs					
Balance at January 1, 2021	4,780	6,748	6,865	668	19,061
Additions due to business combinations	–	–	–	–	–
Other additions	46	93	155	459	753
Reclassifications	198	140	200	-538	–
Disposals	-31	-238	-365	-9	-643
Other changes[1]	54	-5	104	12	165
Balance at December 31, 2021	5,047	6,738	6,959	592	19,336
Additions due to business combinations	**19**	**–**	**2**	**–**	**21**
Other additions	**72**	**94**	**169**	**563**	**898**
Reclassifications	**93**	**139**	**245**	**-477**	**–**
Disposals	**-35**	**-174**	**-151**	**-34**	**-394**
Other changes[1]	**3**	**69**	**106**	**8**	**186**
Balance at December 31, 2022	**5,199**	**6,866**	**7,330**	**652**	**20,047**
Depreciation					
Balance at January 1, 2021	2,343	4,849	5,293	7	12,492
Additions	107	276	296	4	683
Reclassifications	–	2	–	-2	–
Disposals	-16	-229	-308	–	-553
Other changes[1]	23	-33	71	2	63
Balance at December 31, 2021	2,457	4,865	5,352	11	12,685
Additions	**112**	**281**	**342**	**3**	**737**
Reclassifications	**–**	**–**	**–**	**–**	**–**
Disposals	**-15**	**-165**	**-128**	**-4**	**-312**
Other changes[1]	**-4**	**37**	**63**	**-1**	**96**
Balance at December 31, 2022	**2,550**	**5,018**	**5,629**	**9**	**13,206**
Carrying amount at December 31, 2021	2,590	1,873	1,607	581	6,651
Carrying amount at December 31, 2022	**2,649**	**1,847**	**1,703**	**642**	**6,841**

1 Primarily changes from currency translation.

Table ↗ **D.33** shows the composition of the right-of-use assets.

D.33
Right-of-use assets

	At December 31	
	2022	2021
In millions of euros		
Land, leasehold improvements and buildings	**1,109**	1,166
Technical equipment and machinery	**5**	3
Other equipment, factory and office equipment	**38**	40
	1,152	1,209

Tables ↗ **D.34** and ↗ **D.35** contain additional information related to lessee accounting.

D.34
Additions and depreciations for right-of-use assets

	2022	2021
In millions of euros		
Additions to right-of-use assets	**250**	201
Depreciation for		
Land, leasehold improvements and buildings	**183**	175
Technical equipment and machinery	**1**	1
Other equipment, factory and office equipment	**14**	17
	198	193

D.35
Expenses related to lessee accounting

	2022	2021
In millions of euros		
Interest expense from lease transactions	**24**	28
Expenses from short-term leases	**54**	18
Expenses from leases of low-value assets	**5**	5
Expenses from variable lease payments	**12**	6

Table ↗ **D.36** includes cash outflows related to lessee accounting. Total cash outflow for lease contracts include expense payments for interest expense, and other expenses related to lessee accounting as shown in table ↗ **D.35**. Future cash outflows that are not yet reflected in the lease liabilities relate to potential extension options, which are exercisable by the Group.

D.36
Cash outflows related to lessee accounting

	2022	2021
In millions of euros		
Total cash outflow for lease contracts	**288**	251
Future cash outflows that are not reflected in the lease liabilities	**874**	953

13. Equipment on operating leases

The development of equipment on operating leases is shown in table ↗ **D.37**.

D.37
Equipment on operating leases

	2022	2021
In millions of euros		
Acquisition/manufacturing costs		
Balance at January 1	**5,387**	5,655
Additions due to business combinations (fair value)	**402**	–
Other additions	**2,020**	1,077
Disposals	**-1,538**	-1,341
Other changes[1]	**1**	-4
Balance at December 31	**6,273**	5,387
Depreciation/impairment		
Balance at January 1	**1,845**	1,909
Additions	**716**	670
Disposals	**-727**	-725
Other changes[1]	**6**	-9
Balance at December 31	**1,840**	1,845
Carrying amount at January 1	3,542	3,746
Carrying amount at December 31	**4,433**	**3,542**

1 Primarily changes from currency translation.

Additions due to business combinations relate to the Financial Services business acquired from Mercedes-Benz Group. For more information, refer to Note 4. Business combinations.

Lease payments

Non-cancelable future lease payments to the Daimler Truck Group for equipment on operating leases are due as presented in table ↗ D.38.

D.38

Maturity of undiscounted lease payments for equipment on operating leases

	At December 31, 2022	2021
In millions of euros		
Mature		
Within one year	**827**	742
Between one and two years	**530**	480
Between two and three years	**438**	367
Between three and four years	**335**	255
Between four and five years	**182**	155
Later than five years	**91**	82
	2,403	2,081

14. Equity-method investments

Table ↗ D.39 shows the carrying amounts and earnings on equity-method investments.

Table ↗ D.40 presents key figures on interests in joint ventures accounted for using the equity method in the Daimler Truck Group's Consolidated Financial Statements.

D.39

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

	Associated companies	Joint ventures	Joint operations	Total
In millions of euros				
At December 31, 2022				
Equity investment[1]	**120**	**934**	**19**	**1,073**
Equity earnings[1]	**14**	**-248**	**8**	**-226**
At December 31, 2021				
Equity investment[1]	120	1,233	16	1,369
Equity earnings[1]	-28	129	5	106

1 Including investor-level adjustments of the Group.

D.40

Key figures on interests in joint ventures accounted for using the equity method

	Cellcentric[2]	BFDA[2]	Others	Total
In millions of euros				
At December 31, 2022				
Equity interest (in %)	**50.0**	**50.0**		
Equity investment[1]	**686**	**234**	**14**	**934**
Equity earnings[1]	**-53**	**-80**	**-115**	**-248**
At December 31, 2021				
Equity interest (in %)	50.0	50.0		
Equity investment[1]	654	474	105	1,233
Equity earnings[1]	-51	151	29	129

1 Including investor-level adjustments.
2 No dividends were paid to the Daimler Truck Group in any of the presented periods.

Beijing Foton Daimler Automotive Co. Ltd
Beijing Foton Daimler Automotive Co. Ltd is a joint venture between the Daimler Truck Group (50.00%) and Beiqi Foton Motor Co. Ltd (50.00%). The entity was founded in December 2011 and started its operations in July 2012. The main activities of Beijing Foton Daimler Automotive Co. Ltd are the design, development, production/assembly and sales of medium and heavy-duty trucks, engines and parts. The investment is allocated to the Trucks Asia segment.

In October 2020, the Daimler Truck Group granted a technology license agreement ("TLA") to Beijing Foton Daimler Automotive Co. Ltd in connection with the localization of Mercedes-Benz trucks for the Chinese market. This agreement includes the use of certain intellectual property rights by Beijing Foton Daimler Automotive Co. Ltd for the localization of Mercedes-Benz H6 Technology in exchange for a license fee. Daimler Truck AG transferred the final technical product documentation in the second quarter of 2022 and thus fulfilled the obligation from the TLA.

At a Group level, this transaction is a downstream transaction with a joint venture. For this reason, an elimination was displayed which reduced the investment valued at equity by €159 million.

Cellcentric GmbH & Co. KG
Cellcentric GmbH &Co.KG is a joint venture of the Daimler Truck Group (50.00%) and the Volvo Group (50.00%) with headquarters in Kirchheim unter Teck, Germany. Cellcentric GmbH & Co. KG primarily develops, produces and markets efficient fuel cell systems. Cellcentric GmbH & Co. KG related activities are not allocated to reportable segments and presented under Reconciliation within the Segment reporting.

During 2022, the Daimler Truck Group and the Volvo Group made capital contributions in a total amount of €170 million to Cellcentric GmbH & Co. KG (2021: €132 million), resulting in an increase in the Daimler Truck Group's equity investment of €85 million (2021: €66 million).

Other
Daimler KAMAZ Trucks Holding GmbH
On February 27, 2022, the Group decided to suspend all business activities in Russia until further notice due to Russia-Ukraine war. In addition, an impairment test was performed on February 28, 2022 for the joint venture Daimler KAMAZ Trucks Holding GmbH, a joint venture with Russian truck manufacturer KAMAZ PTC. This resulted in an impairment of the equity-method carrying amount of €71 million to €0 million in the first quarter of 2022, which was attributed to the Mercedes-Benz segment.

On December 30, 2022, Daimler Kamaz Trucks Holding GmbH was sold to KAMAZ PTC for a sales price of €1. As a result of the sale, there was a loss on disposal in the fourth quarter of 2022 in connection with the cumulative translation differences of €43 million.

Commercial Vehicle Charging Europe BV
In third quarter of 2022, the Daimler Truck Group, together with Volvo Group and TRATON Group, established together the joint venture Commercial Vehicle Charging Europe BV for the construction and operation of a high-performance charging network for battery-powered trucks and touring coaches.

The joint venture is held in equally owned by the three parties and is included in the Consolidation Financial Statements in accordance with the equity method. Commercial Vehicle Charging Europe BV related activities are not assigned to a reportable segment and presented under Reconciliation within the Segment reporting. The Daimler Truck Group, the TRATON Group and the Volvo Group are each committed to provide capital contributions of €153 million.

Table ↗ **D.41** shows summarized IFRS financial information on significant joint ventures accounted for using the equity-method after purchase price allocation which were the basis for equity-method accounting in the Daimler Truck Group.

Table ↗ **D.42** shows summarized aggregated financial information for 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 38. Related party disclosures.

D.41

Summarized IFRS financial information on significant joint ventures accounted for using the equity-method

	cellcentric		BFDA	
	At December 31,		At December 31,	
	2022	2021	2022	2021
In millions of euros				
Information on the Consolidated Statement of Income/Loss[1]				
Revenue	11	9	2,138	4,245
Depreciation and amortization	-50	-37	-68	-54
Interest income	–	0	1	–
Interest expense	-1	–	-7	-1
Income taxes	–	–	-25	-36
Profit/loss after taxes	-107	-103	-150	152
Total comprehensive income/loss	-107	-103	-150	152
Information on the Consolidated Statement of Financial Position[1]				
Non-current assets	1,304	1271	1,651	1,368
Current assets	121	64	1,175	1,075
Non-current liabilities	34	21	613	324
Current liabilities	38	26	1,350	1,239
Equity (including non-controlling interests)	1,353	1288	863	880
Reconciliation of share of IFRS equity[1] to the Group‹s equity-method carrying amounts				
Equity (excluding non-controlling interests) attributable to the Group[1]	677	654	431	440
Unrealized profit (-)/loss (+) on sales/purchases	–	0	-5	–
Other reconciling items including investor level adjustments[2] such as equity-method goodwill, impairments and impairment reversals on the investment	9	–	-192	34
Carrying amount of equity-method investment	686	654	234	474

1 Excluding investor-level adjustments.
2 Including the elimination relating to the Beijing Foton Daimler Automotive Co. Ltd H6 technology license agreement.

D.42

Summarized aggregated financial information on minor equity-method investments

	Associated companies		Joint ventures	
	2022	2021	2022	2021
In millions of euros				
Summarized aggregated financial information (pro rata)				
Profit/loss after taxes	14	-28	-1	29
Loss after taxes from discontinued operations	–	–	-114	–
Other comprehensive income/loss	–	–	–	–
Total comprehensive income/loss	14	-28	-115	29

15. Receivables from financial services

Table ↗ **D.44** shows the components of receivables from financial services.

Types of receivables
Receivables from sales financing with customers include receivables from credit financing for customers who purchased their vehicles either from a dealer or directly from the Daimler Truck Group.

Receivables from sales financing with dealers represent loans for dealer floorplan financing programs for vehicles sold by the Industrial Business to dealers or loans for assets purchased by dealers from third-parties, primarily used vehicles traded in by dealers' customers, or for dealers' real-estate financing.

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

All cash flow effects attributable to receivables from financial services are presented within Cash flows from operating activities in the Consolidated Statement of Cash Flows.

Table ↗ **D.43** shows the maturities of future contractual lease payments and the development of lease payments with the carrying amounts of receivables from finance lease contracts.

D.43
Development of finance lease contracts

	At December 31,	
	2022	2021
In millions of euros		
Contractual future lease payments	**4,343**	2,650
thereof due		
within one year	**1,447**	1,024
between one and two years	**1,240**	672
between two and three years	**644**	456
between three and four years	**540**	309
between four and five years	**315**	142
later than five years	**157**	47
Unguaranteed residual-values	**290**	56
Gross investment	**4,633**	2,706
Unearned finance income	**-475**	-261
Gross carrying amount	**4,158**	2,445
Loss allowances	**-116**	-79
Net carrying amount	**4,042**	2,366

Loss allowances
The development of loss allowances for receivables from financial services due to expected credit losses is shown in table ↗ **D.45**.

In 2022, loss allowances of €174 million were charged to the Consolidated Statement of Income in the Financial Services segment (2021: €103 million). The increase in the loss allowance primarily related to Phase 2 transactions during 2022 (refer to Note 4. Business combinations) as well as the deteriorating macroeconomic outlook which were regularly updated due to, for example, the evolving impact of both rising inflation and the Russia-Ukraine war.

The carrying amounts of receivables from financial services based on modified contracts that are shown in stages 2 and 3 amounted to €95 million at December 31, 2022 (December 31, 2021: €165 million). In addition, at December 31, 2022 carrying amounts of €68 million in connection with contractual modifications were reclassified from stages 2 and 3 to stage 1 (December 31, 2021: €129 million).

Credit risks
Information on credit risks included in receivables from financial services is shown in table ↗ **D.46**.

Longer overdue periods regularly lead to higher loss allowances.

At the beginning of the contracts, minimum collaterals level of 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 carrying amounts of the credit-impaired contracts are primarily backed by the underlying vehicles.

Further information on financial risk and the type of risk is provided in Note 34. Management of financial risks.

At December 31, 2022, receivables from financial services with a carrying amount of €1,307 million (December 31, 2021: €1,072 million) were pledged as collateral for liabilities from ABS transactions (refer to Note 25. Financing liabilities).

D.44

Receivables from financial services

	At December 31, 2022			At December 31, 2021		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Gross carrying amount	10,264	12,707	22,971	7,278	9,218	16,496
Sales financing with customers	4,491	9,080	13,571	3,481	6,989	10,470
Sales financing with dealers	4,441	803	5,244	2,858	722	3,580
Finance lease contracts	1,332	2,824	4,156	939	1,507	2,446
Loss allowances	-198	-348	-546	-123	-275	-398
Net carrying amount	10,066	12,359	22,425	7,155	8,943	16,098

D.45

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)	
In millions of euros				
Balance at January 1, 2021	93	47	231	371
Additions	40	10	119	169
Change in remeasurement	-23	5	86	68
Utilization	-1	-4	-68	-73
Reversals	-49	-18	-89	-156
Transfer to stage 1	30	-12	-18	–
Transfer to stage 2	-3	9	-6	–
Transfer to stage 3	-1	-5	6	–
Currency translation and other changes	8	–	11	19
Balance at December 31, 2021	94	32	272	398
Additions	110	39	152	301
Change in remeasurement	-4	20	86	102
Utilization	–	-2	-61	-63
Reversals	-59	-17	-176	-252
Transfer to stage 1	36	-11	-25	–
Transfer to stage 2	-6	18	-12	–
Transfer to stage 3	-1	-5	6	–
Currency translation and other changes	1	–	59	60
Balance at December 31, 2022	171	74	301	546

D.46
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)	
In millions of euros				
At December 31, 2022				
Gross carrying amount	**21,211**	**1,184**	**576**	**22,971**
thereof				
not past due	**20,925**	**509**	**246**	**21,680**
past due 30 days and less	**286**	**346**	**69**	**701**
past due 31 to 60 days	**–**	**243**	**61**	**304**
past due 61 to 90 days	**–**	**85**	**29**	**114**
past due 91 to 180 days	**–**	**1**	**76**	**77**
past due more than 180 days	**–**	**–**	**95**	**95**
At December 31, 2021				
Gross carrying amount	15,590	404	502	16,496
thereof				
not past due	15,368	184	153	15,705
past due 30 days and less	222	83	81	386
past due 31 to 60 days	–	96	48	144
past due 61 to 90 days	–	40	66	106
past due 91 to 180 days	–	1	64	65
past due more than 180 days	–	–	90	90

16. Marketable debt securities and similar investments

The marketable debt securities and similar investments with a carrying amount of €1,145 million at December 31, 2022 (December 31, 2021: €139 million) are part of the Daimler Truck Group's liquidity management. It primarily comprises of financial instruments recognized at fair value through other comprehensive income, at fair value through profit or loss, or at amortized cost.

When a short-term liquidity requirements is covered by quoted securities, those securities are presented as current assets.

The increase in marketable debt securities and similar investments in 2021 compared with 2022 is primarily attributable to the increase in financial instruments measured at fair value through profit or loss and at fair value through other comprehensive income.

Further information on marketable debt securities and similar investments is provided in Note 33. Financial instruments.

17. Other financial assets

Other financial assets presented in the Consolidated Statement of Financial Position is comprised as shown in table ↗ D.47.

The increase in Other financial assets is primarily due to the Group's expansion of the business activities by using derivative financial instruments used in hedge accounting such as interest rate and currency swaps to hedge the Group's exposure to fluctuations in interest rates and foreign exchange movements.

Other financial assets recognized at fair value through profit or loss relate exclusively to derivative financial instruments which are not used in hedge accounting.

Other financial receivables and miscellaneous other financial assets includes receivables from unconsolidated subsidiaries, and receivables from the subsequent purchase price adjustments following the spin-off from the Mercedes-Benz Group, which are recognized at amortized cost.

At December 31, 2022, assets with a carrying amount of €77 million (December 31, 2021: €71 million) were pledged as collateral for liabilities (refer to Note 25. Financing liabilities).

Further information on other financial assets is provided in Note 33. Financial instruments.

D.47
Other financial assets

	At December 31, 2022			At December 31, 2021		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Equity instruments and debt instruments	–	461	461	–	482	482
Recognized at fair value through other comprehensive income	–	96	96	–	85	85
Recognized at fair value through profit or loss	–	196	196	–	244	244
Measured at amortized cost	–	169	169	–	153	153
Derivative financial instruments used in hedge accounting	60	137	197	42	21	63
Other financial assets recognized at fair value through profit or loss	27	2	292	3	2	5
Other financial receivables and miscellaneous other financial assets	590	228	818	609	201	810
	677	828	1,505	654	706	1,360

18. Other assets

Non-financial other assets are comprised as shown in table ↗ D.48.

Other expected reimbursements predominantly relate to recovery claims against suppliers in connection with issued product warranties. Miscellaneous other assets primarily relate to assets recognized in connection with sales with a right of return.

D.48
Other assets

	At December 31, 2022			At December 31, 2021		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Income tax refunds/reimbursements	130	37	167	111	58	169
Sales tax and other tax refunds/reimbursements	614	29	643	470	24	494
Other expected reimbursements	103	60	163	82	52	134
Prepaid expenses	156	19	175	178	13	191
Miscellaneous other assets	165	219	384	195	162	357
	1,168	364	1,532	1,036	309	1,345

19. Inventories

Inventories are comprised as shown in table ↗ **D.49**.

D.49
Inventories

In millions of euros	At December 31, 2022	2021
Raw materials and manufacturing supplies	**1,901**	1,314
Work in progress	**2,744**	2,642
Finished goods, parts and products held for resale	**4,157**	3,832
Advance payments to suppliers	**13**	5
	8,815	7,793

In 2022, the amount of write-down of inventories to net realizable value recognized as an expense in cost of sales amounted to €60 million (2021: €103 million). Inventories that are expected to be recovered or settled after more than twelve months amounted to €227 million at December 31, 2022 (December 31, 2021: €244 million) and are primarily spare parts.

Inventories rose by €1,022 million in 2022. The increase was mainly due to bottlenecks in the supply chains. This led to a significant number of trucks awaiting completion. In addition, raw materials and manufacturing supplies increased due to the expected production volume for 2023.

As collateral for certain vested employee benefits in Germany, the value of vehicles pledged as collateral to the Daimler Truck Pension Trust e.V. at December 31, 2022 included inventories of €45 million and fixed assets (leased assets) of €354 million.

20. Trade receivables

Trade receivables (non-current and current) are comprised as shown in table ↗ **D.50**.

D.50
Trade receivables

In millions of euros	At December 31, 2022	2021
Gross carrying amount	**4,837**	4,014
Loss allowances	**-155**	-52
Net carrying amount	**4,682**	3,962

Trade receivables are receivables from contracts with customers within the scope of IFRS 15.

The Daimler Truck Group has transferred trade receivables amounted to €154 million to third-party banks in exchange for cash and cash equivalents. The receivables sold were derecognized as all risks and opportunities were transferred to the banks.

Loss allowances

The development of loss allowances for trade receivables due to expected credit losses is shown in table ↗ D.51.

D.51

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)	
In millions of euros			
Balance at January 1, 2021	32	30	62
Additions	9	1	10
Change in remeasurement	-2	–	-2
Utilization	-6	–	-6
Reversals	-5	-2	-7
Transfer to stage 2	–	–	–
Transfer to stage 3	–	–	–
Currency translation and other changes	–	-5	-5
Balance at December 31, 2021	28	24	52
Additions	9	1	10
Change in remeasurement	2	93	95
Utilization	-5	–	-5
Reversals	-1	-2	-3
Transfer to stage 2	–	–	–
Transfer to stage 3	–	–	–
Currency translation and other changes	3	3	6
Balance at December 31, 2022	36	119	155

Credit risks

Information on credit risks included in trade receivables is shown in table ↗ D.52.

Further information on financial risk and types of risk is provided in Note 34. Management of financial risks.

D.52

Credit risks included in trade receivables

	Lifetime expected credit loss		Total
	not credit impaired (Stage 2)	credit impaired (Stage 3)	
In millions of euros			
At December 31, 2022			
Gross carrying amount	4,681	156	4,837
thereof			
not past due	3,857	101	3,958
past due 30 days and less	441	10	451
past due 31 to 60 days	124	4	128
past due 61 to 90 days	47	1	48
past due 91 to 180 days	83	2	85
past due more than 180 days	129	38	167
At December 31, 2021			
Gross carrying amount	3,961	53	4,014
thereof			
not past due	3,360	15	3,375
past due 30 days and less	320	9	329
past due 31 to 60 days	85	3	88
past due 61 to 90 days	37	–	37
past due 91 to 180 days	81	1	82
past due more than 180 days	78	25	103

21. Equity

The individual components of equity and their development during 2022 and 2021 are presented in the Consolidated Statement of Changes in Equity of the Daimler Truck Group, refer to ↗ D.05.

Share capital
At December 31, 2022, the share capital of Daimler Truck Holding AG amounted to €822,951,882 (December 31, 2022: €822,951,882). The share capital is divided into 822,951,882 no-par-value registered shares. Pursuant to Section 67 Subsection 2 of the German Stock Corporation Act (Aktiengesetz or "AktG"), rights and obligations arising from shares exclusively exist in relation to the Company for and against the persons entered in the share register. With the exception of treasury shares held by the Company, from which the Company does not derive any rights, all shares confer the same rights. Each share grants its holder one vote and, with the exception of any new shares not entitled to dividends, an equal share in the profits. The rights and obligations arising from the shares are based on applicable law, in particular Sections 12, 53a et seq., 118 et seq. and 186 of the German Stock Corporation Act ("AktG"). As of December 31, 2022, the Company did not hold any of its own shares (treasury shares).

The number of shares remained unchanged as of December 31, 2022.

For a presentation of earnings per share in accordance with IAS 33 – Earnings per Share, refer to Note 37. Earnings per share.

Capital reserve
The capital reserve amounts to €14,277 million attributable to the spin-off and contribution transactions of the prior year to the capital reserve in accordance with Section 272 Subsection 2 No. 1 HGB.

Retained earnings
Retained earnings comprise the accumulated profit/loss after tax of Daimler Truck Holding AG and all subsidiaries included in the Consolidated Financial Statements, less distributed profits, as well as the effects of the revaluation of defined benefit pension plans less taxes.

In the prior year, transactions with the Mercedes-Benz Group in the context of the spin-off were reported in the Consolidated Statement of Changes in Equity, such as the capital injection from Mercedes-Benz Group AG in the scope of the equity and liquidity measures in accordance with the demerger agreement, which were included in the capital reserve of Daimler Truck AG in accordance with Section 272 Subsection 2 No. 4 HGB, as well as the remaining invested equity (i.e., insofar as it does not result from accumulated gains and losses and the revaluation of defined benefit plans and was not allocated to a reserve), refer to table ↗ D.53.

D.53
Transactions with the Mercedes-Benz Group

	2021
In millions of euros	
Capital and liquidity funding measures pursuant to Section 17.4 of the demerger agreement (cash contribution)	5,380
Purchase price for Phase 1 transfers:	
Purchase price minus refinanced financial liabilities for Financial Services entities and operations	-1,435
Purchase price for Industrial Business entities and operations	-1,431
Right-to-use of the Mercedes-Benz brand	932
Other	226
	3,672

Table ↗ D.02 shows the details of changes in other reserves in other comprehensive income or loss.

Dividend
A motion will be made to the Annual General Meeting to distribute €1,070 million (€1.30 per no-par value share entitled to dividend) to the shareholders from the 2022 distributable profit of Daimler Truck AG and to carry forward the remaining distributable profit of €292 million.

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

Furthermore, the other components of equity included changes in the scope of consolidation resulting from the first-time consolidation of Daimler Trucks Asia Taiwan Ltd. in the first quarter.

22. Share-based payment

At December 31, 2022, the Group had in place Performance Phantom Share Plans (“PPSP”) from 2019 to 2022. The PPSP are measured as cash-settled share-based compensation instruments at their respective fair values as of the reporting date. They are paid at the end of their contractually defined terms; early, pro rata payments are only possible under certain conditions when leaving the Group. In the first half of 2022, the PPSP 2018 was paid out.

Moreover, 50% of the Board of Management’s annual bonus will only be paid after waiting a period of one year. The actual amount paid out is determined by the performance of the Daimler Truck Holding AG share compared with an automotive-related index (STOXX Europe Auto Index). The fair value of the medium-term portion of the annual bonus, which depends on this further performance, corresponds to the intrinsic value of the commitment as of the reporting date.

The pre-tax effects of the share-based payment transactions on the Consolidated Statement of Income and the Consolidated Statement of Financial Position are shown in table ↗ D.54.

D.54

Effects of share-based payment transactions

	Expense		Provision 31 December	
	2022	2021	**2022**	2021
In millions of euros				
PPSP	**-79**	-174	**281**	223
Medium-term component of the annual bonus of the members of the Board of Management[1]	**-6**	-2	**5**	1
	-85	-176	**286**	224

1 Prior to the spin-off, the expense of the Board of Management of Mercedes-Benz Group AG is included in 2021 based on the proportional share that was charged or allocated to Daimler Truck AG.

Performance Phantom Share Plan

In 2022, the Daimler Truck Group adopted a Performance Phantom Share Plan (“PPSP”). Under the PPSP, the Group grants phantom shares to eligible employees who are entitled to receive a cash payment after four years. During the four-year term between the allocation of the preliminary phantom shares and the payout of the plan at the end of the term, the phantom shares earn a dividend equivalent in the amount of the dividends paid in the respective year to actual Daimler Truck Holding AG shares. Based on the resolution passed at the Annual General Meeting in 2022 to not pay a dividend, a dividend equivalent was also not paid.

The payout amount at the end of the term is based on the (final) number of vested phantom shares (determined after three years depending on the degree of achievement of certain key figures) multiplied by the price of the Daimler Truck Holding AG share (calculated as an average price over a specified period at the end of the four-year plan term). The vesting period is there-fore four years. For the existing plans, the price of the Daimler Truck Holding AG share is limited to 2.5 times the price at the date of grant. Furthermore, the payout for the members of the Board of Management is additionally 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 PPSP currently granted, target achievement is determined on the basis of the relative share performance, which measures the price performance of an equity index (total shareholder return) based on a peer group including Daimler Truck Holding AG, and the return on sales (ROS) of the Daimler Truck Group compared with the ROS of a peer group (revenue-weighted average).

For the current PPSP 2019 to 2021 inclusive, the share performance and the ROS for the periods up to the spin-off were calculated based on the performance of Mercedes-Benz Group AG (former Daimler AG), and for the periods after the spin-off based on the performance of Daimler Truck Holding AG. In the period from the first trading day of the Daimler Truck Holding AG share on December 10, 2021 to December 31, 2021, the average of the prices of the shares of Mercedes-Benz Group AG (former Daimler AG) and Daimler Truck Holding AG was taken into account for the relative share performance. The performance of ROS was calculated until the end of 2021 based on Mercedes-Benz Group AG (former Daimler AG).

Special regulations apply to the PPSP 2019 to 2021 for the members of the Board of Management of Daimler Truck Holding AG, who were previously members of the Board of Management of Mercedes-Benz Group AG (former Daimler AG): The Daimler Truck Group ROS must be higher than the same average ROS of the peer group in order to obtain the same target achievement as the other plan participants. In this case, the deviation of the average ROS of the Daimler Truck Group from the average ROS of the peer group multiplied by 1.05 determines the level of the success factor. Furthermore, a limit on target achievement was agreed upon the ROS reference parameter. In the case of target achievement between 195% and 200%, an additional comparison is made based on the achieved ROS in absolute terms. Accordingly, if, in the third year of the performance period, the actual ROS of the Daimler Truck Commercial Vehicles business is below the strategic target return value of 9%, the target achievement is restricted to 195%.

The Group recognizes a provision for awarding the PPSP in the Consolidated Statement of Financial Position in provisions for other risks. Since payment per vested phantom share depends on the price of the Daimler Truck Holding AG share, that price essentially represents the fair value of each phantom share as of the reporting date. The proportionate expense from the PPSP recognized in the individual years are measured based on the price of the Daimler Truck Holding AG share and the estimated target achievement.

23. Pensions and similar obligations

Table ↗ **D.55** shows the composition of provisions for pensions and similar obligations.

The Daimler Truck Group operates defined benefit pension plans and, to a lesser extent, defined contribution pension plans, specific to the various countries. In addition, smaller healthcare benefit obligations are recognized mainly in the United States.

D.55
Composition of provisions for pensions and similar obligations

	At December 31, 2022	2021
In millions of euros		
Provision for pension benefits	**591**	1,850
Provision for other post-employment benefits	**556**	621
	1,147	2,471

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

The Daimler Truck Group's main pension plans are described below.

German pension plans and pension plan assets
Most employees in Germany have defined benefit pension plans; most of the pension plans for the active workforce are based on individual retirement benefit accounts, to which the Daimler Truck Group makes annual contributions. The amount of the contributions for employees paid according to wage-tariff agreements depends on the tariff classification in the respective year or on their respective income, and for executives it depends on their respective income. For the commitments to retirement benefits made until 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 Daimler Truck Group 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 installments, 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 deferred compensation models.

The pension obligations in Germany relating to defined benefit pension plans are funded by investment funds. Before the spin-off, the assets had been held within contractual trust arrangements ("CTA"s) between Daimler Pension Trust e.V., Daimler Truck AG and EvoBus GmbH, which have been transferred into CTA arrangements between Daimler Truck Pension Trust e.V. and Daimler Truck AG, EvoBus GmbH, and Daimler Truck Financial Services GmbH in Germany.

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

US pension plans and pension plan assets
There are several defined benefit pension plans in the US that cover retirement and disability benefits and promise a balance at retirement age or monthly benefits. Most plans are contribution-based and the plan benefits depend on the employee's salary, years of credited service, or both. While most employee-financed plans are still open for new entrants, most of the employer-financed plans are closed for new entrants or frozen with regard to further accrual. The contributions are deducted from the employee's payroll and partially matched by the employer. The promised benefits have an implicit return on plan assets. Most of the US pension plans are funded by contributions paid into a trust.

Other countries' pension plans and pension plan assets
Other significant plans exist primarily in Japan, where the majority of the plans are frozen and no significant new entitlements can be earned under these plans. The plans are related to final salaries as well as salary-based components. Most of the obligations outside Germany from defined benefit pension plans are funded by investment funds.

Risks from defined benefit pension plans and pension plan assets
The general requirements with regard to retirement benefit models are included in guidelines valid for the entire Daimler Truck Group. 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 legal entity or operations of the Daimler Truck 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 guidelines relating to company retirement benefits.

The obligations from defined benefit pension plans and the pension plan assets can be subject to fluctuations over time. This can cause the funded status to be negatively or positively impacted. Fluctuations in the defined benefit pension obligations result at the Daimler Truck 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 plans, expected long-term wage and salary increases do not have an impact on the amount of the obligation.

The fair value of plan assets is predominantly determined by the situation on the capital markets. Unfavorable 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. The Group regularly makes contributions to plan assets to fund future obligations from defined benefit pension plans.

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

Reconciliation of the net obligation from defined benefit pension plans

The development of the relevant factors is shown in table ↗ D.56.

D.56

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

	2022				2021			
	Total	German Plans	US Plans	Other	Total	German Plans	US Plans	Other
In millions of euros								
Present value of the defined benefit obligation at January 1	7,951	5,401	2,069	481	8,555	6,064	1,961	530
Current service cost	212	142	57	13	222	165	47	10
Interest cost	131	59	63	9	96	29	60	7
Contributions by plan participants	9	9	–	–	7	5	–	2
Actuarial gains (-)/losses	-2,320	-1,715	-614	9	-765	-677	-80	-8
Actuarial gains (-)/losses from changes in demographic assumptions	4	–	3	1	-3	–	–	-3
Actuarial gains (-)/losses from changes in financial assumptions	-2,380	-1,758	-616	-6	-751	-670	-73	-8
Actuarial gains (-)/losses from experience adjustments	56	43	-1	14	-11	-7	-7	3
Past service cost, curtailments and settlements	2	–	3	-1	-1	–	–	-1
Pension benefits paid	-209	-88	-95	-26	-189	-79	-79	-31
Currency exchange-rate changes and other changes	127	26	125	-24	26	-106	160	-28
Present value of the defined benefit obligation at December 31	5,903	3,834	1,608	461	7,951	5,401	2,069	481
Fair value of plan assets at January 1	6,109	4,024	1,805	280	5,644	3,822	1,554	268
Actual result on plan assets	-994	-589	-375	-30	325	178	125	22
Interest income from plan assets	104	44	57	3	64	18	43	3
Actuarial gains/losses (-)	-1,098	-633	-432	-33	261	160	82	19
Contributions by the employer	318	294	2	22	225	140	61	24
Contributions by plan participants	10	9	–	1	6	5	–	1
Pension benefits paid	-190	-88	-83	-19	-171	-78	-69	-24
Currency exchange-rate changes and other changes	107	4	114	-11	80	-43	134	-11
Fair value of plan assets at December 31	5,360	3,654	1,463	243	6,109	4,024	1,805	280
Funded status at December 31	-543	-180	-145	-218	-1,842	-1,377	-264	-201
actuarial loss due to asset ceiling	-2	–	–	-2	–	–	–	–
Net defined benefit liability	-545	-180	-145	-220	-1,842	-1,377	-264	-201
thereof recognized in other assets	46	1	43	2	8	1	–	7
thereof recognized in provisions for pensions and similar obligations	-591	-181	-188	-222	-1,850	-1,378	-264	-208

Composition of plan assets

Plan assets are used solely to provide pension benefits and to cover the administration costs of the plan assets. The composition of the Daimler Truck Group's pension plan assets is shown in table ↗ D.57.

Market prices are usually available for equities and bonds due to their listings in active markets. Most of the bonds have investment-grade ratings. This includes government bonds with very good credit ratings.

The investment strategy is reviewed regularly and adjusted if deemed necessary. The investment strategy is determined by Investment Committees, which had been generally composed of representatives of the Finance and Human Resources departments of Daimler Truck AG, Daimler Truck Financial Services GmbH and EvoBus GmbH. The pension plan assets are generally oriented towards the structure of the pension obligations.

Pension cost

The components of pension cost included in the Consolidated Statement of Income are shown in table ↗ D.58.

D.57

Composition of plan assets

	At December 31, 2022				At December 31, 2021			
	Total	German Plans	US Plans	Other	Total	German Plans	US Plans	Other
In millions of euros								
Equities	1,194	807	322	65	1,758	1,230	445	83
Bonds	2,697	1,683	875	139	3,669	2,387	1,098	184
Government bonds	675	284	323	68	955	485	384	86
Corporate bonds	2,021	1,399	552	70	2,705	1,901	714	90
Securitized bonds	1	–	–	1	9	1	–	8
Other exchange-traded instruments	17	16	–	1	1	–	–	1
Exchange-traded instruments	3,908	2,506	1,197	205	5,428	3,617	1,543	268
Alternative investments	173	–	172	1	175	–	173	2
Real-estate	56	–	45	11	57	–	46	11
Other non-exchange-traded instruments	530	504	–	26	122	132	–	-10
Cash and cash equivalents	693	644	49	–	327	275	43	9
Non-exchange-traded instruments	1,452	1,148	266	38	681	407	262	12
Fair value of plan assets	5,360	3,654	1,463	243	6,109	4,024	1,805	280

D.58

Pension cost

	2022				2021			
	Total	German Plans	US Plans	Other	Total	German Plans	US Plans	Other
In millions of euros								
Current service cost	-212	-142	-57	-13	-222	-165	-47	-10
Past service cost, curtailments and settlements	-2	–	-3	1	1	–	–	1
Net interest expense	-27	-15	-6	-6	-32	-11	-17	-4
	-241	-157	-66	-18	-253	-176	-64	-13

Measurement assumptions

The measurement date for the Daimler Truck Group's defined benefit pension obligations and plan assets is generally December 31. The measurement date for the Daimler Truck Group's net periodic pension cost is generally January 1. 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 defined benefit obligations for the German plans uses life expectancy based on the 2018 G Heubeck mortality tables. The tables reflect the latest statistics of the statutory pension insurance system and of the German Federal Statistical Office. Comparable country-specific calculation methods are used for non-German plans.

Table ↗ D.59 shows the significant weighted-average measurement factors used to calculate pension benefit obligations.

Sensitivity analysis

An increase or decrease in the main actuarial assumptions would affect the present value of the defined benefit pension obligations as shown in table ↗ D.60.

The calculations carried out by actuaries were done in isolation for the evaluation parameters regarded as material. 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.

For the calculation of the sensitivity of life expectancy, by means of fixed (non-age-dependent) factors for a reference person, a one-year higher or lower life expectancy was assumed.

D.59

Significant factors for the calculation of pension benefit obligations

	At December 31,		At December 31,		At December 31,	
	2022	2021	**2022**	2021	**2022**	2021
	German Plans	German Plans	US Plans	US Plans	Other	Other
In percent						
Discount rates	**3.8**	1.2	**5.4**	2.9	**3.4**	2.0
Expected increase in cost of living[1]	**2.2**	1.8	–	–	–	–

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

D.60

Sensitivity analysis for the present value of defined benefit pension obligations

		At December 31, 2022				At December 31, 2021			
		Total	German Plans	US Plans	Other	Total	German Plans	US Plans	Other
In millions of euros									
Sensitivity for discount rates	0.25%	**-196**	**-121**	**-52**	**-23**	-308	-224	-73	-11
Sensitivity for discount rates	-0.25%	**179**	**128**	**41**	**10**	330	239	78	13
Sensitivity for expected increases in cost of living	0.10%	**5**	**5**	**–**	**–**	10	7	–	3
Sensitivity for expected increases in cost of living	-0.10%	**-7**	**-5**	**–**	**-2**	-8	-7	–	-1
Sensitivity for life expectancy	+ 1 year	**58**	**17**	**38**	**3**	99	26	69	4
Sensitivity for life expectancy	- 1 year	**-87**	**-15**	**-56**	**-16**	-95	-23	-69	-3

Effect on future cash flows

The Daimler Truck Group currently plans to make contributions of €111 million to its pension plans for 2023. The final amount is generally determined in the fourth quarter of a financial year. In 2022, allocations to the Daimler Truck Pension Trust e.V. amounted to €318 million, of which €250 million was allocated on the basis of the 2021 demerger agreement.

The Daimler Truck Group anticipates pension payments of €226 million in 2023.

The weighted-average durations of the defined benefit obligations are shown in table ↗ D.61.

D.61
Weighted-average duration of the defined benefit obligations

	At December 31,	
	2022	2021
In years		
German plans	**14**	18
US plans	**13**	15
Other plans	**11**	12

Defined contribution pension plans

Under defined contribution pension plans, the Daimler Truck Group makes defined contributions to external insurance policies or investment funds. There are fundamentally no further contractual obligations or risks for the Daimler Truck Group in excess of the defined contributions. The Daimler Truck Group also pays contributions to governmental pension schemes. In 2022, the total expenses from defined contribution plans amounted to €584 million (2021: €609 million). Of those payments, €479 million (2021: €456 million) was related to governmental pension plans and €105 million (2021: €153 million) to defined contribution pension plans.

Other post-employment benefits

Certain foreign legal entities and operations included in the Daimler Truck Group, mainly in the United States, provide their employees with post-employment health care benefits with defined entitlements, which have to be accounted for as defined benefit plans. Since the plans are unfunded, the balance sheet liability equals the present value of the defined benefit obligations of €556 million (December 31, 2021: €621 million). The net expense amounted to €32 million (2021: €23 million).

Risks in connection with commitments for other post-employment benefits (medical care) relate to rising healthcare costs and lower contributions to those costs from the public sector. In addition, these plans are subject to the usual risks for defined benefit plans, in particular the risk of changes in discount rates.

24. Provisions for other risks

The development of provisions for other risks is summarized in table ↗ D.62.

Product warranties

The Daimler Truck 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. The utilization date of product warranties depends on the incidence of the warranty claims and can span the entire term of the product warranties. The cash outflows in relation to provisions for product warranties are primarily expected within a period until 2024.

Personnel and social costs

Provisions for personnel and social costs primarily comprise expected expenses of the Daimler Truck Group for employee anniversary bonuses, employee and management bonuses, and early-retirement plans. The additions recorded to the provisions for profit sharing and management bonuses in the reporting year usually result in cash outflows in the following year. The cash outflows for provisions for obligations relating to personnel and social costs are primarily expected within a period until 2026.

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. Cash outflows from provisions for liability and litigation risks as well as official proceedings are mainly expected within a period up to 2026.

Further information on liability and litigation risks and regulatory proceedings is provided in Note 31. Legal proceedings.

Other

Provisions for other risks primarily comprise expected costs for provisions for environmental protection risks, decommissioning costs, sales expenses, other taxes and restructuring measures (including compensation payments). They also include provisions for onerous contracts and various other risks which cannot be allocated to any other class of provision.

D.62
Provisions for other risks

	Product warranties	Personnel and social costs	Liability and litigation risks and regulatory proceedings	Other	Total
In millions of euros					
Balance at January 1, 2021	1,693	1,143	1,019	432	4,287
Additions	1,037	870	130	227	2,264
Utilizations	-847	-389	-63	-88	-1,387
Reversals	-259	-70	-24	-59	-412
Compounding and effects from changes in discount rates	3	-29	2	-2	-26
Currency translation and other changes	61	-36	6	-67	-36
Balance at December 31, 2021	1,688	1,489	1,070	443	4,690
thereof current	811	689	201	344	2,045
thereof non-current	877	800	869	99	2,645
Additions	**1,387**	**880**	**79**	**231**	**2,577**
Utilizations	**-970**	**-611**	**-106**	**-159**	**-1,846**
Reversals	**-188**	**-81**	**-52**	**-78**	**-399**
Compounding and effects from changes in discount rates	**–**	**-117**	**-9**	**-13**	**-139**
Currency translation and other changes	**35**	**9**	**15**	**7**	**66**
Balance at December 31, 2022	**1,952**	**1,569**	**997**	**431**	**4,949**
thereof current	**856**	**892**	**127**	**331**	**2,206**
thereof non-current	**1,096**	**677**	**870**	**100**	**2,743**

25. Financing liabilities

The composition of financing liabilities is shown in table ↗ D.63.

Information on the maturities of lease liabilities is provided in Note 34. Management of financial risks.

At December 31, 2022, Financial liabilities included the non-controlling interests held in the real estate management companies Gamma (1-4) Daimler Truck Grundstückverwaltungs GmbH & Co. OHGs, and in the real estate management company EvoBus GmbH & Co. OHG, in an amount of €191 million (December 31, 2021: €209 million). For further information, refer to Note 33. Financial instruments.

Financial Services
In connection with the Phase 2 transactions in 2022, the Daimler Truck Group acquired further Financial Services companies and Financial Services business units of the Mercedes-Benz Group. Refer to Note 4. Business combinations.

The purchase prices and portfolio growth of the Financial Services business were primarily financed by issuing bonds on the EUR, USD and CAD capital markets. The corresponding liabilities as of December 31, 2022 are included in Loans/Bonds.

D.63
Financing liabilities

	At December 31, 2022			At December 31, 2021		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Notes/bonds	3,061	8,290	11,351	470	6,837	7,307
Commercial paper	–	–	–	–	–	–
Liabilities to financial institutions	3,237	2,812	6,049	4,016	2,225	6,241
Deposits in the direct banking business	326	479	805	191	361	552
Liabilities from ABS transactions	528	483	1,011	501	250	751
Lease liabilities	181	1,002	1,183	174	1,061	1,235
Loans and other financing liabilities	178	71	249	127	177	304
Non-controlling shareholdings (puttable instruments) in accordance with IAS 32	–	191	191	–	209	209
	7,511	13,328	20,839	5,479	11,120	16,599

26. Other financial liabilities

The composition of other financial liabilities is shown in table ↗ D.64.

Financial liabilities measured at fair value through profit or loss relate to derivative financial instruments, which are not used in hedge accounting.

The increase in Other financial liabilities is primarily due to the Group's expansion of the business activities by using derivative financial instruments used in hedge accounting such as interest rate and currency swaps to hedge the Group's exposure to fluctuations in interest rates and foreign exchange movements.

Miscellaneous other financial liabilities include various financial obligations such as liabilities from residual-value guarantees, liabilities from wages and salaries, accrued interest expenses and deposits received.

Further information on other financial liabilities is provided in Note 33. Financial instruments.

D.64
Other financial liabilities

	At December 31, 2022			At December 31, 2021		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Derivative financial instruments used in hedge accounting	36	519	555	–	17	17
Financial liabilities recognized at fair value through profit or loss	13	–	13	3	–	3
Miscellaneous other financial liabilities	2,667	1,591	4,258	2,495	1,785	4,280
Liabilities from residual-value guarantees	756	1,374	2,130	874	1,574	2,448
Liabilities from wages and salaries	633	47	680	554	40	594
Accrued interest expenses	358	–	358	138	–	138
Deposits received	358	22	380	289	26	315
Other	562	148	710	640	145	785
	2,716	2,110	4,826	2,498	1,802	4,300

27. Deferred income

The composition of deferred income is shown in table ↗ D.65.

The decrease was mainly due to the deferral of sales revenue received from sales with residual-value guarantees in companies of Industrial Business.

D.65
Deferred income

	At December 31, 2022			At December 31, 2021		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Deferral of sales revenue received from sales with residual-value guarantees	560	977	1,537	623	1,085	1,708
Deferral of advance rental payments received from operating lease arrangements	53	2	55	6	3	9
Other deferred income	42	21	63	35	23	58
	655	1,000	1,655	664	1,111	1,775

28. Contract and refund liabilities

Table ↗ **D.66** shows the composition of contract and refund liabilities.

Other contract liabilities and other refund liabilities primarily include advanced payments and sales with a right of return, respectively.

D.66
Contract and refund liabilities

	At December 31,	
	2022	2021
In millions of euros		
Contract liabilities	**3,166**	2,909
Service and maintenance contracts and extended warranties	**2,624**	2,423
Other contract liabilities	**542**	486
Refund liabilities	**645**	510
Obligations from sales transactions	**448**	353
Other refund liabilities	**197**	157
Contract and refund liabilities	**3,811**	3,419
thereof non-current	**1,940**	1,785
thereof current	**1,871**	1,634

29. Other liabilities

Table ↗ **D.67** shows the composition of other liabilities.

D.67
Other liabilities

	At December 31, 2022			At December 31, 2021		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Income tax liabilities	**173**	**37**	**210**	243	15	258
Sales tax and other tax liabilities	**466**	**–**	**466**	352	–	352
Miscellaneous other liabilities	**62**	**16**	**78**	70	16	86
	701	**53**	**754**	665	31	696

30. Consolidated Statement of Cash Flows

Calculation of funds
As of December 31, 2022, cash and cash equivalents included restricted funds of €102 million (December 31, 2021: €123 million). The restricted funds primarily relate to subsidiaries where exchange controls apply so that the Daimler Truck Group has restricted access to the funds.

The decrease in cash and cash equivalents by €1,300 million resulted mainly from payments for the acquired Financial Services business, repayments of loans to banks, cash outflows from operating activities and short-term investments in mutual funds. The decline was offset by borrowings on international money and capital markets as well as inflows from factoring activities.

Cash provided by operating activities
In 2022, the other non-cash expense and income reported in the reconciliation of profit before income taxes to cash flow from operating activities included, in particular, the Group's share of earnings from equity-method companies and an impairment loss of the equity-method carrying amount of Daimler KAMAZ Trucks Holding GmbH in connection with the Russia-Ukraine war. In the prior year, this line item was mainly impacted by the sale of 50.00% of the shares in cellcentric GmbH & Co. KG and from the revaluation of the investment held.

Before the acquisition of the Financial Services business, pre-existing relationships existed between the Daimler Truck Group and the acquired Financial Services business. Fulfillment of the pre-existing relationships at fair value led to cash outflow of €171 million, and are included in cash flows from operating activities.

The cash flows from operating activities were also positively affected by trade receivables sold to external banks of €154 million (December 31, 2021: €30 million) and are referred to in Note 20. Trade receivables.

Changes in other operating assets and liabilities are shown in table ↗ D.68.

Table ↗ D.69 shows additional cash flows included in cash provided by operating activities.

Cash flows from investing activities
Cash flows from investing activities included cash inflows and outflows of €2,004 million (December 31, 2021: €0 million) that were transferred to the Mercedes-Benz Group as consideration in connection with the acquired Financial Services business and are referred to in Note 4. Business combinations. Furthermore, as explained in Note 33. Financial instruments, the short-term investments in mutual funds are also reflected as cash flows from investing activities.

In 2021, there was a cash inflow of €634 million in connection with the sale of 50.00% of the shares in cellcentric GmbH & Co. KG to the Volvo Group. In addition, the settlement of cash pooling accounts and loans to the Mercedes-Benz Group had a positive effect on cash flows from investing activities in the prior year.

D.68
Changes in other operating assets and liabilities

In millions of euros	2022	2021
Provisions	137	304
Financial instruments	-6	-30
Miscellaneous other assets and liabilities	146	-392
	277	-118

D.69
Cash flows included in cash provided by operating activities

In millions of euros	2022	2021
Interest paid	-207	-117
Interest received	195	66
Dividends received from equity-method investments	13	12
Dividends received from other shareholdings	7	18

Cash flows from financing activities
Cash flows from financing activities include cash flows from hedging the currency risks of financial liabilities. The cash flows from financing activities included payments for the reduction of outstanding leasing liabilities of €192 million (2021: €193 million).

Table ↗ **D.70** includes changes in liabilities arising from financing activities, divided into cash and non-cash components. In the financial year 2022, the Daimler Truck Group took out debt financing by issuing bonds primarily in the USA, the Netherlands and Canada. The decline compared with the prior year was mainly due to the transfer of Financial Services and the subsequent refinancing in 2021.

For further information on the effects of the transactions with the Mercedes-Benz Group in 2021, refer to table ↗ **D.71**.

D.70
Changes in liabilities arising from financing activities[1]

In millions of euros	**2022**	2021
Cashflows	**3,409**	6,415
Changes from the acquisition or disposal of shareholdings	**599**	-6
Changes in foreign exchange rates	**592**	818
Changes in market valuation and currency hedges for financing liabilities	**-521**	-49
Fair value changes from derivatives	**34**	-2
Non-cash effects of the release of allocated financing liabilities of Financial Services	**–**	-9,767
Non-cash effects from the settlement of cash pooling accounts and loans on a net basis	**–**	-1,386
Other changes	**162**	119

1 Changes in liabilities arising from financing activities includes movements from hedging activities related to financing transactions. In 2022, these amounted to €34 million increase (2021: €92 million increase).

D.71
Transactions with the Mercedes-Benz Group

In millions of euros	2021
Capital and liquidity financing measures pursuant to Section 17.4 of the demerger agreement	5,380
Purchase price paid for Financial Services entities and operations	-11,157
Purchase price paid for Industrial Business entities and operations	-1,431
Other	-56
	-7,264

31. Legal proceedings

The subsidiaries of Daimler Truck Holding AG (especially Daimler Truck AG) 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, dealer, supplier and other contractual relationships, intellectual property rights (including but not limited to patent-infringement actions), warranty claims, as well as antitrust matters (including actions for damages). If the outcome of such legal proceedings is negative for the Daimler Truck Group or such legal proceedings are settled, the Group may be required to pay substantial compensatory and punitive damages or to undertake service actions, recall campaigns, monetary penalties or other costly actions. Legal proceedings and related settlements may have an impact on the Group's reputation.

In particular, vehicle manufacturers similar to the Group can face regulatory investigations and fines for non-compliance with various governmental standards or rules as well as customer claims and litigation arising from any defects and the resulting consequences on product use or safety. Class action lawsuits, where available, and product liability, in particular, can have substantial financial consequences.

The Group generally records warranty provisions in its Financial Statements based on past experience and known claims, but such provisions may not be adequate for any liability ultimately incurred as a result of potential vehicle defects. In addition, defective products, product liability claims, warranty claims, product recalls and other similar issues could damage the Group's reputation.

Antitrust law proceedings (including actions for damages)
Mercedes-Benz Group AG (formerly Daimler AG), as the former parent entity of Daimler Truck AG, was subject to an antitrust proceeding initiated by the European Commission. In July 2016, the European Commission issued a settlement decision against Daimler AG (now known as Mercedes-Benz Group AG) and four other European truck manufacturers for their participation in anti-competitive behavior in violation of European antitrust rules with regard to pricing and passing on the costs of compliance with strict emission rules for trucks. The European Commission found that Daimler AG participated in the relevant arrangements from January 17, 1997 to January 18, 2011. The individual fine imposed on Daimler AG by the European Commission's settlement decision amounted to €1.09 billion and was paid in full in 2016.

Following the settlement decision by the European Commission, legal actions, class actions and other forms of legal redress for damages by direct and indirect truck customers have been filed or initiated in several jurisdictions. Damage claims could result in substantial liabilities for the Daimler Truck Group as well as significant costs expended for defense measures, which may have a material adverse effect on its operations and financial resources.

In relation to the cartel infringement described above, most substantial claims (including certain types of class actions or aggregator claims) are pending or have been initiated in Germany, the United Kingdom, the Netherlands, and Spain. Claims are also pending in certain other European countries and in Israel (in a total of approximately 20 countries).

The Daimler Truck Group takes appropriate legal remedies to defend itself.

In accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets (paragraph 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 Group's position.

Accounting estimates and management judgments relating to all legal proceedings
The Group recognizes provisions in connection with pending or impending proceedings to the extent that a loss 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 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 outflow. Although the final result of any such proceedings could materially affect the Daimler Truck Group's operating results and cash flows for a particular reporting period, the Daimler Truck Group believes that it should not exert a sustained influence on the Group's profitability, liquidity and capital resources or financial position.

32. Contingent liabilities and other financial obligations

Contingent liabilities
As of December 31, 2022, the best-possible estimate of contingent liabilities was €632 million (December 31, 2021: €612 million). The contingent liabilities mainly related to legal proceedings.

Other financial obligations
At December 31, 2022, contractual obligations from the acquisition of intangible assets, property, plant and equipment and equipment on operating leases amounted to €440 million (December 31, 2021: €290 million). At December 31, 2022 other financial obligations amounted to €404 million (December 31, 2021: €6 million) which includes capital commitments to the joint ventures Greenlane Infrastructure, LLC, cellcentric GmbH & Co. KG and Commercial Vehicle Charging Europe BV.

In addition, the Daimler Truck Group had issued irrevocable loan commitments at December 31, 2022 and 2021. These loan commitments had not been utilized as of that date. Further information on irrevocable loan commitments can be found in Note 34. Management of financial risks.

Other financial obligations after the 2019 hive-down
In 2019, Mercedes-Benz Group AG hived down parts of its business operations into Daimler Truck AG and Mercedes-Benz AG. Pursuant to Section 133 of the German Transformation Act (Umwandlungsgesetz or "UmwG"), all three legal entities are jointly and severally liable for all liabilities of Mercedes-Benz Group AG that existed as of the registration date of the hive-down into the commercial register.

Daimler Truck AG will be liable for these liabilities that existed before the spin-off taking effect for a period of five years, starting as of the date of the announcement of the registration of the hive-down into the commercial register of Mercedes-Benz Group AG at the District Court of Stuttgart. For pension obligations based on the German Company Pensions Act (Betriebsrentengesetz), the aforementioned period is ten years.

Currently, Daimler Truck AG does not consider the obligations resulting from the hive-down as a contingent liability and expects any related cash outflows to be unlikely.

Other financial obligations after the 2021 spin-off
In December 2021, Mercedes-Benz Group AG spun off and hived down its shares of Daimler Truck AG to Daimler Truck Holding AG. Pursuant to Section 133 UmwG, Daimler Truck Holding AG is jointly and severally liable with Mercedes-Benz Group AG for all liabilities of Mercedes-Benz Group AG that existed as of the registration date of the spin-off and hive-down in the commercial register including those from the 2019 hive-down.

Daimler Truck Holding AG will be liable for those liabilities that existed before the spin-off took effect for a period of five years, starting as of the date of the announcement of the registration of the spin-off and hive-down into the commercial register of Mercedes-Benz Group AG. For pension obligations based on the German Company Pensions Act (Betriebsrentengesetz), the aforementioned period is ten years.

Currently, Daimler Truck Holding AG does not consider the obligations resulting from the spin-off to be a contingent liability and expects any related cash outflows to be unlikely. Pension commitments are covered by planned assets (see Note 23. Pensions and similar obligations) and are not included in the potential obligations.

The potential obligations for the Daimler Truck Group resulting from Section 133 UmwG due to the 2019 hive-down and the 2021 spin-off amount to €27,463 million as of December 31, 2022, with amounts due in 2023: €7,130 million (December 31, 2021: €54,138 million, thereafter due in 2022: €30,303 million).

33. Financial instruments

Carrying amounts and fair values of financial instruments
Table ↗ D.72 shows the carrying amounts and fair values for the respective classes of the Group's financial instruments, excluding equity instruments measured at amortized cost and not in the scope of IFRS 9, and lease liabilities.

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Given the varying influencing factors, the reported fair values can only be viewed as indicators of the prices that may actually be achieved on the market.

The fair values of financial instruments were calculated on the basis of market information available on the balance sheet date. The following methods and premises were used:

D.72
Carrying amounts and fair values of financial instruments

	At December 31, 2022		At December 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
In millions of euros				
Financial assets				
Receivables from financial services	22,425	22,129	16,098	16,173
Trade receivables	4,682	4,682	3,962	3,962
Cash and cash equivalents	5,944	5,944	7,244	7,244
Marketable debt securities and similar investments	1,145	1,145	139	139
Recognized at fair value through other comprehensive income	351	351	116	116
Recognized at fair value through profit or loss	783	783	14	14
Measured at amortized cost	11	11	9	9
Other financial assets				
Equity instruments and debt instruments	292	292	329	329
Recognized at fair value through other comprehensive income	96	96	85	85
Recognized at fair value through profit or loss	196	196	244	244
Other financial assets recognized at fair value through profit or loss	29	29	5	5
Derivative financial instruments used in hedge accounting	197	197	63	63
Other financial receivables and miscellaneous other financial assets	818	818	810	810
	35,532	35,236	28,650	28,725
Financial liabilities				
Financing liabilities	19,656	20,322	15,364	15,445
Trade payables	5,317	5,317	4,359	4,359
Other financial liabilities				
Financial liabilities recognized at fair value through profit or loss	13	13	3	3
Derivative financial instruments used in hedge accounting	555	555	17	17
Miscellaneous other financial liabilities	4,258	4,258	4,280	4,280
Contract and refund liabilities				
Obligations from sales transactions	448	448	353	353
	30,247	30,913	24,376	24,457

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 December 31, 2022 and December 31, 2021.

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

Marketable debt securities and similar investments and Other financial assets
Marketable debt securities are recognized at fair value through other comprehensive income or 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. Debt instruments recognized at fair value through profit or loss are included in table ↗ **D.72** comprise exclusively of money market funds.

Equity instruments are recognized at fair value through other comprehensive income or at fair value through profit or loss.

Equity instruments recognized through other comprehensive income are included in table ↗ **D.72** and comprise several investments not material on an individual basis. The Daimler Truck Group does not generally intend to sell its equity instruments which are presented at December 31, 2022. Equity instruments measured at amortized cost and not in the scope of IFRS 9 have been excluded.

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 include derivative financial instruments not used in hedge accounting. These financial instruments as well as the *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 market interest rates appropriate to the remaining terms of the financial instruments. The valuation of currency forwards is based on market quotes of forward curves.

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

Other financial receivables and miscellaneous 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
The fair values of loans, commercial paper, notes/bonds 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. Financing liabilities exclude lease liabilities.

Financial liabilities carried at amortized cost include non-controlling interests in Daimler Truck Grundstücksverwaltung GmbH & Co. OHGs (1-4) and in EvoBus OHG are held by Mercedes-Benz Grund Services GmbH. These non-controlling interests are classified as puttable instruments because the non-controlling shareholder, Mercedes-Benz Grund Services GmbH (refer to Note 25. Financing liabilities), has the right to terminate and return its shareholding in exchange for a settlement. Therefore, the non-controlling interests are accounted for as financial liabilities according to IAS 32. The liabilities are measured at the present value of the redemption amount in the case of termination of Mercedes-Benz Grund Services GmbH's shareholdings, with fair values approximately equal to the carrying amounts.

Trade payables

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

At December 31, 2022, Trade payables of €260 million are subject to reverse factoring arrangements (December 31, 2021: €163 million).

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, refer to 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.

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

Offsetting of financial instruments

Starting on December 1, 2021 the Daimler Truck 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 counterparty.

Table ↗ D.73 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.

D.73

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

	At December 31, 2022			At December 31, 2021		
	Gross and net amounts of financial instruments in the Consolidated Statement of Financial Position	Amounts subject to a master netting arrangement	Net amounts	Gross and net amounts of financial instruments in the Consolidated Statement of Financial Position	Amounts subject to a master netting arrangement	Net amounts
In millions of euros						
Other financial assets[1]	226	-123	103	63	-4	59
Other financial liabilities[2]	568	-123	445	15	-4	11

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 (refer to Note 17. Other financial assets).
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 (refer to Note 26. Other financial liabilities).

Measurement hierarchy

Table ↗ D.74 provides an overview of the classification into measurement hierarchies of financial assets and liabilities recognized at fair value (according to IFRS 13 – Fair value measurement).

At the end of each reporting period, the Group reviews the necessity for reclassification between the fair-value hierarchies.

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

D.74

Measurement hierarchy of financial assets and liabilities recognized at fair value

	At December 31, 2022				At December 31, 2021			
	Total	Level 1[1]	Level 2[2]	Level 3[3]	Total	Level 1[1]	Level 2[2]	Level 3[3]
In millions of euros								
Financial assets recognized at fair value								
Marketable debt securities	1,134	748	386	–	130	33	96	1
Recognized at fair value through other comprehensive income	351	44	307	–	116	33	83	–
Recognized at fair value through profit or loss	783	704	79	–	14	–	13	1
Equity instruments and debt instruments	292	171	22	99	329	185	20	124
Recognized at fair value through other comprehensive income	96	88	–	8	85	76	–	9
Recognized at fair value through profit or loss	196	83	22	91	244	109	20	115
Other financial assets recognized at fair value through profit or loss	29	–	29	–	5	–	5	–
Derivative financial instruments used in hedge accounting	197	–	197	–	63	–	63	–
	1,652	919	634	99	527	218	184	125
Financial liabilities recognized at fair value								
Financial liabilities recognized at fair value through profit or loss	13	–	13	–	3	–	3	–
Derivative financial instruments used in hedge accounting	555	–	555	–	17	–	17	–
	568	–	568	–	20	–	20	–

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 active markets either directly (i.e., as prices) or indirectly (i.e., derived from prices).
3 Fair value measurement based on inputs for which no observable market data is available.

Table ↗ **D.75** shows to 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.

D.75

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

	At December 31, 2022				At December 31, 2021			
	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	**22,129**	**–**	**22,129**	**–**	16,173	–	16,173	–
Fair values of financial liabilities measured at cost								
Financing liabilities	**20,131**	**8,822**	**11,309**	**–**	15,236	6,712	8,524	–
thereof bonds	**11,134**	**8,822**	**2,312**	**–**	7,377	6,712	665	–
thereof liabilities from ABS transactions	**1,018**	**–**	**1,018**	**–**	755	–	755	–
thereof other financing liabilities	**7,978**	**–**	**7,978**	**–**	7,104	–	7,104	–
Miscellaneous other financial liabilities	**4,258**	**–**	**4,156**	**102**	4,280	–	4,200	80

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 active markets either directly (i.e., as listed prices) or indirectly (i.e., derived from prices).
3 Fair value measurement based on inputs for which no observable market data is available.

Measurement categories

The carrying amounts of financial instruments according to measurement categories are shown in table ↗ D.76.

Table ↗ D.76 does not include the carrying amounts of derivative financial instruments used in hedge accounting as these financial instruments are not assigned to a measurement category.

D.76

Carrying amounts of financial instruments according to measurement categories

	At December 31, 2022	2021
In millions of euros		
Assets		
Financial assets measured at (amortized) cost	29,838	25,757
Receivables from financial services[1]	18,383	13,732
Trade receivables	4,682	3,962
Cash and cash equivalents	5,944	7,244
Marketable debt securities and similar investments	11	9
Other receivables and miscellaneous other financial assets	818	810
Financial assets recognized at fair value through other comprehensive income	447	201
Marketable debt securities and similar investments	351	116
Equity and debt instruments	96	85
Financial assets recognized at fair value through profit or loss	1,008	263
Marketable debt securities and similar investments	783	14
Equity and debt instruments	196	244
Other financial assets recognized at fair value through profit or loss[2]	29	5
Liabilities		
Financial liabilities measured at (amortized) cost	29,662	24,318
Trade payables	5,317	4,359
Financing liabilities[3]	19,656	15,364
Miscellaneous other financial liabilities[4]	4,241	4,242
Obligations from sales transactions	448	353
Financial liabilities recognized at fair value through profit or loss[2]	13	3

1 Excluding lease receivables of €4,042 million (December 31, 2021: €2,366 million) as these are not assigned to any measurement category.
2 Financial instruments classified as held for trading purposes. These items comprise financial instruments that are not used in hedge accounting.
3 Excluding liabilities from lease transactions of €1,183 million (December 31, 2021: €1,235 million) as these are not assigned to any measurement category.
4 Excluding financial guarantees of €17 million (December 31, 2021: €38 million) as these are not assigned to any measurement category.

Net gains or losses

Table ↗ D.77 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 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 primarily comprise dividend payments.

Net gains/losses on other financial assets recognized at fair value through other comprehensive income are primarily attributable to the effects of currency translation.

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 €284 million (2021: €104 million) that are charged to cost of sales, selling expenses and other financial income/expense, net. Foreign exchange 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 the effects of currency translation.

D.77

Net gains/losses

	2022	2021
In millions of euros		
Equity and debt instruments recognized at fair value through profit or loss	-64	28
Other financial assets and financial liabilities recognized at fair value through profit or loss1	31	-32
Equity instruments recognized at fair value through other comprehensive income	4	–
Other financial assets recognized at fair value through other comprehensive income	-1	–
Financial assets measured at (amortized) cost	-251	-38
Financial liabilities measured at (amortized) cost	-41	-89

1 Financial instruments classified as held for trading; these amounts relate to derivate financial instruments not used in hedge accounting.

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 table ↗ D.78.

Qualitative descriptions of accounting for and presentation of financial instruments (including derivative financial instruments) can be found in Note 1. General information and significant accounting policies).

D.78
Total interest income and total interest expense

In millions of euros	2022	2021
Total interest income	1,435	933
thereof from financial assets and liabilities measured at (amortized) costs	1,378	929
thereof from financial assets recognized at fair value through other comprehensive income	57	4
Total interest expense	-840	-453
thereof from financial assets and liabilities measured at (amortized) costs	-840	-453

Information on derivative financial instruments
Use of derivatives
The Daimler Truck Group uses derivative financial instruments exclusively for hedging financial risks that arise from its operating or financing activities or from its liquidity management. These are interest rate risks and currency risks, which have been defined as risk categories. For these hedging purposes, the Daimler Truck Group mainly uses currency forward transactions, cross-currency interest rate swaps and interest rate swaps.

Table ↗ D.79 shows the amounts for the transactions designated as hedging instruments.

D.79
Amounts for the transactions designated as hedging instruments

	Foreign currency risk		Interest rate risk
In millions of euros	Cash flow hedges[1]	Cash flow hedges[2]	Fair value hedges[2]
At December 31, 2022			
Carrying amount of the hedging instruments			
Other financial assets current	35	25	–
Other financial assets non-current	32	105	–
Other financial liabilities current	28	–	8
Other financial liabilities non-current	4	1	515
Fair value changes[3]	82	102	-473
At December 31, 2021			
Carrying amount of the hedging instruments			
Other financial assets current	5	7	24
Other financial assets non-current	1	15	5
Other financial liabilities current	–	7	1
Other financial liabilities non-current	–	–	16
Fair value changes[3]	-60	41	-11

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

Fair value hedges

The Daimler Truck Group uses fair value hedges primarily for hedging interest rate risks.

The amounts of the items hedged with fair value hedges are included in table ↗ D.80.

The amounts relating to hedge ineffectiveness for items designated as fair value hedges are shown in table ↗ D.81.

Cash flow hedges

The Daimler Truck Group designates cash flow hedges for hedging currency risks and interest rate risks.

The amounts related to items designated as cash flow hedges are shown in table ↗ D.82.

The gains and losses from cash flow hedges as well as the amounts relating to hedge ineffectiveness are included in table ↗ D.83.

D.80
Fair value hedges

	At December 31,	
	2022	2021
	Interest rate risk	
In millions of euros		
Carrying amounts of the hedged items		
Financing liabilities current	**260**	221
Financing liabilities non-current	**5,282**	4,095
thereof hedge adjustments		
Financing liabilities current	**-9**	-1
Financing liabilities non-current	**-515**	-17
Fair value changes of the hedged items[1]	**471**	**-2**
Accumulated amount of hedge adjustments from inactive hedges remaining in the Consolidated Statement of Financial Position	**5**	–

1 Cumulative expenses or income recognized in the carrying amount of the underlying transactions.

D.81
Ineffectiveness of fair value hedges

	2022	2021
	Interest rate risk	
In millions of euros		
Interest expense	**-2**	-13

D.82
Cash flow hedges

	At December 31, 2022		At December 31, 2021	
	Foreign currency risk	Interest rate risk	Foreign currency risk	Interest rate risk
In millions of euros				
Fair value changes of the hedged items[1]	**-81**	**-102**	60	-41
Balance of the reserves for derivative financial instruments (before taxes)				
Continuing hedges	**96**	**130**	3	22
Discontinued/ terminated hedges	**-23**	**–**	3	–

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

D.83

Gains and losses on cash flow hedges[1]

In millions of euros	Foreign currency risk			Interest rate risk	
Line item in the Consolidated Statement of Income in which the ineffectiveness and the reclassifications are included	Revenue	Cost of sales	Other financial income/ expense, net	Cost of sales	Interest expense
2022					
Gains and losses recognized in other comprehensive income	**38**	**44**	**–**	**-13**	**115**
Reclassification of hedge effectiveness from other comprehensive income to the Consolidated Statement of Income					
For hedges for which the hedged future cash flows are no longer expected to occur	**–**	**-1**	**–**	**–**	**–**
For hedges that have been transferred because the hedged item has affected profit or loss	**-15**	**–**	**–**	**–**	**5**
2021					
Gains and losses recognized in other comprehensive income	-40	-21	–	22	19
Reclassification of hedge effectiveness from other comprehensive income to the Consolidated Statement of Income					
For hedges for which the hedged future cash flows are no longer expected to occur	–	–	–	–	10
For hedges that have been transferred because the hedged item has affected profit or loss	13	–	–	–	-4

1 In 2022 and 2021, there were no hedge ineffectiveness recognized in the Consolidated Statement of Income.

Table ↗ **D.84** shows the reconciliation of the reserves for derivative financial instruments.

D.84

Reconciliation of reserves for derivative financial instruments

In millions of euros	2022	2021
Balance at January 1	**13**	28
Changes in fair values (before taxes)	**136**	-28
Foreign currency risk	**34**	-69
Interest rate risk	**102**	41
Reclassification to profit or loss (before taxes)	**-2**	19
Foreign currency risk	**-6**	22
Interest rate risk	**4**	-3
Reclassification to cost of acquisition of non-financial assets (before taxes)	**8**	-19
Foreign currency risk – procurement	**8**	-13
Commodity price risk – inventory purchases	**–**	-6
Other	**–**	14
Taxes on changes in fair values and reclassifications	**-33**	-1
Balance at December 31	**122**	13

The reserves for derivative financial instruments include reserves for hedge costs of insignificant amounts.

The maturities of the derivative financial instruments generally correspond with those of the underlying transactions. The realization of the hedged item is expected to correspond with the maturity ranges of the hedging transactions shown in table ↗ **D.86**.

At December 31, 2022, the Daimler Truck Group held derivative financial instruments with a maximum term of 109 months (December 31, 2021: 121 months) in the portfolio in order to hedge currency risks arising from future operating cash flows.

Nominal values of derivative financial instruments

Table ↗ **D.86** shows the nominal amounts of derivative financial instruments used by the Group for the purpose of hedging currency risks, interest rate risks and commodity price risks that arise from the Daimler Truck Group's operating activities and/or financing activities.

The average prices for hedging instruments classified by risk categories for the main risks are included in table ↗ **D.85**.

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 do not classify for 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.

Further information on the hedging of currency and interest rate risks can be found in Note 34. Management of financial risks.

D.85

Average prices of hedging instruments for the major risks

	At December 31, 2022	2021
Foreign currency risk		
AUD per €	**1.53**	–
GBP per €	**0.87**	–
USD per €	**1.08**	1.14
Interest rate risk		
Fair value hedges		
Average interest rate – BRL	**-12.83%**	-8.11%
Average interest rate – CAD	**-2.17%**	1.22%
Average interest rate - EUR	**-1.45%**	–
Average interest rate – MXN	**-2.71%**	2.34%
Average interest rate – USD	**-0.77%**	0.71%
Cash flow hedges		
Average interest rate – BRL	**1.25&**	1.07%
Average interest rate – CAD	**1.69%**	-0.68%
Average interest rate - EUR	**2.03%**	–
Average interest rate – MXN	**1.54%**	-1.01%
Average interest rate – USD	**0.63%**	-0.21%

D.86

Nominal amounts of derivative financial instruments

	At December 31, 2022 Maturity of nominal amounts				At December 31, 2021 Maturity of nominal amounts			
	<1 year	1-5 years	>5 years	Total	<1 year	1-5 years	>5 years	Total
In millions of euros								
Foreign currency risk	**3,582**	**1,075**	**–**	**4,657**	1,224	188	–	1,412
Non-hedge accounting derivatives	**1,537**	**96**	**–**	**1,633**	377	–	–	377
Cash flow hedges	**2,045**	**979**	**–**	**3,024**	847	188	–	1,035
Interest rate risk[2]	**1,886**	**7,613**	**1,406**	**10,905**	2,351	4,814	1,324	8,489
Non-hedge accounting derivatives[2]	**–**	**–**	**–**	**–**	1,510	1,829	–	3,339
Fair value hedges[2]	**276**	**4,318**	**1,406**	**6,000**	373	2,324	1,324	4,021
thereof major derivative financial instruments affected by the reform of the interest rate benchmark[1]								
in USD	**–**	**–**	**–**	**–**	265	265	–	530
Cash flow hedges[2]	**1,610**	**3,295**	**–**	**4,905**	468	661	–	1,129
thereof major derivative financial instruments affected by the reform of the interest rate benchmark[1]								
in USD[2]	**189**	**–**	**–**	**189**	44	384	–	428

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 nominal volumes 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 34. Management of financial risks.
2 Prior-year balances have been restated.

34. Management of financial risks

General information on financial risks
As a result of its businesses and the global nature of its operations, the Daimler Truck Group is exposed to market risks from changes in foreign currency exchange rates and interest rates, while commodity price risks arise from procurement. A share price risk results from investments in listed companies. In addition, the Daimler Truck Group is exposed to credit risks from its leasing and financing activities and from its other business operations (trade receivables). Furthermore, the Daimler Truck Group is exposed to liquidity and country 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 Daimler Truck Group's profitability, liquidity and capital resources, and financial position.

The Daimler Truck 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 Daimler Truck Group's risk management processes for financial risks are based are designed to identify and analyze these risks throughout the Daimler Truck 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 Daimler Truck Group manages and monitors these risks primarily through its operating and financing activities and, if required, through the use of derivative financial instruments. The Daimler Truck Group uses derivative financial instruments exclusively for hedging financial risks that arise from its business operations or refinancing activities or liquidity management. If not used, the Daimler Truck Group would be exposed to higher financial risks. Daimler Truck AG hedges currency risks through forward exchange contracts. Long-term supply contracts exist for the hedging of raw materials, so it is not necessary to build up further hedges. Additional information on financial instruments and especially on the volumes of the derivative financial instruments used is included in Note 33. Financial instruments. The Daimler Truck Group regularly evaluates its financial risks with due consideration of changes in key economic indicators and up-to-date market information for the Daimler Truck Group.

The market sensitive instruments, including equity and debt securities, that the plan assets hold to finance pension and other post-employment benefits are not included in the following quantitative and qualitative analysis. For further information on pension and other post-employment benefit related liabilities, refer to Note 23. Pensions and similar obligations.

Credit risk
Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt in accordance with the contractual terms. 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. Table ↗ D.87 shows the maximum risk positions at the reporting date.

D.87
Maximum risk positions of financial assets, irrevocable loan commitments and financial guarantees

		At December 31,	
		2022	2021
	Note	Maximum risk position	Maximum risk position
In millions of euros			
Liquid assets		**7,089**	7,383
Receivables from financial services	15	**22,425**	16,098
Trade receivables	20	**4,682**	3,962
Derivative financial instruments used in hedge accounting (assets only)	17	**197**	63
Derivative financial instruments not used in hedge accounting (assets only)	17	**29**	5
Other financial receivables and miscellaneous other financial assets	17	**818**	810
Irrevocable loan commitments		**163**	114
Financial guarantees		**300**	304

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 primarily held by financial institutions with high credit ratings within and outside Europe and, since October 2022, also in 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 utilizations are reassessed continuously. In this assessment, the Daimler Truck Group also considers the credit risk assessment of its counterparties by the capital markets. In line with the Daimler Truck Group's risk policy, most liquid assets are held in investments with an external investment grade rating. Liquid assets are thus not subject to a material credit risk and are allocated to Stage 1 of the impairment model, which is based on expected credit risk.

Receivables from financial services
The Daimler Truck Group's financing and leasing activities are primarily focused on supporting the sales of the Daimler Truck Group's automotive products. As a consequence of these activities, the Daimler Truck Group is exposed to credit risk, which is monitored and managed based on defined standards, guidelines and procedures. The Daimler Truck 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 Financial Services 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 Consolidated Financial Statements. Overdue lease payments from operating lease contracts are recognized in receivables from financial services.

Since December 2021, the Financial Services segment of the Daimler Truck Group has policies setting the framework for effective risk management at a global as well as a local level. In particular, these rules 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 single customer exposures. As of December 31, 2022, exposure to the biggest 15 customers did not exceed 19% of the total portfolio (December 31, 2021: 20%).

With respect to its financing and lease activities, the Daimler Truck 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, Financial Services limits credit risk from financing and lease activities, for example through advance payments 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 advance payments, guarantees and, to a lower extent, residual debt insurances, are essential elements for credit decisions.

If, in connection with contracts, a deterioration of payment behavior or other causes of a credit risk are recognized, collection procedures are initiated by claims management to obtain the overdue payments from the customer, to take possession of the asset financed or leased or, alternatively, to renegotiate the impaired contract. Restructuring policies and practices are based on the indicators or criteria which, in the judgment 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 repossession and remarketing.

The situation regarding the COVID-19 pandemic normalized in 2022. The last government support programs have ended and the total volume of modifications has continued to decline. The remaining part of the additional loss allowance to cover the anticipated credit losses as a result of the pandemic was reversed, as this is now covered by the future expectation of the standard process.

Although the importance of the COVID-19 pandemic abated, credit risk remained the focus for the Financial Services segment due to the outbreak of the Russia-Ukraine war. Future expectations were adjusted to take into account the deteriorated macroeconomic outlook in terms of rising inflation. In addition, the credit portfolios related to the Phase 2 transactions were assimilated into the Group.

The value adjustment ratio remains at a stable level due to the counteracting effects of the loss of the significance of the pandemic with a favorable portfolio performance versus the deteriorated macroeconomic outlook.

For information on credit risks included in receivables from financial services, refer to Note 15. Receivables from financial services. Information on the measurement of expected credit losses is provided in Note 1. General information and significant accounting policies.

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 Daimler Truck Group assesses the creditworthiness of customers. The Daimler Truck 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 globally.

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 advance payments from customers.

For trade receivables from the export business, the Daimler Truck Group also evaluates its customers' creditworthiness by means of an internal rating process with consideration of the respective country risk. In this context, the year-end financial statements and other relevant information on the general distribution companies, such as payment history, are used and assessed.

Depending on the customers' creditworthiness, the Daimler Truck Group usually 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 loss allowance of trade receivables, a simplified approach is applied, whereby 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 refer to Note 20. Trade receivables.

Derivative financial instruments
The Daimler Truck Group uses derivative financial instruments exclusively for hedging financial risks that arise from its operating activities, financing activities or liquidity management. The Daimler Truck 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 Daimler Truck Group is exposed to credit risk only to a small extent with respect to its derivative financial instruments. Most derivatives within the Daimler Truck Group are contracted with counterparties which have an external investment grade rating.

Other receivables and financial assets
With respect to other receivables and financial assets included in other financial assets in 2022 and 2021, the Daimler Truck Group is exposed to credit risk only to a small extent.

Irrevocable loan commitments
The Financial Services segment in particular is exposed to credit risk from irrevocable loan commitments to end customers and retailers. At December 31, 2022, irrevocable loan commitments amounted to €163 million (December 31, 2021: €114 million). These loan commitments had a maturity of less than one year and are not subject to a material credit risk.

Financial guarantees
The maximum potential payment obligations resulting from financial guarantees as of December 31, 2022 amounted to €300 million (December 31, 2021: €304 million) and at December 31, 2022 included liabilities of €17 million (December 31, 2021: €38 million). Financial guarantees principally represent contractual arrangements. These guarantees generally provide that in the event of default or non-payment by the primary debtor, the Daimler Truck Group will be required to settle such financial obligations, generally up to a contractually agreed amount.

Liquidity risk

Liquidity risk comprises the risk that a company cannot meet its financial obligations in full. The Daimler Truck 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 option of securitizing receivables ("ABS transactions") also reduces the Group's liquidity risk. Liquid assets comprise cash and cash equivalents and marketable debt securities and similar investments. The Daimler Truck Group can dispose of these liquid assets at short notice.

The funds raised are used to finance working capital and capital expenditure as well as the cash needs of the leasing and financing business and unexpected liquidity needs. In accordance with internal guidelines, the refinancing of the leasing and financing business is generally carried out with matching maturities so that financing liabilities have the same maturity profile as the leased assets and the receivables from financial services.

At December 31, 2022, cash and cash equivalents amounted to €5,944 million (December 31, 2021: €7,244 million). In 2022, significant cash inflows resulted from the operations of the Industrial Business as well as cash inflows and outflows in connection with the cash provided by financing activities. Cash outflows resulted in particular from investments made in intangible assets and property, plant and equipment, income taxes paid and an increased portfolio of leasing and financing activities at Financial Services.

From an operating point of view, the management of the Daimler Truck Group's liquidity exposures is centralized by a daily cash pooling process. This was introduced on December 1, 2021. This process enables the Daimler Truck Group to manage its liquidity surplus and liquidity requirements according to the actual needs of the Daimler Truck Group. The Daimler Truck 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 Daimler Truck Group makes use of a broad spectrum of financial instruments to cover its funding requirements. Depending on funding requirements and market conditions, the Daimler Truck Group issues debt obligations and financial instruments secured by receivables in various currencies. On October 28, 2021, the Daimler Truck Group was issued with a long-term issuer credit rating of A3 by Moody's Investor Service and BBB+ by S&P Global Ratings; nonetheless, potential downgrades of the Daimler Truck Group's credit ratings could have a negative impact on the Group's financing. In August 2021, a credit facility in the amount of €13 billion (bridge facility) was agreed upon by the Daimler Truck Group with an international consortium of banks. This credit facility was contractually reduced following the bond issuances by financing companies in the USA, Canada and the Netherlands and fully repaid and terminated at the end of September 2022.

In addition, the syndicated loan agreement included a firm commitment of a revolving credit facility of €5 billion (the "revolving credit facility"). The revolving credit facility has an original term of five years with two one-year extension options, one of which can still be used, and has been agreed at arm's length terms. The Daimler Truck Group does not intend to draw on the revolving credit facility.

In September 2022, a further revolving credit facility of €1 billion was concluded with an international banking group. This credit facility has a term of 24 months and includes an option to increase by €500 million during the first 18 months. As of December 31, 2022, this credit facility has not been utilized.

Table ↗ **D.88** provides an overview of how the future liquidity situation of the Daimler Truck Group can be affected by cash outflows from liabilities, financial guarantees and irrevocable loan commitments as of December 31, 2022.

Information on the Daimler Truck Group's financing liabilities is also provided in Note 25. Financial liabilities.

D.88

Liquidity runoff for liabilities and financial guarantees[1]

	Total	2023	2024	2025	2026	2027	≥ 2028
In millions of euros							
Financing liabilities[2]	22,151	8,165	5,353	3,232	1,956	1,748	1,697
thereof lease liabilities	1,322	205	196	174	142	118	487
Derivative financial instruments[3]	651	237	151	85	73	32	73
thereof with gross settlement	94	87	7	–	–	–	–
Cash outflows	1,448	1,294	154	–	–	–	–
Cash inflows	-1,354	-1,207	-147	–	–	–	–
thereof with net settlement	557	150	144	85	73	32	73
Cash outflows	557	150	144	85	73	32	73
Trade payables[4]	5,317	5,310	–	–	–	–	7
Miscellaneous other financial liabilities excluding accrued interest and liabilities from financial guarantees	3,883	2,307	570	371	274	127	234
Irrevocable loan commitments[5]	163	163	–	–	–	–	–
Financial guarantees[6]	300	300	–	–	–	–	–
	32,465	16,482	6,074	3,688	2,303	1,907	2,011

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 Daimler Truck Group can be required to pay.
(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 shown as undiscounted.
5 The maximum available amounts are stated.
6 The maximum potential obligations under the issued guarantees are stated. It is assumed that the amounts are due within the first year.

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 Daimler Truck Group is exposed to country risk mainly resulting from investments in subsidiaries, 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 Daimler Truck 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 risk-oriented country exposure management; it assigns all countries to risk classes, with consideration of capital market indications of country risks.

Financial market risks

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

The Daimler Truck 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. Decisions regarding the management of market risks from foreign exchange rates and commodities, as well as asset/liability management (interest rates), are regularly made by the relevant the Daimler Truck Group risk management committees. Net exposures are the basis for the hedging strategies and are updated regularly.

Certain benchmark interest rates, including those of the London Interbank Offer Rate (for US dollar, British pound sterling, Swiss franc and Japanese yen), have comprehensively reformed internationally by the end of 2022. As a result, those interest rates were gradually abolished and replaced with alternative risk-free reference rates. Alternative interest rates are being developed on a national level in the context of the respective legal systems and currencies; they can therefore vary with regards to their structure, methodology and period of publication.

In 2022, the majority of the transactions affected by the benchmark reform either expired, ended prematurely or switched to the risk-free reference rates. The Daimler Truck Group expects that the remaining conversion of reference rates of hedging instruments and their underlying transactions to be identical and without any significant delay in time. The Daimler Truck Group continues to consider the economic relationship and thus the continuation of hedge accounting to be still existing.

The nominal values of the affected derivative financial instruments can be found in table ↗ D.86.

As part of its risk management system, the Daimler Truck Group employs value-at-risk analyses. In performing these analyses, Daimler quantifies its market risk caused by 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 are based on the following assumptions:

- potential losses related to fair value changes, and
- a 99% confidence level at a holding period of five days.

The Daimler Truck Group calculates the value at risk for exchange rates according to the variance-covariance approach.

When calculating value at risk using the variance-covariance approach, the Daimler Truck 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 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.

Exchange rate risk

Transaction risk and currency risk management. The global nature of the Daimler Truck Group's businesses exposes cash flows to risks arising from fluctuations in exchange rates. These mainly relate to the Euro, the US dollar, the British pound, the Australian dollar and the Japanese yen. The Daimler Truck 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. It may be inadequate to cover the costs if the value of the currency in which the revenue is generated declines in the interim relative to the value of the currency in which the costs were incurred.

The Daimler Truck Group is exposed to transaction risks, but only to a minor degree because of its global production network and the overall lower foreign currency volume. In addition, the Daimler Truck Group is indirectly exposed to transaction risk from its equity-method investments.

The Daimler Truck 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 a 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 Daimler Truck Group generally strives to increase cash outflows in the same currencies in which the Daimler Truck Group has a net excess inflow.

In order to mitigate the impact of currency exchange rate fluctuations for the Group's operations (future transactions), the Daimler Truck Group continually assesses its exposure to exchange rate risks and hedges a portion of those risks by using derivative financial instruments. The Daimler Truck Group manages its exchange rate risk and its hedging transactions through currency derivatives. The corporate treasury department implements the 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. The designated hedging relationships are also checked at the reporting date.

Daimler Truck AG's targeted hedge ratios for forecasted operating cash flows in foreign currency are indicated by a reference model. 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 reference model aims to limit risks for the Daimler Truck Group from unfavorable movements in exchange rates while preserving some flexibility to participate in favorable developments. Based on this reference model and depending on the market outlook, the committee determines the hedging horizon, which usually varies from one to three years (prior to the spin-off: one to five years), as well as the average hedge ratios. Reflecting the character of the underlying risks, the hedge ratios decrease with increasing maturities.

Foreign currency exposure risks of the vehicle business operations are managed primarily with the use of forward foreign exchange contracts. The instruments applied depend on the assessment of market conditions. Value at risk is used to measure the exchange rate risk inherent in these derivative financial instruments.

Table ↗ **D.89** shows the value at risk at period-end of the exchange rate risk for the 2022 and 2021 portfolios of derivative financial instruments, which were entered into primarily in connection with the vehicle business operations. The offsetting transactions underlying the derivative financial instruments are not included in the following value-at-risk presentation, since they primarily comprise forecasted cash flows. Also refer to table ↗ **D.86.**

D.89
Value at risk for exchange rate risk, and interest rate risk

	2022 Period-end	2021 Period-end
In millions of euros		
Exchange rate risk (from derivative financial instruments)	**46**	14
Interest rate risk (from derivative financial instruments)	**26**	14

Hedge accounting. When designating derivative financial instruments, a hedge ratio of 1 is applied. In addition, the respective volumes, interest rate curves and currencies of the hedge and the underlying transaction as well as maturity dates are matched. The Daimler Truck Group ensures an economic relationship between the underlying transaction and the hedging transaction by ensuring consistency of currency, volume and maturity. Option premiums and forward components are not designated into the hedge 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 an adjustment of the acquisition cost of non-financial assets. Effectiveness is assessed at initial designation and during the hedge term. Possible sources of ineffectiveness of the hedge relationship are:

- Changes in the credit risk when measuring the hedging instrument used, which are not reflected in the change of the hedged currency risk.

- Changes in the timing of the hedged transactions.

In 2022, the development of the value-at-risk from foreign currency hedging was mainly driven by a sharp increase in foreign currency rate volatilities in the first quarter and subsequently by a gradual decrease.

The Daimler Truck 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 Daimler Truck 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 Group's internal guidelines. The Daimler Truck Group uses appropriate derivative financial instruments (e.g., cross-currency interest rate swaps) to hedge against currency risk.

Since currency risks arising from the Daimler Truck Group's investment or refinancing in foreign currencies and the respective hedging transactions generally offset each other, these financial instruments are not included in the value-at-risk calculation presented.

Effects of currency translation risk ("Translation risk"). For purposes of the Consolidated Financial Statements, the income and expenses and the assets and liabilities of non-Euro reporting subsidiaries are converted into euros. Therefore, period-to-period changes in average exchange rates may cause translation effects that have a significant impact on, for example, revenue, segment results ("EBIT") and assets and liabilities of the Daimler Truck Group. Unlike exchange rate transaction risk, exchange rate translation risk does not necessarily affect future cash flows. The Daimler Truck Group's equity position reflects changes in book values caused by exchange rates. In general, the Daimler Truck Group does not hedge against currency translation risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Daimler Truck Group uses a variety of interest rate sensitive financial instruments to manage the Group's liquidity needs. A substantial volume of interest rate sensitive assets and liabilities results from the leasing and sales financing business operated by the Financial Services segment. The Financial Services companies enter into transactions with customers that primarily result in fixed-rate receivables. The Daimler Truck Group's general policy is to match funding in terms of maturities and interest rates wherever economically feasible. However, for a limited portion of the receivables portfolio in selected and developed markets, Financial Services does not match funding in terms of maturities in order to take advantage of market opportunities. As a result, the Daimler Truck Group is exposed to risks due to changes in interest rates.

The measurement of the interest rate risk of the Daimler Truck Group has been carried out through a value-at-risk analysis.

An expert group from the Daimler Truck Group, comprising members of the Group Treasury, Financial Services Controlling and Group Controlling, manage the interest rate risk by setting targets for the interest rate risk position. This expert group is responsible for achieving these targets jointly with the local subsidiaries, and also for monitoring these targets on a regular basis. Group Treasury Controlling and the Financial Services Controlling and Reporting department monitor target achievement on a regular basis as separate functions. In order to achieve the targeted interest rate risk positions in terms of maturities and interest rate fixing periods, the Daimler Truck Group also uses derivative financial instruments such as interest rate swaps. The Daimler Truck Group assesses its interest rate risk position 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 Daimler Truck Group manages the funding activities of the automotive segments and financial services segment at Group level.

Leasing liabilities are not included in the value-at-risk of the interest rate risk. These leasing liabilities have fixed interest rates and changes in interest rates therefore have no effect on the Daimler Truck Group's net profit.

Hedge accounting. When designating derivative financial instruments, a hedge ratio of 1 is generally applied. The respective volumes, interest rate curves and currencies of the hedged item and the hedging instrument as well as maturity dates are 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 Daimler Truck Group ensures an economic relationship between the underlying transaction and the hedging instrument by ensuring consistency of interest rates, maturity terms and nominal amounts. The effectiveness of the hedge is assessed at the beginning and during the economic relationship using the hypothetical derivative method. Possible sources of ineffectiveness of the hedge relationship are:

- Changes in the credit risk when measuring the hedging instrument in use which are not reflected in the change in the hedged interest rate risk.

- Changes in the parameters of the underlying hedged transactions.

Commodity price risk

The Daimler Truck Group is exposed to the risk of changes in commodity prices in connection with procuring raw materials and manufacturing supplies used in production. Risk is limited through long-term supply contracts. The relevant committees of the Daimler Truck Group review the risk and take actions to reduce this risk arising from fluctuation of commodity prices, if necessary.

At December 31, 2022, there are no commodity derivatives.

Hedge accounting. At December 31, 2022, there are no commodity derivatives. Therefore, no hedge accounting takes place. The future use of derivatives is possible in principle, as described above. When designating commodity derivatives, the respective volumes and parameters relevant for the valuation of the hedged item and the hedging instrument as well as maturity dates are matched. The Daimler Truck Group ensures an economic relationship between the hedged item and the hedging instrument by ensuring consistency of volumes, parameters relevant for valuation and maturity terms. Effectiveness is assessed at initial designation and during the hedge term. Possible sources of ineffectiveness of the hedge relationship are:

- Changes in the credit risk on the measurement of the derivative instrument in use which are not reflected in the change in the hedged commodity price risk.

- Changes in the timing of the hedged transactions.

Equity price risk

The Daimler Truck Group predominantly holds investments in shares of companies which are classified as long-term investments, some of which are accounted for using the equity method. These investments are not included in a market risk assessment by the Daimler Truck Group.

35. Segment reporting

Reportable segments
The Board of Management of Daimler Truck Holding AG, as the chief operating decision maker, allocates resources to the operating segments of the Group and assesses their performance on a regular basis. Therefore, the reporting based on operating segments retrospectively reflects the internal reporting and management structure of the Daimler Truck Group.

The segments are largely organized and managed separately, according to geographical areas, nature of products and services provided, brands, distribution channels and profile of customers. The Daimler Truck Group's activities are divided into the segments Trucks North America, Mercedes-Benz, Trucks Asia, Daimler Buses and Financial Services.

The Trucks North America segment develops, manufactures and sells trucks under the Freightliner and Western Star brands in North America. The segment's product range also includes buses of Thomas Built Buses as well as bus chassis.

The Mercedes-Benz segment develops, manufactures and sells trucks under the Mercedes-Benz brand, including off-highway-solutions, and also sells trucks under the FUSO brand in Europe and Latin America (excluding Mexico).

The Trucks Asia segment develops, manufactures and sells trucks and buses under the FUSO and BharatBenz brands, and sells trucks and buses under the Mercedes-Benz brand. Trucks Asia is also active in China through Daimler Truck China ("DTC") and its subsidiary Daimler Trucks and Buses China ("DTBC"), through which Mercedes-Benz trucks are imported to China. Furthermore, trucks are produced under the Auman brand as part of the BFDA joint venture with Foton.

The Daimler Buses segment develops, manufactures, and sells buses under the Mercedes-Benz and Setra brands. The segment's product range also includes bus chassis under the Mercedes-Benz brand.

Trucks North America, Mercedes-Benz, Trucks Asia and Daimler Buses comprise the automotive segments.

The automotive segments also sell powertrains, parts and accessories to external customers as well as to each other. The Mercedes-Benz segment is the main supplier of spare parts to the other segments.

The Financial Services segment supports the sales of the trucks and buses worldwide. Its product portfolio primarily comprises tailored financing and leasing packages for end-customers and dealers, brokering of commercial vehicles insurance and banking services.

Internal management and reporting structure
The internal management and reporting structure at the Daimler Truck Group is principally based on the accounting policies that are described in Note 1. General information and significant accounting policies, in accordance with IFRS.

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

Transactions between entities within the same segment are generally eliminated in the respective segment. Transactions between the segments are generally eliminated within Reconciliation. The elimination of effects connected with intra-Group transfers of equity investments takes place in the segments involved. Some simplifications have been made in the segment reporting with regard to accounting for leases in connection with intra-group transactions. For example, intra-group leases are accounted for as operating leases.

Segment assets principally comprise all assets related to the operating activities. The automotive segments' assets exclude income tax assets, assets from defined benefit pension plans and other post-employment benefit plans, and certain financial assets (including liquidity). Segment liabilities principally comprise all liabilities related to the operating activities. The automotive segments' liabilities exclude income tax liabilities, liabilities from defined benefit pension plans and other post-employment benefit plans, and certain financial liabilities (including financing liabilities).

The residual-value risks associated with the Daimler Truck Group's operating leases and finance lease receivables are generally borne by the automotive segments that manufactured the leased equipment. Risk sharing is based on agreements between the automotive segment and Financial Services; the terms vary by automotive 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 as far 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.

Goodwill is tested for impairment annually at the end of the financial year and whenever there is an indication of impairment, at the level of cash-generating units, representing the lowest level at which goodwill is monitored for internal management purposes.

Reconciliation
The reconciliation includes other business activities and investments, in particular in the area of autonomous driving. Moreover, functions and services provided by the Daimler Truck Group's headquarters as well as by other companies of the Group not allocated to the segments are included. In addition, the reconciliation includes projects managed by headquarters.

Table ↗ D.90 presents segment information at and for the years ended December 31, 2022 and 2021.

D.90
Segment information

In millions of euros	Trucks North America	Mercedes-Benz	Trucks Asia	Daimler Buses	Financial Services	Total Segments	Reconciliation	Daimler Truck Group
2022								
External revenue	21,922	17,843	5,915	3,551	1,714	50,945	–	50,945
Intersegment revenue	117	2,370	584	138	45	3,254	-3,254	–
Total revenue	22,039	20,213	6,499	3,689	1,759	54,199	-3,254	50,945
Segment profit/loss (EBIT)	2,376	1,188	161	-52	310	3,983	-487	3,496
thereof profit/loss on equity-method investments	8	-114	-64	–	–	-170	-56	-226
thereof profit/loss from compounding and effects from changes in discount rates of provisions for other risks	-16	132	–	15	-3	128	11	139
31. Dec. 2022								
Segment assets	7,441	14,415	5,525	3,289	25,545	56,215	891	57,106
thereof carrying amounts of of equity-method investments	20	–	353	8	–	381	692	1,073
Segment liabilities	6,427	9,120	2,100	2,500	23,327	43,474	-463	43,011
Additions to non-current assets	355	2,064	305	222	903	3,849	7	3,856
thereof investments in intangible assets	6	161	58	15	19	259	7	266
thereof investments in property, plant and equipment	216	452	153	85	11	917	1	918
Depreciation and amortization of non-current assets	282	904	249	179	19	1,633	9	1,642
thereof amortization of intangible assets	14	120	27	17	4	182	4	186
thereof depreciation of property, plant and equipment (incl. right-of-use assets)	241	417	192	69	11	930	5	935

In millions of euros	Trucks North America	Mercedes-Benz	Trucks Asia	Daimler Buses	Financial Services	Total Segments	Recon-ciliation	Daimler Truck Group
2021								
External revenue	15,692	14,214	5,654	3,091	1,111	39,762	2	39,764
Intersegment revenue	90	1,899	315	120	11	2,435	-2,435	–
Total revenue	15,782	16,113	5,969	3,211	1,122	42,197	-2,433	39,764
Segment profit/loss (EBIT)	1,440	483	417	-152	173	2,361	996	3,357
thereof profit/loss on equity-method investments	6	-13	167	-1	–	159	-53	106
thereof profit/loss from compounding and effects from changes in discount rates of provisions for other risks	-1	26	–	3	-2	26	–	26
31. Dec. 2021								
Segment assets	6,385	13,127	5,731	3,282	17,926	46,451	1,300	47,751
thereof carrying amounts of of equity-method investments	17	97	589	7	–	710	659	1,369
Segment liabilities	5,674	8,357	1,987	2,240	16,361	34,619	290	34,909
Additions to non-current assets	285	2,227	261	349	153	3,275	6	3,281
thereof investments in intangible assets	7	227	56	16	12	318	–	318
thereof investments in property, plant and equipment	214	353	128	62	5	762	–	762
Depreciation and amortization of non-current assets	248	1,013	257	185	116	1,819	11	1,830
thereof amortization of intangible assets	15	167	35	17	40	274	10	284
thereof depreciation of property, plant and equipment	210	392	192	68	10	872	4	876

Reconciliation

The reconciliation of the segments' amounts to relevant amounts for the Daimler Truck Group is shown in table ↗ D.91.

D.91

Reconciliation of the segments to the Group Financial Statements

	At December 31, 2022	2021
In millions of euros		
Total of segments' profit (EBIT)	3,983	2,361
Profit/loss on equity-method investments	-56	-53
Other operating income	–	1,215
Other business activities and corporate items	-364	-163
Eliminations	-67	-3
EBIT of the Group	3,496	3,357
Total of segments' assets	56,215	46,451
Carrying amount of equity-method investments	692	659
Income tax assets1	1,565	1,337
Other business activities and corporate items	458	422
Eliminations	-1,824	-1,118
Segment assets of the Group	57,106	47,751
Unallocated financial assets (including liquidity) and assets from pensions and similar obligations[1]	6,863	7,049
Total assets of the Group	63,969	54,800
Total of segments liabilities	43,474	34,619
Income tax liabilities1	79	287
Other business activities and corporate items	1,078	991
Eliminations	-1,620	-988
Segment liabilities of the Group	43,011	34,909
Unallocated financial liabilities and liabilities from pensions and similar obligations[1]	352	3,468
Total equity of the Group	20,606	16,423
Total equity and liabilities of the Group	63,969	54,800

1 Unless allocated to Financial Services.

In 2021, other operating income includes the gain from the loss of control of cellcentric GmbH & Co. KG, resulting in a positive effect on earnings of €1,215 million.

Other business activities and corporate items is comprised primarily of operational expenses of €191 million related to the Daimler Truck Group's autonomous driving business activities (2021: €114 million).

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 table ↗ D.92.

D.92

Revenue and non-current assets by region

	Revenue 2022	Revenue 2021	Non-current assets1 Dec. 31, 2022	Non-current assets1 Dec. 31, 2021
In millions of euros				
Europe	15,330	13,091	8,868	8,038
thereof Germany	5,532	5,266	6,824	6,414
North America	22,587	16,216	3,155	2,792
thereof United States	19,175	13,786	2,593	2,214
Asia	6,546	5,690	2,300	2,494
thereof Japan	2,864	3,248	2,027	2,229
Latin America	4,587	3,011	619	542
Other markets	1,895	1,756	263	236
	50,945	39,764	15,205	14,102

1 Non-current assets includes Intangible assets, Property, plant and equipment, and Equipment on operating leases.

36. Capital management

The capital management of the Daimler Truck Group is based on the net assets for the Industrial Business and equity for Financial Services. The assets and liabilities of the segments in accordance with IFRS provide the basis for the determination of net assets of the Industrial Business. The segments of the Industrial Business are accountable for the operating net assets; all assets, liabilities and provisions which they are responsible for in day-to-day operations are therefore allocated to them. The net assets of the Industrial Business also include reconciliation items of the Group that are not assigned to the segments. Performance measurement at Financial Services is on an equity basis, in line with the usual practice in the banking business.

The average capital bases of the year are calculated from the average capital bases of the quarters. These are calculated as an average at the beginning and end of the quarter.

The cost of capital of the Daimler Truck Group is derived from the minimum rates of return that investors expect on their invested capital. The cost of capital of the Industrial Business is determined from the weighted cost of equity and borrowing costs. The calculation of the cost of equity is based on the CAPM method.

The objective of capital management is to optimize the cost of capital. This is achieved on the one hand by the management of net assets, e.g. by optimizing working capital, which is within the operating responsibility of the segments. In addition, taking legal regulations into account, the Daimler Truck Group strives to optimize the costs and risks of its capital structure and, consequently, the cost of capital. Examples of this include a balanced ratio between equity and liabilities as well as an appropriate level of liquidity, oriented towards operating requirements.

37. Earnings per share

The calculation of basic and diluted earnings per share is based on profit attributable to shareholders of the Daimler Truck Group. There were no dilution effects in respect of equities in 2022 or 2021. The profit attributable to shareholders of the Daimler Truck Group (basic and diluted) amounted to €2,665 million (2021: €2,347 million). The weighted-average number of shares outstanding (basic and diluted) corresponded to the total number of shares issued after the implementation of the demerger agreement and amounted to 822,951,882 for which the result is calculated in each case.

The same number of shares were used for calculating earnings per share for the fiscal year 2021. There were no instruments outstanding or planned with a potential dilutive effect on the earnings per share.

Table ↗ D.93 shows the numerator and the denominator for the calculation of earnings per share.

D.93
Earnings per share

	2022	2021
In millions of euros		
Consolidated profit/loss attributable to shareholders	2,665	2,347
In millions of shares		
Weighted-average number of shares outstanding – basic and diluted	823	823
Earnings per share – basic and diluted	3.24	2.85

38. Related party disclosures

Related parties (companies or persons) are deemed to be Mercedes-Benz Group entities, associated companies, joint ventures and subsidiaries not in the scope of consolidation, as well as persons who exercise a significant influence on the financial and business policy of the Daimler Truck Group.

The latter category includes all persons in key positions and their close family members. As of the reporting date, those persons are the members of the Board of Management and of the Supervisory Board of Daimler Truck Holding AG. Prior to the spin-off, those persons were all members of the Board of Management and Supervisory Board of Mercedes-Benz Group AG and Daimler Truck AG. Members of the Board of Management of Daimler Truck Holding AG are only included if they had similar positions within Daimler Truck AG.

Related companies

As of the reporting date, related companies include, in particular, the Mercedes-Benz Group as well as its joint ventures due to Mercedes-Benz Group AG's 30.01% minority shareholding in the Daimler Truck Group (also refer to the explanations below regarding the 2021 demerger agreement). Until the spin-off in 2021, the Daimler Truck Business was controlled by Mercedes-Benz Group AG, consequently, related companies of the Mercedes-Benz Group included Mercedes-Benz Group AG and its direct and indirect subsidiaries (excluding the Daimler Truck Group as defined in Note 42. Additional information) as well as associates and joint ventures.

In addition to the related companies of the Group, related companies also include associated companies, joint ventures and the non-consolidated Daimler Truck Group subsidiaries, as well as associates.

Goods and services supplied between the Daimler Truck Group and related companies comprise transactions with the Mercedes-Benz Group, associated companies and joint ventures, and are shown in table ↗ **D.94**.

Transactions with the Mercedes-Benz Group

The Daimler Truck Group made sales to companies of the Mercedes-Benz Group. Those sales relate predominantly to trucks, parts, spare parts and services. Furthermore, the Daimler Truck Group purchased goods and services from companies of the Mercedes-Benz Group. The purchases of goods and services primarily relate to parts, spare parts and services provided by central functions. These central corporate functions include services such as, but not limited to, tax, legal, accounting, IT, personnel-related and treasury services.

In addition to the transactions in the operating activities, further financing occurred related to transactions with the Mercedes-Benz Group.

Non-controlling interests in Gamma (1–4) Daimler Truck Grundstücksverwaltung GmbH & Co. OHGs and in EvoBus OHG

At December 31, 2022, non-controlling interests in the Gamma (1-4) Daimler Truck Grundstücksverwaltung GmbH & Co. OHGs and EvoBus OHG held by Mercedes-Benz Grund Services GmbH were recognized as financial liabilities and amounted to €191 million (December 31, 2021: €209 million). For further information, refer to Note 33. Financial instruments.

Leases with the Mercedes-Benz Group

For the sale of vehicles to Mercedes-Benz Group companies by which the Daimler Truck Group is obliged to repurchase the vehicles, which are accounted for as a lease, the corresponding balances of residual-value guarantees as of December 31, 2022 amounted to €1,104 million (December 31, 2021: €1,393 million). The related deferred income at December 31, 2022 amounted to €735 million (December 31, 2021: €902 million).

For lease transactions where Financial Services leases passenger vehicles to third-party customers, which were previously acquired from external dealers, the Mercedes-Benz Group issued residual-value guarantees. At December 31, 2022 the residual-value guarantees issued by the Mercedes-Benz Group to Financial Services for leased passenger cars (leased out to end customers under operating leases) amounted to €66 million (December 31, 2021: €47 million). Residual-value guarantees issued by the Mercedes-Benz Group to Financial Services companies where passenger cars were leased out to end customers under a finance lease amounted to €76 million at December 31, 2022 (December 31, 2021: €60 million).

In addition, prior to the spin-off, the Daimler Truck Business granted Financial Services part of the Mercedes-Benz Group credit risk guarantees which required the issuer to make specified payments to reimburse the holder for a loss it incurs because its customers fail to make payments when due. Financial liabilities due to Mercedes-Benz Group companies as of December 31, 2022 amounted to €1 million (December 31, 2021: €32 million). The corresponding off-balance-sheet amounts for the financial liabilities resulting from credit risk guarantees issued to the Mercedes-Benz Group as of December 31, 2022 amounted to €28 million (December 31, 2021: €32 million).

In the second quarter of 2022, a financial liability for a default risk of an external customer in the amount of €15 million with the Mercedes-Benz Group was redeemed.

Financial liabilities resulting from transactions with companies of the Mercedes-Benz Group include financial liabilities from sale and leaseback transactions where the sale does not satisfy the requirements of IFRS 15.

For lease transactions where the Daimler Truck Group is a lessee, the carrying amount of right-of-use assets amounted to €100 million at December 31, 2022 (December 31, 2021: €120 million). At December 31, 2022, the carrying amount of the associated lease liabilities were €98 million (December 31, 2021: €117 million). The lease transactions included real estate, IT equipment and other items.

Transfer of Phase 2 legal entities and operations from the Mercedes-Benz Group

In accordance with the 2021 demerger agreement, during 2022, there were transfers of certain companies and business unit from the Mercedes-Benz Group to the Daimler Truck Group as part of the Phase 2 transactions. Truck and bus-related leasing portfolios and end customer financing were acquired as asset deals or share deals. The effects of these transfers are not included in table ↗ **D.94**.

For more information, refer to Note 4. Business combinations.

Use or transfer of brands, trademarks, patents, IP domains and software

In September 2021, the Daimler Truck Group entered into a license agreement with the Mercedes-Benz Group for the right-to-use of the Mercedes-Benz brand for an indefinite period in exchange for no consideration, effective in December 2021. The agreement is reflected as a contribution at fair value of €932 million upon the effective date.

Hedging

The Daimler Truck Group hedges interest and foreign exchange risks independently using its own hedging instruments. The volume, nature and strategy of those hedging procedures are described in detail in Note 33. Financial instruments and Note 34. Management of financial risks.

Associated companies

In business relationships with associated companies, significant revenue from the sales of goods and services was realized with associated companies of Mitsubishi Fuso Truck and Bus Corporation (“MFTBC”).

On September 21, 2021, Daimler Truck AG transferred its 15% equity investment in KAMAZ PAO (“KAMAZ”) to Mercedes-Benz Group AG for cash consideration of €132 million, effective on September 28, 2021.

After the spin-off from the Mercedes-Benz Group, KAMAZ PAO is no longer considered a related party for the Daimler Truck Group.

Joint ventures

In business relationships with joint ventures, significant sales of goods and services took place with National Automobile Industry Company Ltd. (“NAI”) and Beijing Foton Daimler Automotive Co., Ltd (“BFDA”).

Further information on capital contributions made can be found in Note 14. Equity-method investments.

License agreement with Beijing Foton Daimler Automotive Co., Ltd

In October 2020, the Daimler Truck Group concluded a technology license agreement (“TLA”) with the joint venture Beijing Foton Daimler Automotive Co., Ltd in connection with the localization of Mercedes-Benz trucks for the Chinese market. This agreement includes the use of certain intellectual property rights by Beijing Foton Daimler Automotive Co., Ltd for the localization of Mercedes-Benz H6 Technology in exchange for a license fee totaling €318 million.

Daimler Truck AG transferred the final technical product documentation in the second quarter of 2022 and thus fulfilled the obligation from the TLA. This therefore led to revenue recognition of the license fee (€318 million) and an increase in receivables from Beijing Foton Daimler Automotive Co., Ltd as an affiliated company.

At the Group level, this transaction is a downstream transaction with a joint venture. Therefore, an elimination was recorded, which reduced revenue in the Mercedes-Benz segment and the equity-method investment in the Trucks Asia segment. After elimination, the positive effect in EBIT of the Mercedes-Benz segment and the Daimler Truck Group amounted to €159 million in the second quarter of 2022.

Note 14. Equity-method investments provides further details of the significant associates and joint ventures.

Contingent liabilities and other financial obligations
Further information on contingent liabilities and other financial obligations with related parties are provided in Note 32. Contingent liabilities and other financial obligations.

Joint and several liability of the Mercedes-Benz Group for claims against liabilities of Daimler Truck AG from the 2019 hive-down
In 2019, Mercedes-Benz Group AG hived down parts of its business operations into Daimler Truck AG and Mercedes-Benz AG. Pursuant to Section 133 of the German Transformation Act ("UmwG"), all three legal entities are jointly and severally liable for all liabilities of Mercedes-Benz Group AG that existed as of the registration date of the hive-down in the commercial register.

Mercedes-Benz Group AG and Mercedes-Benz AG are therefore also liable for liabilities assigned to Daimler Truck AG that existed as of the date of the announcement of the entry of the hive-down in the commercial register for a period of five years. For pension obligations based on the German Company Pensions Act ("Betriebsrentengesetz"), the aforementioned period is ten years.

The potential subsequent liability of Mercedes-Benz Group AG and Mercedes-Benz AG to third parties resulting from Section 133 of the German Transformation Act ("UmwG") amounts to €1,335 million as of December 31, 2022 (due in the next 12 months: €338 million) (December 31, 2021: €1,690 million, due in 2022: €447 million).

Further relevant provisions in this context, in particular the procedure for regulating the internal settlements between the participating legal entities, are regulated in the hive-down agreement of March 25, 2019.

Guarantees
The Mercedes-Benz Group issued letters of credit and guarantees in favor of the Daimler Truck Business and its customers.

At December 31, 2022, the guarantees issued by the Mercedes-Benz Group amounted to €312 million (December 31, 2021: €582 million).

The guarantees issued by the Daimler Truck Group in favor of the Mercedes-Benz Group, associated companies, joint ventures and affiliated but not consolidated companies, as of December 31, 2022 amounted to €88 million (December 31, 2021: €100 million).

After the spin-off in 2021, no new letters of credit and guarantees to secure obligations of the companies of the Daimler Truck Group were issued by Mercedes-Benz Group AG or the companies of the Mercedes-Benz Group. Existing guarantees were replaced by the corresponding Daimler Truck Group guarantees to the extent possible and reasonable from an administration perspective. However, some guarantees are still in place as of the reporting date, which are expected to be settled at the latest by the end of the contract term.

Contributions to plan assets
Daimler Truck Pension Trust e.V. administers the plan assets to secure pension obligations in Germany on a fiduciary basis and is therefore a related party of the Daimler Truck Group. Daimler Truck AG bears insignificant expenses and provides services for the company. During 2022, allocations to the Daimler Truck Pension Trust e.V. amounted to €294 million, of which €250 million was allocated on the basis of the 2021 demerger agreement.

Share-based payments
For further information, refer to Note 22. Share-based payment.

Related persons
At the reporting date, all members of the Board of Management and of the Supervisory Board of Daimler Truck Holding AG were considered to be key management personnel.

Compensation of the key management personnel
Information on management remuneration in key positions is provided in Note 39. Remuneration of the members of the Board of Management and the Supervisory Board.

D.94

Transactions with related companies

	Sales of goods and services and other income		Purchase of goods and services and other expense		Receivables[1] At December 31,		Payables[2] At December 31,	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
In millions of euros								
Associated companies	**216**	317	**13**	39	**36**	21	**2**	2
thereof KAMAZ PAO[3]	**–**	154	**–**	27	**–**	–	**–**	–
thereof MFTBC investees	**148**	125	**13**	12	**21**	16	**2**	2
Joint ventures	**546**	394	**94**	20	**330**	87	**2**	13
thereof DKTH[4]	**34**	273	**49**	7	**–**	53	**–**	–
thereof NAI	**241**	99	**3**	2	**72**	22	**–**	–
thereof BFDA	**265**	6	**30**	1	**254**	3	**–**	–
Mercedes-Benz Group[5]	**3,205**	3,848	**1,308**	1,829	**411**	739	**1,826**	2,530

1 Receivables comprise balance sheet items that result in cash inflow. These include trade receivables, loans granted and other receivables. Receivables include impairments totaling €57 million (December 31, 2021: €0 million), of which €49 million are due to Daimler KAMAZ Trucks Holding GmbH (no impairment loss due to Daimler KAMAZ Trucks Holding GmbH was recognized as of December 31, 2021).

2 Payables comprise balance sheet items that lead to potential future cash outflow. They include trade accounts payable, residual value guarantees, default risks from guarantees, financing liabilities, lease liabilities and other liabilities.

3 The Group transferred its Equity-method investment in KAMAZ PAO to Mercedes-Benz Group AG on September 21, 2021, effective on September 28, 2021. Since the spin-off, KAMAZ PAO is no longer a related company for the Daimler Truck Group. For 2021, the Consolidated Statement of Income reflects all transactions until the effective date. From the effective date until the spin-off in 2021, all transactions are reflected within the item: Mercedes-Benz Group.

4 All revenues with Daimler KAMAZ Trucks Holding GmbH in 2022 are for the period January 01, 2022 to February 27, 2022. Business activities with Daimler KAMAZ Trucks Holding GmbH were discontinued on February 27, 2022 until further notice. The Company was sold on December 30, 2022. In 2022, purchase of goods and services and other expenses from Daimler KAMAZ Trucks Holding GmbH included impairment losses on trade receivables of €49 million (2021: €0 million).

5 Thereof expenses for services received from the Mercedes-Benz Group of €606 million (2021: €399 million).

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

In accordance with IAS 24 – Related Party Disclosures, the key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Daimler Truck Group directly or indirectly.

Due to various reorganizational measures in the context of the spin-off from the Mercedes-Benz Group, the persons that are classified as key management personnel of the Daimler Truck Group changed during the periods presented.

Table ↗ **D.95** provides an overview of key management personnel prior and subsequent to the spin-off in 2021.

D.95
Key management personnel prior and subsequent to the spin-off

	Before the spin-off	After the spin-off
Boards of Management	**(i) Board of Management of DTAG** **(ii) Board of Management of Mercedes-Benz Group AG** **(iii) Board of Management of DTHAG[1,2]**	(i) Board of Management of DTHAG
Supervisory Boards	**(i) Supervisory Board of DTAG** **(ii) Supervisory Board of Mercedes-Benz Group AG** **(iii) Supervisory Board of DTHAG[1,2]**	(i) Supervisory Board of DTHAG

1 If the members had similar roles within Daimler Truck AG.
2 The Board of Management and the Supervisory Board of Daimler Truck Holding AG was established on March 25, 2021.

The remuneration of the Board of Management and Supervisory Board of Mercedes-Benz Group AG is, however, only included with the proportional share that was charged or allocated for services provided to the Daimler Truck Group until the spin-off date. The proportional share was determined based on the cost allocation charge relating to the Daimler Truck Group.

The remuneration of the key management personnel are shown in tables ↗ **D.96** and ↗ **D.97**.

Expenses for the variable remuneration with a long-term incentive effect, as shown in table ↗ **D.96**, result from the ongoing measurement at fair value at each reporting date of all rights granted and not yet due under the Performance Phantom Share Plans (“PPSP”). Any PPSP transferred with the 2021 spin-off and continued by the Daimler Truck Group. Refer to Note 22. Share-based payment for additional information.

The members of the Supervisory Board of Daimler Truck Holding AG are solely granted short-term fixed remuneration for their board and committee activities, the amounts of which depend on their functions in the Supervisory Board. With the exception of remuneration paid to the members representing the employees in accordance with their contracts of employment, no remuneration was paid for services provided personally beyond board and committee activities, in particular for advisory or agency services.

D.96
Remuneration of the members of the Board of Management and the Supervisory Board of DTHAG[1]

	2022	2021
In millions of euros		
Remuneration of the Board of Management		
Fixed remuneration (base salary)	**6.9**	4.7
Short-term variable remuneration (annual bonus)	**5.9**	6.0
Mid-term variable remuneration (“deferral”)	**5.9**	0.5
Variable remuneration with a long-term incentive effect (PPSP)	**6.4**	14.8
Post-employment benefits (service cost)	**1.9**	1.1
Termination benefits	**–**	–
	27.0	27.1
Remuneration of the Supervisory Board	**3.6**	1.5
	30.6	28.6

1 The remuneration of the members of the Board of Management and the Supervisory Board of Daimler Truck AG and Mercedes-Benz Group AG is included until the spin-off date in 2021.

D.97
Remuneration of the members of the Board of Management and the Supervisory Board of Mercedes-Benz Group AG[1]

	2021
In millions of euros	
Remuneration of the Board of Management	
Fixed remuneration (base salary)	9.1
Short-term variable remuneration (annual bonus)	7.5
Mid-term variable remuneration (“deferral”)	7.5
Variable remuneration with a long-term incentive effect (PPSP)	22.9
Post-employment benefits (service cost)	2.1
Termination benefits	0.0
	49.1
Remuneration of the Supervisory Board	6.2
	55.3

1 The remuneration of the Board of Management and the Supervisory Board of Mercedes-Benz Group AG was included with the proportional share of approximately 27% to the Daimler Truck Group only up to the spin-off in 2021.

Disclosures in accordance with Section 314 Subsection 1 No. 6 of the German Commercial Code ("HGB")

The overall remuneration total compensation granted to the members of(excluding pension commitments) for the Board of Management of Daimler Truck Holding AG, excluding service cost resulting from entitlements within the meaning of Section 314 Subsection 1 No. 6 of the German Commercial Code ("HGB") for the financial year 2022 is calculated as the total of the following

- the fixed basic remuneration for 2022
- half of the annual bonus for 2022, to be paid in 2023 with the value on the balance sheet date,
- half of the medium-term share-based portion of the annual bonus for 2022 ("deferral") to post-employment be paid in 2024 with a value as of the balance sheet date 2022 (the amount to be paid depends on the development of the Daimler Truck Holding AG share compared to the STOXX Europe Auto Index)
- the grant value of the long-term share-based compensation (Performance Phantom Share Plan - "PPSP") at the grant date in 2022 (payment in 2026) and
- the taxable non-cash benefits, amounted to €24 million and other fringe benefits in 2022.

For the two share-based compensation components - both the delayed second 50% of the annual bonus (deferral) and the long-term oriented PPSP - the respective future payment amounts may deviate significantly from the values shown, depending on the development of the Daimler Truck Holding AG share and the achievement of the respective target parameters. The possible upward deviation is limited by maximum limits. A total failure of both components is also possible.

For 2022, €7.5 million (2021: €0.5 million) is attributable to fixed (i.e. non-performance-related) remuneration, and €12.0 million (2021: €0.9 million) to short- and medium-term perfor-mance-related variable compensation components (annual bonus with deferral) as well as long-term variable share-based compensation ("PPSP") with a fair value of €5.7 million (2021: €3.9 million) and 232,988 phantom shares granted (2021: 165,092 shares). This corresponds to a total amount of €25.2 million for 2022 (2021: €5.3 million).

No advance payments or loans were made or abated to current or former members of the Board of Management or to the members of the Supervisory Board of Daimler Truck Holding AG. For one member of the Board of Management an error led to an overpayment of less than €1 million, which will be corrected in the financial year 2023 and the funds will be returned.

The Remuneration of the Supervisory Board of Daimler Truck Holding AG amounts to €3.6 million (2021: €0.2 million).

40. Auditor fee

The shareholders of Daimler Truck Holding AG elected KPMG AG Wirtschaftsprüfungsgesellschaft as the statutory auditor on June 22, 2022. Pursuant to Section 314 Subsection 1 No. 9 of the German Commercial Code (HGB), table ↗ D.98 shows the fees for services provided by KPMG AG Wirtschaftsprüfungsgesellschaft and the companies of the worldwide KPMG network to Daimler Truck Holding AG and the consolidated subsidiaries.

Audit services relate to the audit of the Daimler Truck Group's Consolidated Financial Statements and the year-end company 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 reviews of the introduction of IT systems and processes.

Other attestation services were provided in particular for voluntary audits of sustainability reports and the issuance of comfort letters.

Other services were mainly commissioned in connection with IT and process consulting, projects in connection with the spin-off, and quality assurance not relevant to accounting.

D.98
Auditor fees

	2022	2021
In millions of euros		
Audit services	19.4	15.2
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	8.6	7.0
Other attestation services	1.6	1.8
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	1.4	1.4
Tax services	0.2	0.4
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	–	0.2
Other services	1.3	1.4
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	1.3	1.2
	22.5	18.8

41. Events after the reporting period

In January 2023, the Daimler Truck Group issued a bond of €1.7 billion on the US capital market.

42. Additional information

German Corporate Governance Code

The Board of Management and the Supervisory Board of Daimler Truck Holding 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 Daimler Truck Website.

Information on investments

The statement of investments of the Daimler Truck Group pursuant to Section 313 Subsection 2 Nos. 1-6 of the German Commercial Code (“HGB”) is presented in table ↗ **D.99**. In general, a cooperation without an equity interest is not reported. 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 Daimler Truck Holding AG release those subsidiaries from the requirements that would otherwise apply.

D.99

Name of the company	Domicile, country/region	Equity interests in percent[1]	Footnote(s)
I. Consolidated subsidiaries			
Atlantis Foundries (Pty.) Ltd.	Atlantis Industria, South Africa	100.00	
Banco Mercedes-Benz do Brasil S.A.	São Paulo, Brazil	100.00	
Campo Largo Comercio de Veículos e Peças Ltda.	Campinas, Brazil	100.00	
CharterWay France S.A.S.	Montigny-le-Bretonneux, France	100,00	
Daimler Buses North America Inc.	Oriskany, USA	100.00	
Daimler Commercial Vehicles South East Asia Pte. Ltd.	Singapore, Singapore	100.00	
Daimler Financial Services México, S. de R.L. de C.V.	Mexico City, Mexico	100.00	
Daimler Financial Services, S.A. de C.V., S.O.F.O.M., E.N.R.	Mexico City, Mexico	100.00	
Daimler India Commercial Vehicles Private Limited	Chennai, India	100.00	
Daimler Manufactura, S. de R.L. de C.V.	Mexico City, Mexico	100.00	
Daimler Mexico, S.A. de C.V.	Mexico City, Mexico	100.00	
Daimler Servicios Corporativos Mexico S. de R.L. de C.V.	Mexico City, Mexico	100.00	
Daimler Sigorta Aracilik Hizmetleri A.S.	Istanbul, Turkey	100.00	
Daimler Truck & Bus Slovakia s.r.o.	Bratislava, Slovakia	100.00	
Daimler Truck AG	Stuttgart, Germany	100.00	3
Daimler Truck Australia Pacific Pty Ltd	Melbourne, Australia	100.00	
Daimler Truck Canada Ltd.	Mississauga, Canada	100.00	
Daimler Truck China Limited	Beijing, China	100.00	
Daimler Truck Customer Services & Parts s.r.o.	Prague, Czech Republic	100.00	
Daimler Truck España, S.L.	Alcobendas, Spain	100.00	
Daimler Truck Finance Canada Inc.	Toronto, Canada	100.00	
Daimler Truck Finance North America LLC	Wilmington, USA	100.00	
Daimler Truck Financial Services Asia Co., Ltd.	Tokyo, Japan	100.00	
Daimler Truck Financial Services Australia Pty Ltd	Melbourne, Australia	100.00	
Daimler Truck Financial Services Belgium NV	Brussels, Belgium	100.00	
Daimler Truck Financial Services Brasil Holding S.A.	São Bernardo do Campo, Brazil	100.00	
Daimler Truck Financial Services Canada Corporation	Vancouver, Canada	100.00	
Daimler Truck Financial Services Deutschland GmbH	Berlin, Germany	100.00	3
Daimler Truck Financial Services España, E.F.C., S.A.U.	Alcobendas, Spain	100.00	
Daimler Truck Financial Services GmbH	Stuttgart, Germany	100.00	3
Daimler Truck Financial Services Italia S.p.A	Rome, Italy	100.00	
Daimler Truck Financial Services Nederland B.V.	Nieuwegein, Netherlands	100.00	
Daimler Truck Financial Services South Africa (Pty) Ltd	Centurion, South Africa	100.00	
Daimler Truck Financial Services UK Limited	Milton Keynes, United Kingdom	100.00	
Daimler Truck Financial Services USA LLC	Wilmington, USA	100.00	
Daimler Truck France S.A.S.U.	Montigny-le-Bretonneux, France	100,00	
Daimler Truck Holding Australia Pacific Pty Ltd	Melbourne, Australia	100.00	
Daimler Truck Insurance Agency LLC	Wilmington, USA	100.00	
Daimler Truck International Finance B.V.	Utrecht, Netherlands	100.00	
Daimler Truck Nederland B.V.	Utrecht, Netherlands	100.00	
Daimler Truck North America LLC	Portland, USA	100.00	
Daimler Truck Polska Sp. z.o.o.	Warsaw, Poland	100,00	
Daimler Truck Remarketing Corporation	Portland, USA	100,00	
Daimler Truck Renting España S.A.	Alcobendas, Spain	100.00	
Daimler Truck Retail Italia S.r.l.	Rome, Italy	100.00	

Name of the company	Domicile, country/region	Equity interests in percent[1]	Footnote(s)
Daimler Truck Retail Lyon SAS	Genas, France	100,00	
Daimler Truck Retail Paris SAS	Wissous, France	100,00	
Daimler Truck Retail Portugal, Unipessoal, Lda.	Alverca, Portugal	100.00	
Daimler Truck Services France S.A.	Montigny-le-Bretonneux, France	100.00	
Daimler Truck Southern Africa Ltd	Centurion, South Africa	100.00	
Daimler Truck Vermögens- und Beteiligungsgesellschaft mbH	Stuttgart, Germany	100.00	3
Daimler Truck Verwaltungsgesellschaft für Grundbesitz mbH	Schönefeld, Germany	100.00	3
Daimler Trucks & Buses US Holding LLC	Wilmington, USA	100.00	
Daimler Trucks and Buses (China) Ltd.	Beijing, China	100.00	
Daimler Trucks Asia Taiwan Ltd.	Taipei, Taiwan	51.00	
Daimler Trucks Korea Ltd.	Seoul, South Korea	100.00	
Daimler Trucks Retail Receivables LLC	Wilmington, USA	100.00	
Daimler Trucks Retail Trust 2020-1	Wilmington, USA	0.00	5
Daimler Trucks Retail Trust 2021-1	Wilmington, USA	0.00	5
Daimler Trucks Retail Trust 2022-1	Wilmington, USA	0.00	5
Daimler Vehículos Comerciales Mexico, S. de R.L. de C.V.	Mexico City, Mexico	100.00	
Detroit Diesel Corporation	Detroit, USA	100.00	
Detroit Diesel Remanufacturing LLC	Detroit, USA	100.00	
DTFC Holding GmbH	Stuttgart, Germany	100.00	3
EvoBus (Schweiz) AG	Winterthur, Switzerland	100.00	
EvoBus (U.K.) Ltd.	Coventry, United Kingdom	100.00	
EvoBus Austria GmbH	Wiener Neudorf, Austria	100.00	
EvoBus Belgium N.V.	Kobbegem-Asse, Belgium	100.00	
EvoBus Ceská republika s.r.o.	Prague, Czech Republic	100.00	
EvoBus Danmark A/S	Koege, Denmark	100.00	
EvoBus France S.A.S.U.	Sarcelles, France	100.00	
EvoBus GmbH	Stuttgart, Germany	100.00	3
EvoBus Ibérica, S.A.U.	Sámano, Spain	100.00	
EvoBus Italia S.p.A.	Bomporto, Italy	100.00	
EvoBus Nederland B.V.	Nijkerk, Netherlands	100.00	
EvoBus Polska Sp. z o.o.	Wolica, Poland	100.00	
Evobus Portugal, S.A.	Mem Martins, Portugal	100.00	
EvoBus Sverige AB	Vetlanda, Sweden	100.00	
Freightliner Custom Chassis Corporation	Gaffney, USA	100.00	
Gamma 1 Daimler Truck Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	89.90	3, 4
Gamma 2 Daimler Truck Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	89.90	3, 4
Gamma 3 Daimler Truck Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	89.90	3, 4
Gamma 4 Daimler Truck Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	89.90	3, 4
Grundstücksverwaltungsgesellschaft EvoBus GmbH & Co. OHG	Schönefeld, Germany	89.88	3, 4
Mascot Truck Parts Canada Ltd (2017)	Mississauga, Canada	100.00	
Mercedes Benz Kamyon Finansman A.S.	Istanbul, Turkey	100.00	
Mercedes-Benz Broker Argentina S.A.	Buenos Aires, Argentina	99.00	
Mercedes-Benz Camiones y Buses Argentina SAU.	Buenos Aires, Argentina	100.00	
Mercedes-Benz Compañía Financiera Argentina S.A.	Buenos Aires, Argentina	100.00	
Mercedes-Benz Corretora de Seguros Ltda	São Paulo, Brazil	100.00	
Mercedes-Benz do Brasil Assessoria Comercial Ltda.	São Paulo, Brazil	100.00	
Mercedes-Benz do Brasil Ltda.	São Bernardo do Campo, Brazil	100.00	
Mercedes-Benz Leasing do Brasil Arrendamento Mercantil S.A.	Barueri, Brazil	100.00	
Mercedes-Benz Retail, S.A.U.	Madrid, Spain	100.00	
Mercedes-Benz Servicios S.A.	Buenos Aires, Argentina	100.00	
Mercedes-Benz Trucks & Buses Romania S.R.L.	Bucharest, Romania	100.00	
Mercedes-Benz Trucks Belgium Luxembourg NV/SA	Brussels, Belgium	100.00	
Mercedes-Benz Trucks Ceská republika s.r.o.	Prague, Czech Republic	100.00	
Mercedes-Benz Trucks Italia S.r.l.	Rome, Italy	100.00	
Mercedes-Benz Trucks Molsheim SASU	Molsheim, France	100.00	
Mercedes-Benz Trucks Österreich GmbH	Eugendorf, Austria	100.00	
Mercedes-Benz Trucks Portugal, S.A.	Sintra, Portugal	100.00	
Mercedes-Benz Trucks Schweiz AG	Schlieren, Switzerland	100.00	
Mercedes-Benz Trucks UK Limited	Milton Keynes, United Kingdom	100.00	

Name of the company	Domicile, country/region	Equity interests in percent[1]	Footnote(s)
Mercedes-Benz Türk A.S.	Istanbul, Turkey	66.91	
MFTA Canada, Inc.	Toronto, Canada	100.00	
Mitsubishi Fuso Bus Manufacturing Co., Ltd.	Toyama, Japan	100.00	
Mitsubishi Fuso Truck and Bus Corporation	Kawasaki, Japan	89.29	
MITSUBISHI FUSO TRUCK EUROPE - Sociedade Europeia de Automóveis, S.A.	Tramagal, Portugal	100.00	
Mitsubishi Fuso Truck of America, Inc.	Logan Township, USA	100.00	
PABCO Co., Ltd.	Ebina, Japan	100.00	
PT Daimler Commercial Vehicles Indonesia	Jakarta, Indonesia	100.00	
PT Daimler Commercial Vehicles Manufacturing Indonesia	Bogor, Indonesia	100.00	
Sandown Motor Holdings (Pty) Ltd	Sandton, South Africa	100.00	
SelecTrucks of America LLC	Portland, USA	100.00	
SelecTrucks of Toronto, Inc.	Mississauga, Canada	100.00	
Sterling Truck Corporation	Portland, USA	100.00	
Sumperská správa majetku k.s.	Prague, Czech Republic	100.00	4
Thomas Built Buses of Canada Ltd.	Calgary, Canada	100.00	
Thomas Built Buses, Inc.	High Point, USA	100.00	
TORC Europe GmbH	Stuttgart, Germany	100.00	
TORC Robotics, Inc.	Blacksburg, USA	84.92	
Ukuvela Holdings Proprietary Limited	Atlantis Industria, South Africa	100.00	
Ukuvela Properties (Pty.) Ltd.	Atlantis Industria, South Africa	100.00	
Western Star Trucks Sales, Inc	Portland, USA	100.00	
II. Unconsolidated subsidiaries[2, 6]			
cloudgeeks GmbH	Cologne, Germany	85.00	
CLOUDGEEKS, UNIPESSOAL LDA	Lisbon, Portugal	100.00	
Cúspide Daimler Trucks & Buses GmbH	Leinfelden-Echterdingen, Germany	100.00	
Daimler Automotive de Venezuela C.A.	Valencia, Venezuela	100.00	
Daimler Coaches North America LLC	Wilmington, USA	100.00	
Daimler Commercial Vehicles (Thailand) Ltd.	Bangkok, Thailand	100.00	
Daimler Commercial Vehicles Africa Ltd.	Nairobi, Kenya	100.00	
Daimler Commercial Vehicles MENA FZE	Dubai, U.A.E.	100.00	
Daimler Truck Gastronomie GmbH	Gaggenau, Germany	100.00	
Daimler Truck Immobilien Service GmbH	Schönefeld, Germany	100.00	
Daimler Truck Innovation Center India Private Limited	Bangalore, India	100.00	
Daimler Truck International Assignment Services LLC	Wilmington, USA	100.00	
Daimler Truck MENA Holding GmbH	Leinfelden-Echterdingen, Germany	100.00	
Daimler Truck Retail Polska Sp.zo.o.	Warsaw, Poland	100.00	
DTB Tech & Data Hub, Unipessoal Lda	Tramagal, Portugal	100.00	
EvoBus Reunion S. A.	Le Port, France	99.17	
EvoBus Russland OOO	Moscow, Russian Federation	100.00	
Fleetboard Logistics GmbH	Volkach, Germany	100.00	
Gamma 5 Daimler Truck Grundstücksverwaltung GmbH & Co. OHG	Schönefeld, Germany	100.00	4
Mercedes ServiceCard Beteiligungsgesellschaft mbH	Kleinostheim, Germany	51.00	
SelecTrucks Comércio de Veículos Ltda	Mauá, Brazil	100.00	
T.O.C (Schweiz) AG	Schlieren, Switzerland	51.00	
III. Joint operations accounted for using the equity method			
North America Fuel Systems Remanufacturing LLC	Kentwood, USA	50.00	
IV. Joint ventures accounted for using the equity method			
Beijing Foton Daimler Automotive Co., Ltd	Beijing, China	50.00	
cellcentric GmbH & Co. KG	Kirchheim unter Teck, Germany	50.00	
Commercial Vehicle Charging Europe BV	Amsterdam, Netherlands	33.33	
Greenlane Infrastructure, LLC	Wilmington, USA	33.33	
Polomex, S.A. de C.V.	Garcia, Mexico	26.00	
SelecTrucks of Houston LLC	Houston, USA	50.00	
SelecTrucks of Houston Wholesale LLC	Houston, USA	50.00	
SelecTrucks of Omaha LLC	Council Bluffs, USA	50.00	

Name of the company	Domicile, country/region	Equity interests in percent[1]	Footnote(s)
V. Associated companies accounted for using the equity method			
FUSO LAND TRANSPORT & Co. Ltd.	Kawasaki, Japan	21.67	
Kanagawa Mitsubishi Fuso Truck & Bus Sales Co., Ltd.	Yokohama, Japan	43.83	
Okayama Mitsubishi Fuso Truck & Bus Sales Co., Ltd.	Okayamashi, Japan	50.00	
P.T. Krama Yudha Tiga Berlian Motors	Jakarta, Indonesia	30.00	
P.T. Mitsubishi Krama Yudha Motors and Manufacturing	Jakarta, Indonesia	32.28	
Toll4Europe GmbH	Munich, Germany	15.00	
VI. Joint operations, joint ventures, associated companies and substantial other investments accounted for at (amortized) cost[2, 6]			
cellcentric Verwaltungsgesellschaft mbH	Kirchheim unter Teck, Germany	50.00	
Circulo Cerrado S.A. de Ahorro para Fines Determinados	Buenos Aires, Argentina	25.95	
COBUS Industries GmbH	Wiesbaden, Germany	40.82	
H2 Mobility Deutschland GmbH & Co. KG	Berlin, Germany	1.70	
Mercedes ServiceCard GmbH & Co. KG	Kleinostheim, Germany	51.00	
MFTB Taiwan Co., Ltd.	Taipei, Taiwan	33.40	
National Automobile Industry Company Ltd.	Jeddah, Saudi Arabia	26.00	
Omnibus Hungária Kereskedelmi Kft.	Budapest, Hungary	33.33	
Omuta Unso Co., Ltd.	Omuta, Japan	33.51	
TASIAP GmbH	Stuttgart, Germany	60.00	
Toyo Kotsu Co., Ltd.	Sannoseki, Japan	28.20	
VII. Significant other investments accounted for at Fair Value[6]			
G2VP I, LLC	Menlo Park, USA	5.71	
IVU Traffic Technologies AG	Berlin, Germany	5.25	
Manz AG	Reutlingen, Germany	9.08	
Trucks Venture Fund 1, LP	Lewes, USA	20.76	

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, refer to Note 1. General information and significant accounting policies.
3 Qualification for exception pursuant to Section 264 Subsection 3 and Section 264b of the German Commercial Code (“HGB”).
4 Daimler Truck Holding AG or one or several consolidated subsidiaries is/are the partner(s) with unlimited liability.
5 Control due to economic circumstances.
6 Information on equity and earnings and information on investments pursuant to Section 313 Subsection 2 No. 4 of the German Commercial Code (“HGB”) has been omitted since, according 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, or financial position of the Daimler Truck Group.

E Further Information

E Further Information

Responsibility Statement

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 Daimler Truck Group, and the Daimler Truck Group management report, which has been combined with the management report for Daimler Truck Holding AG, includes a fair review of the development and performance of the business and the position of the Daimler Truck Group, together with a description of the principal opportunities and risks associated with the expected development of the Daimler Truck Group.

Leinfelden-Echterdingen, March 9, 2023

Martin Daum

Jochen Goetz

Karin Rådström

John O’Leary

Karl Deppen

Stephan Unger

Dr. Andreas Gorbach

Jürgen Hartwig

Independent Auditor's Report

To Daimler Truck Holding 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 Daimler Truck Holding AG, Stuttgart, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2022, 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, 2022 and 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 Daimler Truck Group AG for the financial year from January 1 to December 31, 2022.

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

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, 2022, and of its financial performance for the financial year from January 1 to December 31, 2022 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.

Pursuant to Section 322 paragraph 3 sentence 1 HGB [Handelsgesetzbuch: German Commercial Code] 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). 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.

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, 2022. 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.

Loss 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 1 "General Information and significant accounting policies", Note 2 "Accounting estimates and management judgements", Note 15 "Receivables from financial services", Note 34 "Management of financial risks" and to the combined management report in the chapter entitled Risk and Opportunity Report in the section entitled "Financial risks and opportunities".

The risk for the consolidated financial statements
Receivables from financial services (EUR 22,971 million) resulting from the financing and leasing activities of the Daimler Truck Group 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 amounts at the reporting date to EUR 546 million.

The calculation of the loss allowances is based on expected credit losses and therefore also includes expectations regarding the future. The expected credit losses are recognised 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 are taken into account. Furthermore, macroeconomic scenarios (basis scenarios, optimistic and pessimistic scenarios), the identification of which to a high degree includes discretionary judgements and uncertainties, flow into the calculation. The risk for the financial statements is that the creditworthiness of customers and future cash flows are 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 with the help of credit specialists, 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 with regard to the risk classification process and risk models and the identification of the factors determining the value and the loss allowances, also by rechecking the calculations. To this end, we also evaluated the relevant IT systems and internal procedures. In addition to the audit by our IT specialists of the propriety of the IT systems affected and related interfaces to ensure the completeness and correctness of the data, the audit also included the audit of automatic controls for data entry and data processing.

The main focus of our audit was the evaluation of the methodical approach in the definition of risk categories and the determination of default probabilities and loss rates that are derived from historical data. We obtained an understanding of this based on a risk-oriented selection of credit portfolios. We satisfied ourselves with regard to the appropriateness of significant risk parameters based on the results of a validation performed by Daimler Truck Financial Services and evaluated the adjustments of the parameters to the current market situation. In this connection, we audited the data supporting the validations on the basis of a conscious sample.

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 Receivables from Financial Services in Conjunction with the Acquisition of Truck and Bus-related Financial Services Companies and Business Units

Please refer with regard to the accounting policies applied to the notes to the consolidated financial statements in Note 1 "General Information and significant accounting policies", Note 2 "Accounting estimates and management judgements", Note 4 "Business Combinations" and to the combined management report in the chapter entitled Economic Conditions and Business Development.

The risk for the consolidated financial statements
In the financial year 2022, the Daimler Truck Group acquired truck and bus-related financial services companies and business units from Mercedes-Benz Group AG. The total compensation transferred amounts altogether to EUR 2,106 million. The assets acquired in connection with the business combinations mainly consist of receivables from financial services.

The acquired receivables from financial services are recognised in accordance with IFRS 3 at the fair value at the acquisition date. The Daimler Truck Group made use of an external appraiser in order to measure the acquired receivables from financial services.

The measurement of the acquired receivables from financial services is complex and is based on discretionary assumptions by the legal representatives. The main assumptions with regard to the relate to the weighted capital costs (WACC – Weighted Average Cost of Capital) and the expected credit losses.

The risk for the consolidated financial statements is that the data basis and the assumptions for the measurement of the receivables from financial services are imprecise and that the receivables from financial services are erroneously measured.

Our audit approach
With the help of our own measurement specialists, we among other things assessed the propriety of the main assumptions and the measurement methods. For this purpose, we first of all obtained an understanding of the acquisition transactions by questioning the staff in the finance area and assessing the relevant contracts.

We evaluated the competence, capabilities and objectivity of the independent appraiser engaged by the Daimler Truck Group. We reviewed the data basis for the measurement of the receivables from financial services to the underlying contracts and databases with the help of local unit auditors. Our measurement specialists reviewed the measurement methods that were applied with regard to the measurement of the principles and the main underlying assumptions. To evaluate the methodically and mathematically correct implementation of the measurement methods, we obtained an understanding of the measurement performed by the Company by performing our own calculations.

Our observations
The approach providing the basis for the measurement of the acquired receivables from financial services is proper and is consistent with the accounting and measurement principles that are to be applied. The data basis providing the basis for the measurement has been properly determined and the main assumptions that are to be applied are appropriate.

Measurement of the Provision for Product Warranties

Please refer with regard to the accounting policies applied to the notes to the consolidated financial statements in Note 1 "General Information and significant accounting policies", Note 2 "Accounting estimates and management judgements", Note 24 "Provisions for other risks" and to the combined management report in the chapter entitled Risk and opportunity report in the section entitled "Legal and tax risks and opportunities".

The risk for the consolidated financial statements
The provision for product warranties and goodwill costs amounts to € 1,952 million and is included in the provisions for other risks.

The Daimler Truck Group grants various kinds of product guarantees, or grants various kinds of product warranties, which are entered into for the error-free functioning of a sold product or service rendered over a defined period of time. In order to confirm or reassess future guarantee, warranty and goodwill expenses, continuously updated information on the nature and volume and the remedying of faults that have occurred is recorded and analysed at the level of the business unit, model series, damage key 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 proper.

Risks from EU antitrust proceedings

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", Note 24 "Provisions for other risks", Note 31 "Legal proceedings" and to the combined management report in the chapter entitled Risk and opportunity report in the section entitled "Legal and tax risks and opportunities".

The risk for the consolidated financial statements
The Daimler Truck Group is exposed to a large number of damage claims in various countries in connection with EU antitrust proceedings. Hereby truck customers raise damage claims following the imposition of fines by the European Commission against Mercedes-Benz Group AG and other truck manufacturers in July 2016. The fine imposed against Mercedes-Benz Group AG amounted at the time to € 1.09 billion and was paid in full in 2016.

The risk for the consolidated financial statements is that the recording of any future damage claims in connection with EU antitrust proceedings against the Daimler Truck Group is not completely and properly measured.

Our audit approach
In order to audit the provision for damage claims in connection with EU antitrust proceedings against the Daimler Truck Group, we among other things questioned the Chairman of the Supervisory Board, the legal representatives and contact partners in the financial and legal areas. We furthermore obtained information from the attorneys and external advisors acting for the Daimler Truck Group and evaluated the underlying documents.

The written assessment of the legal representatives was made available to us by the Company. As of the reporting date, evaluations of the assessment of the risks in connection with the antitrust proceedings against the Daimler Truck Group, which support the assessment of the risks by the legal representatives, were available from external attorneys.

Finally, we evaluated the appropriateness of the description of the aforementioned legal proceedings in the notes to the consolidated financial statements.

Our observations
The discretionary assessments and assumptions of the legal representatives are proper.

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 non-financial statement of the group, which is included in the section of the combined management report entitled "Sustainability at Daimler Truck",
- the combined declaration of the Company and the Group on corporate management, which is referred to in the combined management report, and
- the disclosures included in the combined management report marked as extraneous to management reports and unaudited.

The other information also includes the remaining parts of the annual report. The other information does not comprise the consolidated financial statements, the audited disclosures in the combined management report and our related auditor's report.

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 also have the responsibility 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 of 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 state-ments 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 [Institute of Public Auditors in Germany] (IDW) will always detect a material mis-statement. 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 the risk of not detecting a material misstatement or one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- 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 the legal representatives and the reasonableness of estimates made by the legal representatives 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 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 German Legally Required Accounting Principles.

- 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 group 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 actions taken or safeguards applied to eliminate independence threats.

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 paragraph 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 consolidated 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 "dthag-2022-12-31-de.zip" (SHA256-Hashwert: a7a57572bae6293732337e6b24bb56d4cf71665c-9f4052a56653a96d80a46c4f) 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 consolidated 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, 2022 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 reports 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 PS 410 (06.2022) conducive to the understanding of the report at an international level 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 QS 1).

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 legal 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 at the Annual Shareholder's Meeting held on June 22, 2022. We were engaged by the Supervisory Board on July 5, 2022. We have been the group auditor of Daimler Truck Holding AG without interruption since the financial year 2021.

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 (long-form 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 group management report as well as the examined ESEF documents. The consolidated financial statements and group 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 Michael Mokler.

Stuttgart, March 9, 2023

KPMG AG Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Pritzer	Mokler
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Limited Assurance Report of the Independent Auditor regarding the Non-Financial Statement of the Group[1]

To the Supervisory Board of Daimler Truck Holding AG, Stuttgart

We have performed a limited assurance engagement on the non-financial statement of the Group of Daimler Truck Holding AG, Stuttgart (further "company" or "Daimler Truck") in the combined management report in the section Sustainability at Daimler Truck, as well as on the sections Business model and Risk and opportunities report in the combined management report qualifying as part of this statement (further "non-financial statement of the Group") for the period from January 1 to December 31, 2022. The contents of the non-financial statement of the Group in the section Sustainability at Daimler Truck are marked with the following symbols:. ▼▲.

Responsibilities of Management
Management of the parent company is responsible for the preparation of the non-financial statement of the Group in accordance with Sections 315c in conjunction with 289c to 289e HGB ["Handelsgesetzbuch": German Commercial Code] and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18. June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the delegated acts adopted thereunder as set out in section "EU-Taxonomy" of the non-financial statement of the Group.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the group that are reasonable in the circumstances. Furthermore, management is responsible for such internal control as they consider necessary to enable the preparation of a non-financial statement of the Group that is free from material misstatement, whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, management has disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section EU-Taxonomy of the non-financial statement of the Group. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

Independence and Quality Assurance of the Assurance Practitioner's firm
We have complied with the independence and quality assurance requirements set out in the national legal provisions and professional pronouncements, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (*Institut der Wirtschaftsprüfer, IDW*) regarding quality assurance requirements in audit practice (IDW QS 1).

Responsibility of the Assurance Practitioner
Our responsibility is to express a conclusion with limited assurance on the non-financial statement of the Group based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the IAASB. This standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the company's non-financial statement, are not prepared, in all material respects, in accordance with Sections 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by management disclosed in section EU-Taxonomy of the non-financial statement of the Group.

1 Our engagement applied to the German version of the Report 2022. This text is a translation of the Independent Assurance Report issued in German, whereas the German text is authoritative.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgment of the assurance practitioner.

- In the course of our assurance engagement we have, among other things, performed the following assurance procedures and other activities:
- Inquiries of group-level personnel responsible for the materiality analysis in order to understand the processes for determining material topics and respective reporting boundaries of Daimler Truck Holding AG.
- A risk assessment, including media research, to identify relevant information on the Group's sustainability performance during the reporting period.
- Reviewing the suitability of internally developed reporting criteria.
- Evaluation of the design and the implementation of systems and processes for the collection, processing and monitoring of disclosures, including data consolidation, on environmental, employee and social matters, respect for human rights, combating corruption and bribery well as the EU Taxonomy Regulation indicators.
- Inquiries of group-level personnel responsible for determining disclosures on concepts, due diligence processes, results and risks, performing internal control functions and consolidating disclosures.
- Inspection of selected internal and external documents.
- Analytical procedures for the evaluation of data and of the trends of quantitative disclosures as reported at group level by all sites.
- Assessment of the local data collection and reporting processes and the reliability of the reported data by sampling in Mannheim (Germany) and Sao Bernardo do Campo (Brazil).
- Assessment of the overall presentation of the disclosures.
- Evaluation of the process for the identification of taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the non-financial statement of the Group.

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, management is required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance Opinion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the non-financial statement of the Group of Daimler Truck Holding AG, Stuttgart for the period from January 1 to December 31, 2022 has not been prepared, in all material respects, in accordance with Sections 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by management as disclosed in section EU-Taxonomy of the non-financial statement of the Group.

Restriction of Use

This assurance report is solely addressed to the Supervisory Board of Daimler Truck Holding AG, Stuttgart.

Our assignment for Daimler Truck Holding AG, Stuttgart, and professional liability is governed by the General Engagement Terms for Wirtschaftsprüfer (German Public Auditors) and Wirtschaftsprüfungsgesellschaften (German Public Audit Firms) (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 (https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf). By reading and using the information contained in this assurance report, each recipient confirms having taken note of provisions of the General Engagement Terms (including the limitation of our liability for negligence to EUR 4 million as stipulated in No. 9) and accepts the validity of the attached General Engagement Terms with respect to us.

Stuttgart, 9 March 2023

KPMG AG
Wirtschaftsprüfungsgesellschaft

Mokler
Wirtschaftsprüfer
[German Public Auditor]

Herold

Further Information

Information on the Internet
Specific information on our share and profitability development can be found on our website daimlertruck.com under the heading “Investors”. The Annual and Interim Reports and the Company Financial Statements of Daimler Truck Holding AG are and can be accessed there.
You can also find topical reports, presentations, an overview of various key figures, information on our share price and other services.

daimlertruck.com/en/investors

For sustainability reasons, the Annual and Interim Reports and the Financial Statements are not printed in hard copy. We make all Annual and Interim Reports available online and as PDF files to download.

daimlertruck.com/en/investors/reports/financial-reports

Daimler Truck Holding AG
70771 Leinfelden-Echterdingen
Tel. +49 711 8485 0
www.daimlertruck.com

Investor Relations
ir@daimlertruck.com

Daimler Truck Holding AG
70771 Leinfelden-Echterdingen
Germany

Further information on
Daimler Truck is available at
www.daimlertruck.com