DAIMLER TRUCK

Annual Report 2021

FOR ALL WHO KEEP THE WORLD MOVING.

Our customers move the world.

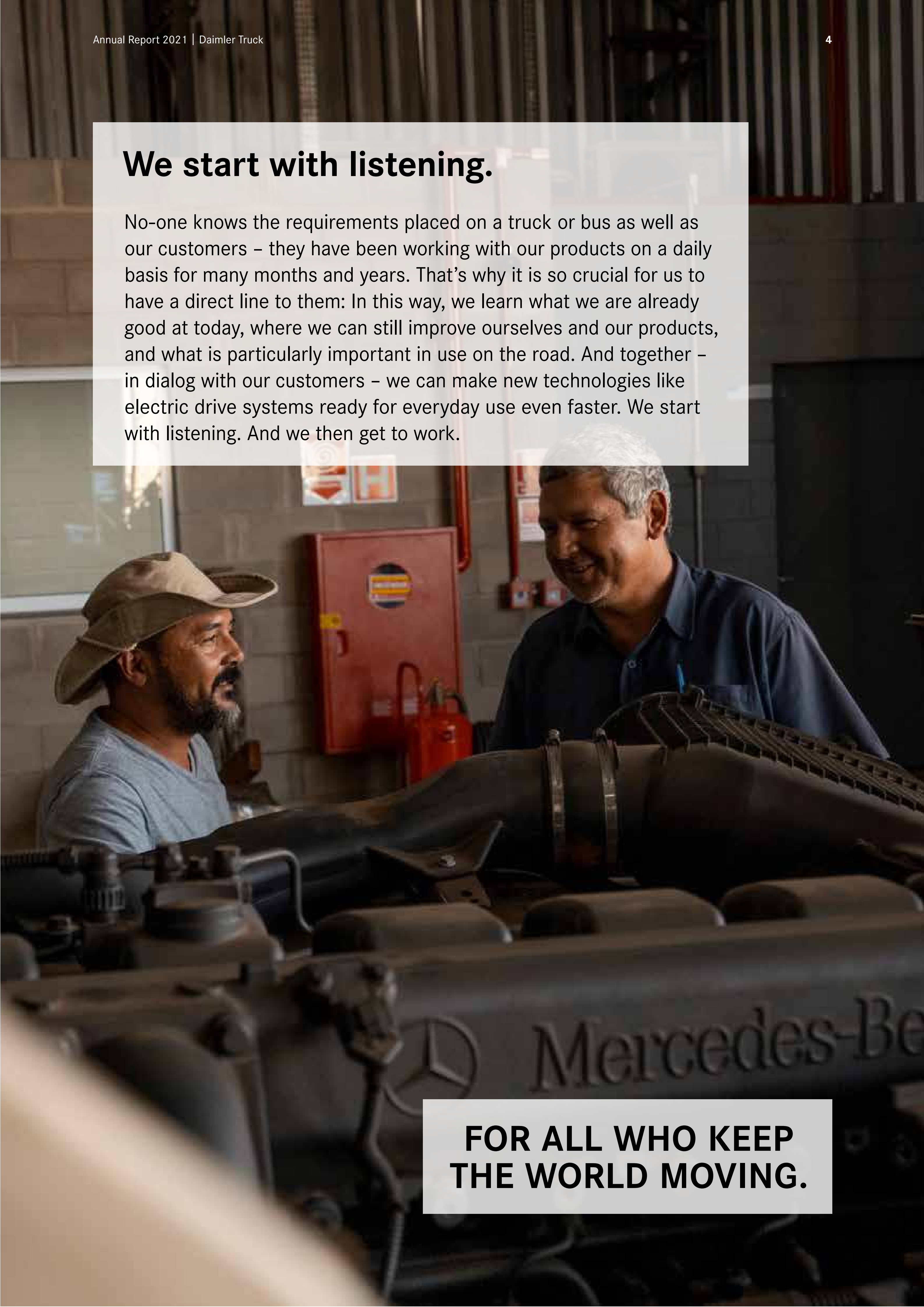
They make sure that goods and people reach their destinations, that our daily lives run smoothly and prosperity is created. Studies show that the desire for mobility and transportation will continue to increase. Our customers' products and services will be needed even more tomorrow than yesterday and today.

Our mission at Daimler Truck is to support them in their work in the best way possible. We develop the right vehicles and services for them.

We are there for our customers –
for all who keep the world moving.

That is our task and our mission – and that unites us worldwide across sectors and markets.

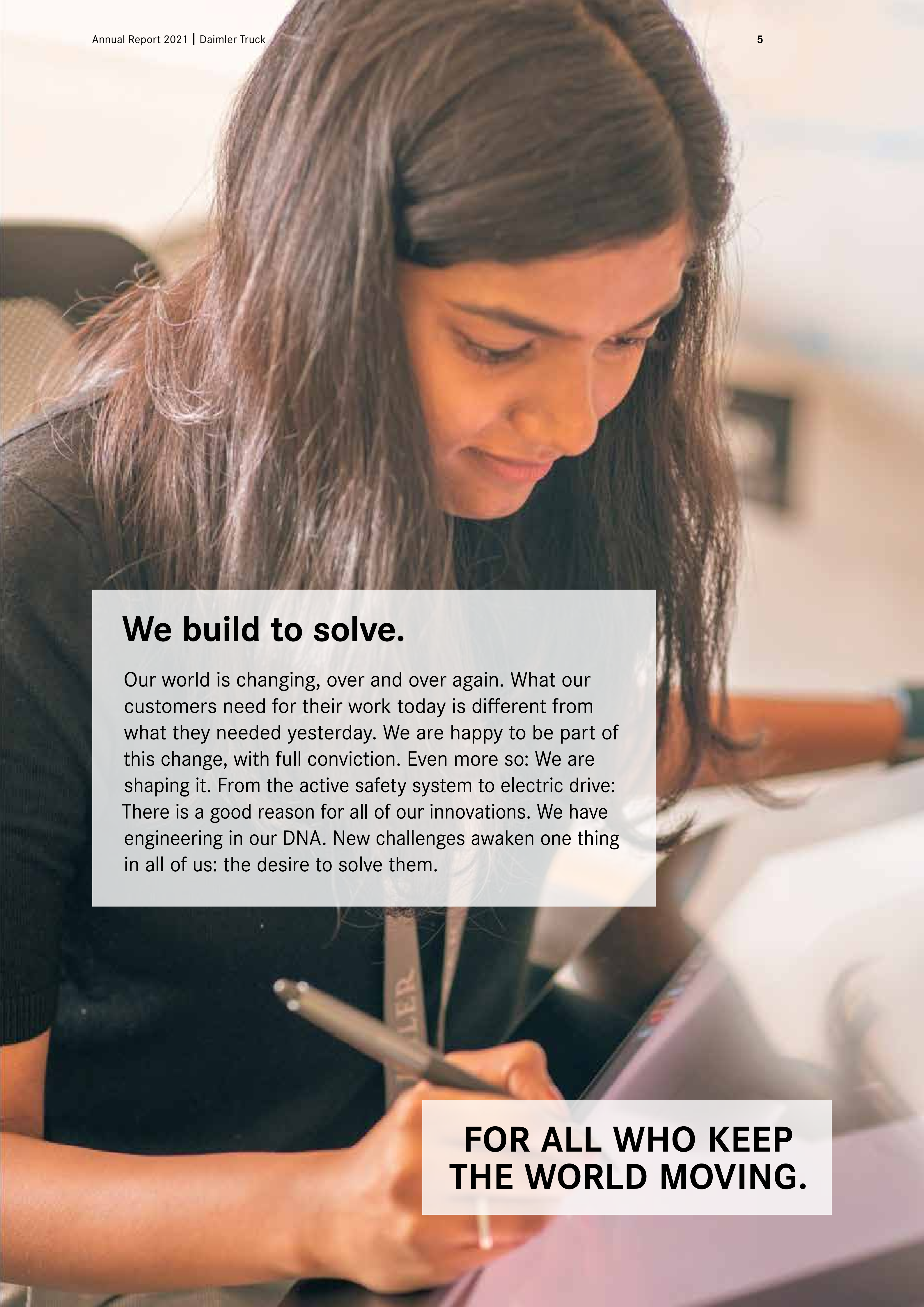
And as an independent company, we will fully concentrate on making two ambitions a reality: First, we want to actively shape the transformation of our industry. Second, we want to maximize our earnings potential. Both are the key to our success of tomorrow, and at the same time, our promise to our customers, to our shareholders, and to society.



We start with listening.

No-one knows the requirements placed on a truck or bus as well as our customers – they have been working with our products on a daily basis for many months and years. That’s why it is so crucial for us to have a direct line to them: In this way, we learn what we are already good at today, where we can still improve ourselves and our products, and what is particularly important in use on the road. And together – in dialog with our customers – we can make new technologies like electric drive systems ready for everyday use even faster. We start with listening. And we then get to work.

FOR ALL WHO KEEP THE WORLD MOVING.



We build to solve.

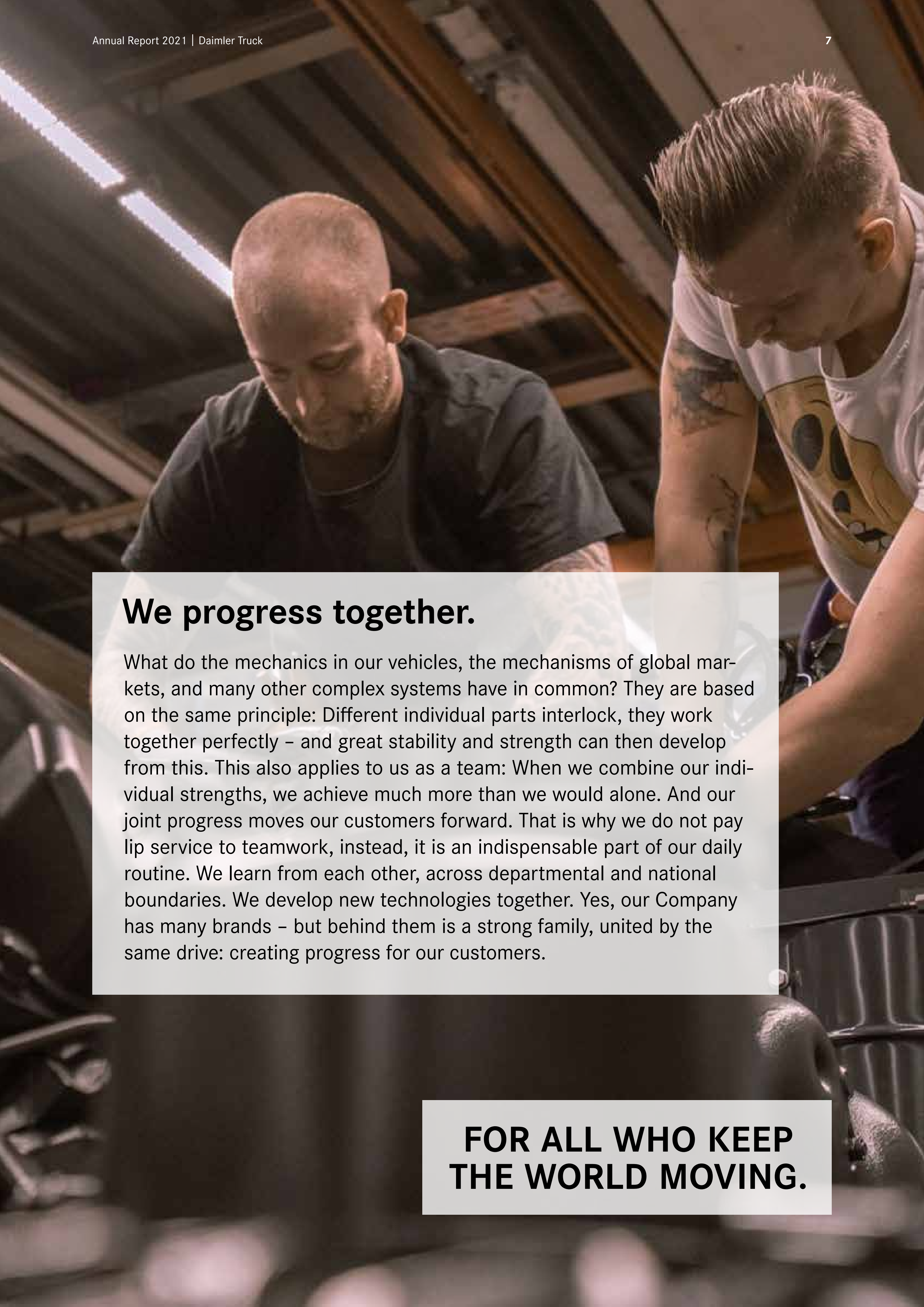
Our world is changing, over and over again. What our customers need for their work today is different from what they needed yesterday. We are happy to be part of this change, with full conviction. Even more so: We are shaping it. From the active safety system to electric drive: There is a good reason for all of our innovations. We have engineering in our DNA. New challenges awaken one thing in all of us: the desire to solve them.

FOR ALL WHO KEEP THE WORLD MOVING.

We lead with the long view.

We have a responsibility to our customers and to our society – as the founders of our industry, perhaps a very special responsibility. The fact that we have been working for our customers for many generations simultaneously brings a great deal of experience and knowledge to the table. And we rely on both to fulfill our responsibility in the best possible way. We are not looking for the quick solution, but the right solution – the innovation that takes us one step further again along the road to the safest, most efficient, and most reliable transportation possible. Ultimately, our customers build their livelihoods around our products. That is why we see ourselves to some extent as partners for life – we advise them long before they buy a vehicle. And we are there for them long after that.

FOR ALL WHO KEEP THE WORLD MOVING.



We progress together.

What do the mechanics in our vehicles, the mechanisms of global markets, and many other complex systems have in common? They are based on the same principle: Different individual parts interlock, they work together perfectly – and great stability and strength can then develop from this. This also applies to us as a team: When we combine our individual strengths, we achieve much more than we would alone. And our joint progress moves our customers forward. That is why we do not pay lip service to teamwork, instead, it is an indispensable part of our daily routine. We learn from each other, across departmental and national boundaries. We develop new technologies together. Yes, our Company has many brands – but behind them is a strong family, united by the same drive: creating progress for our customers.

FOR ALL WHO KEEP THE WORLD MOVING.

Key Figures for the Daimler Truck Group

	2021	2020	2021/2020
Amounts in millions of euros			% change
Unit sales	**455,445**	378,290	+20
Revenue	**39,764**	36,013	+10[1]
Revenue of the industrial business[2]	**38,641**	34,806	+11
EBIT	**3,357**	491	+584
EBIT of the industrial business	**3,184**	501	+535
Adjusted EBIT	**2,552**	657	+289
Adjusted EBIT of the industrial business	**2,359**	655	+260
Net profit (loss)	**2,383**	-131	.
Earnings per share (in €)	**2.85**	-0.17	.
Free cash flow of the industrial business	**1,556**	1,781	-13
Adjusted free cash flow of the industrial business	**1,308**	1,781	-27
Net liquidity of the industrial business (December 31)	**6,024**	1,570	+284
Investments in property, plant and equipment	**762**	796	-4
Research and development expenditure	**1,574**	1,530	+3
of which capitalized	**176**	107	+64
Active workforce[3] (December 31)	**99,849**	98,280	+2

1 Adjusted for the effects of currency translation, revenue increased by 13%.
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 as a full-time equivalent.

Key Figures for the Segments

	2021	2020	2021/2020
Amounts in millions of euros			% change
Trucks North America			
Unit sales	**162,156**	139,479	+16
Revenue	**15,782**	13,847	+14
EBIT	**1,440**	1,015	+42
Adjusted EBIT	**1,452**	1,015	+43
Return on sales (in %)	**9.1**	7.3	.
Adjusted return on sales (in %)	**9.2**	7.3	.
Investment in property, plant and equipment	**214**	157	+37
Research and development expenditure	**467**	474	-1
of which capitalized	**0**	0	.
Active workforce (December 31)[1]	**25,930**	22,859	+13
Mercedes-Benz			
Unit sales	**141,331**	117,800	+20
Revenue	**16,113**	13,790	+17
EBIT	**483**	-372	.
Adjusted EBIT	**770**	-232	.
Return on sales (in %)	**3.0**	-2.7	.
Adjusted return on sales (in %)	**4.8**	-1.7	.
Investment in property, plant and equipment	**353**	443	-20
Research and development expenditure	**690**	617	+12
of which capitalized	**120**	73	+64
Active workforce (December 31)[1]	**40,327**	40,982	-2
Trucks Asia			
Unit sales	**143,411**	110,205	+30
Revenue	**5,969**	5,579	+7
EBIT	**417**	32	.
Adjusted EBIT	**427**	37	.
Return on sales (in %)	**7.0**	0.6	.
Adjusted return on sales (in %)	**7.2**	0.7	.
Investment in property, plant and equipment	**128**	115	+11
Research and development expenditure	**204**	202	+1
of which capitalized	**41**	18	+124
Active workforce (December 31)[1]	**15,865**	15,642	+1
Daimler Buses			
Unit sales	**18,736**	18,932	-1
Revenue	**3,211**	3,438	-7
EBIT	**-152**	67	.
Adjusted EBIT	**-77**	67	.
Return on sales (in %)	**-4.7**	1.9	.
Adjusted return on sales (in %)	**-2.4**	1.9	.
Investment in property, plant and equipment	**62**	61	+2
Research and development expenditure	**123**	128	-4
of which capitalized	**15**	16	-6
Active workforce (December 31)[1]	**14,861**	15,585	-5
Financial services			
Revenue	**1,122**	1,207	-7
EBIT	**173**	-11	.
Adjusted EBIT	**193**	2	.
Return on equity (in %)	**11.1**	-0.7	.
Adjusted return on equity (in %)	**12.4**	0.1	.
New business	**5,767**	5,708	+1
Contract volume (December 31)	**16,866**	15,914	+6
Active workforce (December 31)[1]	**1,245**	1,387	-10

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

Our Brands

About 125 years ago, we founded the modern transportation industry with our trucks and buses. Today, we are one of the world's largest commercial vehicle manufacturers. We employ approximately 100,000 people at more than 40 locations in North America, Europe, Asia, Latin America and Africa, and we operate numerous sales and service points in most of the countries in the world. In China, we hold a 50% interest in Beijing Foton Daimler Automotive. The joint venture with our Chinese partner, Foton, manufactures trucks under the Auman brand. In our global network, we develop and produce trucks and buses marketed under the brand names BharatBenz, Freightliner, FUSO, Mercedes-Benz, Setra, Thomas Built Buses and Western Star. Moreover, Daimler Truck Financial Services enables us to offer our customers a complete package of vehicles and financial services perfectly customized to their needs. We work for all who keep the world moving – that is our shared driving force at Daimler Truck.

More information at www.daimlertruck.com

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A To Our Shareholders

A To Our Shareholders

Dear Shareholders

This Annual Report represents a new era. Because this is the first report that we are presenting as the independent, listed Daimler Truck Holding AG. We are entering this new era from a strong starting position – with strong teams, brands and market shares in all the important regions of the world. We are also entering this new phase in the history of our company with great energy and drive – and with the firm conviction that we can now operate even more successfully.

Our spin-off from Daimler AG (now Mercedes-Benz Group AG) has been received extremely positively right from the start. After we had first announced plans to this effect at the beginning of February 2021, Daimler's share price rose significantly in the weeks and months that followed. And at the Extraordinary Shareholders' Meeting on October 1, 2021, the shareholders of Daimler AG approved our spin-off with an overwhelming majority of 99.9%.

Incidentally, this defining Shareholders' Meeting took place on a very historic date, because on October 1, 1896 – exactly 125 years earlier – Gottlieb Daimler sold the first truck ever.

On behalf of the entire Board of Management, I would like to take this opportunity to thank our shareholders for the trust they have placed in us. I would also like to thank our employees. It was only through their magnificent efforts that our spin-off became possible at all. I am firmly convinced that this commitment is going to pay off.

Now, in the first year of our independence, what moves us?

Basically, we intend to focus fully on our commercial vehicle business and on our truck and bus customers. We want to be a partner to them. Together, we want to keep the world moving. That is our corporate objective – and this paramount task is more relevant to business and society than ever before. The COVID-19 pandemic and shortages of key materials have made it abundantly clear how much we all depend on functioning supply chains and smooth logistics in our daily lives.

Specifically, we will continue to work on our two major goals: On the one hand, we want to fully utilize our profit potential and create sustainable value for our shareholders. On the other hand, we want to actively shape the transformation of our industry. We want to make sustainable transportation a success and thus make an important contribution to combating global climate change.

The two goals are inextricably linked: Only an economically sound company can successfully shape the future. And that is what we have set out to do – for the benefit of everyone: our customers, our shareholders, our employees and the general public.

You will find a wealth of information on both lines of action – profitability and transformation – in this Annual Report. It will enable you to gain a comprehensive picture of where we currently stand and what we are planning for the years ahead.

As for me personally, I am very proud to be at the helm of Daimler Truck, a company that has been so successful for 125 years – partly because it has regularly reinvented itself. And now, we are doing that all over again. With a clear plan. And with a lot of creative enthusiasm. We now have our future in our own hands, and we are eager to show the world what we are made of.

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 of Daimler Truck Holding AG
Appointed until 2025

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

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

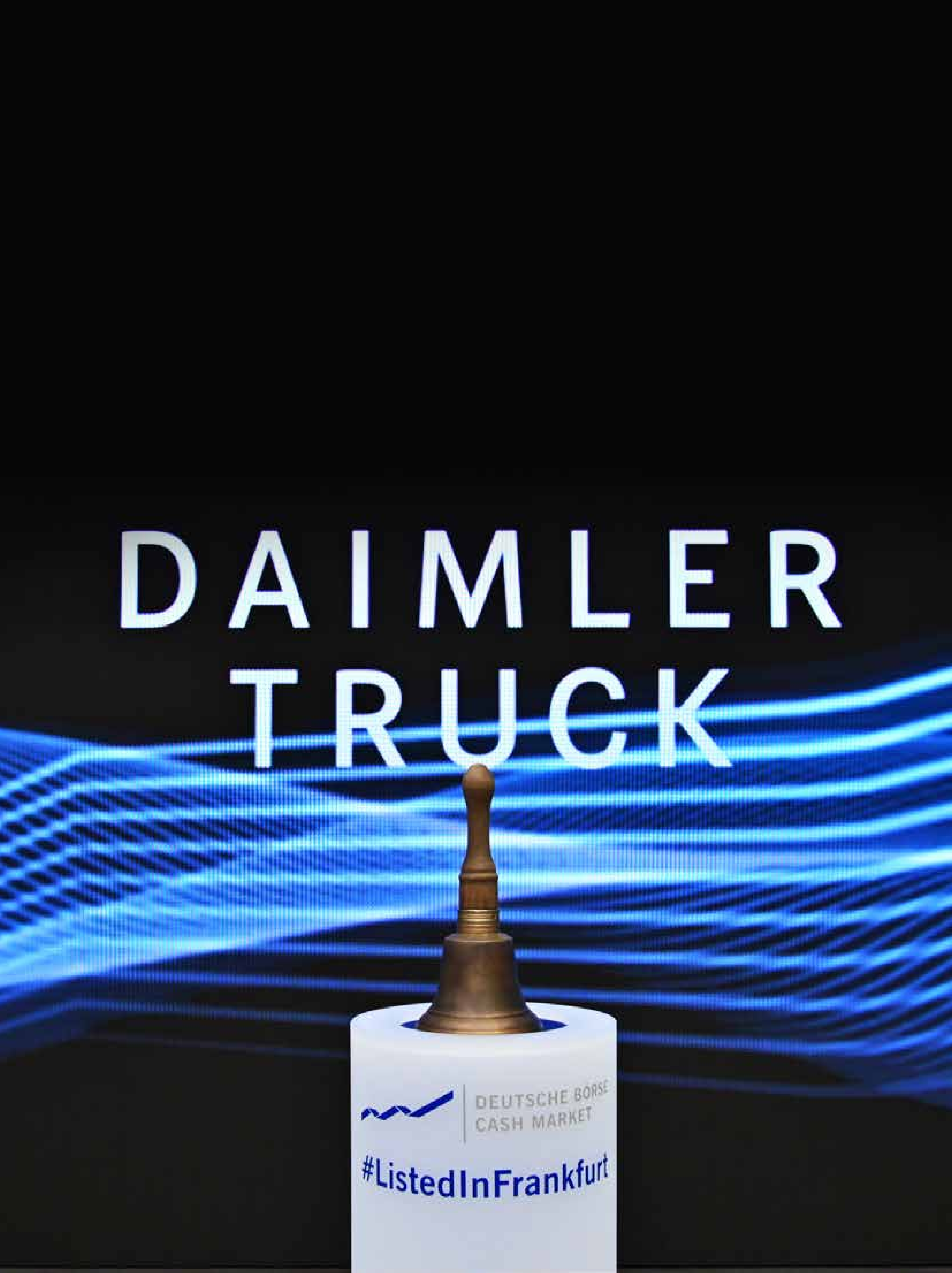
Karin Rådström
Member of the Board of Management, Europe and Latin America region and the Mercedes-Benz truck brand
Appointed until 2024

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).


DAIMLER
TRUCK
DEUTSCHE BÖRSE
CASH MARKET
#ListedInFrankfurt

Report of the Supervisory Board on the 2021 Financial Year

Dear Shareholders,

The year 2021 was one of the most significant years in the history of our company. In this year, in addition to the ongoing global COVID-19 pandemic, the ongoing transformation to zero-emission vehicles as well as supply-chain constraints and semiconductor shortages had to be managed. In addition, the formation of the independent Daimler Truck Group through the spin-off of Daimler Truck AG from its former parent company Mercedes-Benz Group AG (former Daimler AG) with a successful listing in December 2021.

In this context, the Board of Management of Daimler Truck AG, which since December 1, 2021 has had the same composition as the Board of Management of Daimler Truck Holding AG, has primarily driven forward the legal and operational separation from the former parent company and has established an independent governance for the management of a globally active company, without abandoning its focus on business operations and the technical transformation. Important decisions in this context were made together with the Supervisory Boards of Daimler Truck AG and of Daimler Truck Holding AG.

The newly gained independence as one of the world's largest commercial vehicle manufacturers coupled with the technologically forward-looking orientation of the Group form the basis for a confident outlook for the Group's economic future.

In the following, we report to you on the work of the Supervisory Board and its committees established in December 2021.

The Supervisory Board of Daimler Truck Holding AG fully performed the tasks incumbent upon it in the fiscal year 2021.

In doing so, the Committee continuously advised and monitored the Board of Management in the management of the Company and accompanied it in strategically important matters relating to the further development of the company.

Areas of Supervisory Board activity
Following the foundation of Daimler Truck Holding AG in March 2021, the 2021 financial year was a short financial year that was mainly characterized by preparations for the separation of the Daimler commercial vehicle and bus business from the Mercedes-Benz Group (formerly the Daimler Group) by way of a spin-off in accordance with the German Corporate Transformation Act (UmwG). This naturally also shaped the activities of the Supervisory Board.

Against this background, this report is structured into two parts, namely related to the period before and the period after the spin-off took effect on December 9, 2021.

Period until the spin-off took effect
In the articles of incorporation dated March 25, 2021, Tim Zech, Robert Köthner and Dr. Annette Matzat, three senior executives from the Mercedes-Benz Group AG, were appointed as the first members of the Supervisory Board. At the first meeting of the Supervisory Board on the same day, the Supervisory Board then elected Tim Zech as Chairman and Robert Köthner as Deputy Chairman of the Supervisory Board. In addition, Fabian Römer and Lars Wettlaufer were appointed as members of the Board of Management of the Company. The aforementioned persons were at that time executives of Mercedes-Benz Group AG who were each appointed for the purpose of preparing the spin-off.

New appointments were then made to the Board of Management in July 2021. Following the resignation of Fabian Römer and Lars Wettlaufer, each with effect from end of July 11, 2021, the Supervisory Board appointed Martin Daum (until February 28, 2025) and Jochen Götz (until June 30, 2026) as members of the Board of Management of the Company with effect from July 12, 2021 by circular resolution dated July 8, 2021.

In the context of preparing the separation of the commercial vehicle business, the Supervisory Board had regularly dealt with drafts of the spin-off and hive-down agreement between Mercedes Benz Group AG and the Company and the joint spin-off report of the Boards of Management of Mercedes-Benz Group AG and the Company. By circular resolution dated July 30, 2021, the Supervisory Board approved the conclusion of the spin-off and hive-down agreement, which was subsequently notarized on August 6, 2021; in addition, the Supervisory Board took note of the draft of the joint spin-off report of the Boards of Management of Mercedes-Benz Group AG and the Company, which was signed by the Boards of Management on August 9, 2021.

By further circular resolutions dated July 30, 2021, the Supervisory Board approved the conclusion of agreements in connection with the financing of the future Daimler Truck Group after the spin-off took effect. In part, this refers to the conclusion of a credit agreement regarding (i) a bridge financing credit line and (ii) a revolving credit line in which obligations are created for the Company only on execution of the spin-off and hive-down agreement. On the other hand, this relates to the issuance of guarantees in favor of the banks financing the Daimler Truck Group companies, whereby the obligation of the Company only became effective on the date on which the shares of the Company were first traded on the Frankfurt Stock Exchange.

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

The spin-off and hive-down agreement concluded on August 6, 2021 and the contribution agreement between Daimler Verwaltungsgesellschaft für Grundbesitz mbH and the Company dated November 3, 2021, in which the Company undertook to issue further new shares, were to be reviewed by the Supervisory Board as post-formation agreements within the meaning of Section 52 of the German Stock Corporation Act (AktG). The Supervisory Board dealt with the post-formation report required in this connection at its meeting on November 4, 2021, in consultation with experts. The post-formation report was presented to the Shareholders' Meeting on November 5, 2021 and contained the recommendation to approve the two post-formation agreements and to decide on the capital increases required to implement the spin-off and hive-down and the contribution agreement. In addition, at its meeting on November 4, 2021, the Supervisory Board also approved the provision of permitted non-audit services by the auditor of the Company, KPMG AG Wirtschaftsprüfungsgesellschaft.

In a further meeting on November 15, 2021, the Supervisory Board dealt with the expansion of the Company's Board of Management. Effective as of December 1, 2021, John O'Leary (until March 31, 2024), Karin Rådström (until January 31, 2024), Dr. Andreas Gorbach (until June 30, 2024), Jürgen Hartwig (until November 30, 2026), Karl Deppen (until November 30, 2024) and Stephan Unger (until June 30, 2024) were appointed as additional members of the Company's Board of Management. The Supervisory Board also approved the conclusion of the relevant employment contracts and adopted the remuneration system for the members of the Board of Management. Furthermore, the Supervisory Board dealt with the key performance indicators for the financial targets in the context of the remuneration of the Board of Management in 2021.

In November 2021, the Supervisory Board dealt with various capital market transactions for the financing of the future Daimler Truck Group, namely the issuance of bonds by Daimler Truck Finance North America LLC (United States), Daimler Truck Finance Canada, Inc. (Canada) and Daimler Truck International Finance B.V. (Netherlands), and approved the issuance by the Company of payment guarantees for the obligations of the aforementioned future Group companies, whereby the obligations of the Company under the payment guarantees only arose upon the closing of the spin-off and hive-down agreement.

After the Company's Annual Shareholders' Meeting on November 5, 2021 had resolved to expand the Supervisory Board to 20 members with effect immediately after the spin-off took effect, the members of the first Supervisory Board stepped down from their positions at the beginning of December 2021 with effect from the time the amendment to the articles of incorporation relating to the expansion of the Supervisory Board took effect.

Period after the spin-off took effect

Composition of the Supervisory Board and its committees
At the Extraordinary Shareholders' Meeting of the Company held on December 2, 2021, Mercedes-Benz Group AG as sole shareholder in the Company elected twenty new members of the Supervisory Board. Ten of those new members of the Supervisory Board were proposed for election in consultation with the employee representatives and were elected accordingly. The election of all new members of the Supervisory Board was subject to the condition precedent that the amendment to the articles of incorporation regarding the expansion of the Supervisory Board to 20 persons, approved by the Shareholders' Meeting on November 5, 2021, would take effect. The amendment to the articles of incorporation took effect on December 9, 2021. The members of the completely newly elected Supervisory Board are presented in the overview of the Board of Management and the Supervisory Board in this Annual Report. The appointments were made with terms of office until the end of the Company's Annual Shareholders' Meeting which decides on ratification of the acts of the members of the Board of Management for the 2021 financial year.

The new members of the Supervisory Board were given the opportunity at an early stage to take an in-depth look at the business operations and strategy of the Company in an in-house workshop in which they exchanged opinions with the Board of Management, thus gaining an overview of the relevant issues affecting the Company.

At the first meeting of the Supervisory Board after the spin-off, which took place on December 10, 2021, the Supervisory Board was constituted with all twenty new members and elected Joe Kaeser as Chairman of the Supervisory Board and Michael Brecht as Deputy Chairman. In addition, the Supervisory Board adopted its rules of procedure. The rules of procedure for the committees were also adopted and the committees were established. Because the status proceedings related to the composition of the Supervisory Board were still ongoing at that time, the Mediation Committee required by the German Codetermination Act (MitbestG) could not yet be formed. The Presidential, Audit and Nomination Committees were established and staffed as follows:

Presidential Committee
At its meeting on December 10, 2021, the Supervisory Board elected Marie Wieck and Roman Zitzelsberger as further members of the Presidential Committee on the occasion of its establishment. Due to their positions as Chairman and Deputy Chairman of the Supervisory Board, Joe Kaeser and Michael Brecht are also members of the Presidential Committee. In accordance with the rules of procedure, Joe Kaeser, as Chairman of the Supervisory Board is also Chairman the Presidential Committee, and Michael Brecht is Deputy Chairman, also in accordance with the rules of procedure.

Audit Committee
Michael Brosnan, Akihiro Eto, Harald Wilhelm, Michael Brecht, Jörg Köhlinger and Thomas Zwick were elected to the Audit Committee on December 10, 2021. On December 23, 2021, the Audit Committee elected Michael Brosnan as its Chairman and Michael Brecht as its Deputy Chairman.

Nomination Committee
On December 10, 2021, 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.

Corporate governance and profile of requirements for the Board of Management and the Supervisory Board
In its meeting on December 10, 2021, the Supervisory Board also dealt in detail with corporate governance issues, the equal participation of women and men in executive positions, especially within the meaning of the German Second Leadership Position Act, and adopted the declaration of compliance with the German Corporate Governance Code (GCGC). The Supervisory Board also discussed questions of corporate governance with the Chief Legal and Compliance Officer of the Company.

In this context, the Supervisory Board dealt with the 2021 declaration of compliance with the GCGC, key recommendations of the Code and, in particular, the independence of certain members of the Supervisory Board within the meaning of the GCGC. The 2021 declaration of compliance with the GCGC was adopted in accordance with Section 161 of the German Stock Corporation Act (AktG). With the exceptions explained therein, all recommendations of the Code are followed.

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 new composition of the Supervisory Board and the fundamental changes in 2021, the Supervisory Board resolved to undergo a self-evaluation in 2023 at the latest.

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 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 executive management 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. These overall requirements profiles for the composition of the Board of Management and Supervisory Board were agreed for the first time by the Supervisory Board in its meeting on December 10, 2021.

In addition to establishing the relevant profiles of requirements by resolution, the Supervisory Board determined in its meeting on December 10, 2021, for both the Board of Management and the Supervisory Board, the fulfillment of the requirements profiles resolved upon on the same day for the current composition of the respective boards of the Company.

The Supervisory Board set a target of at least 30% women and 30% men by resolution of December 10, 2021, until the statutory gender quota is applicable. As soon as the Supervisory Board is codetermined upon completion of the status proceedings, the Supervisory Board of the Company, a listed company subject to codetermination, must be composed of at least 30% women and 30% men in accordance with Section 96 Subsection 2 of the German Stock Corporation Act (AktG). The quota is to be fulfilled 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 an election of members, the minimum quota 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, must be observed in the upcoming elections of members of the Supervisory Board. Notwithstanding the overall fulfillment, the representatives of the shareholders and of the employee strive to fulfill the minimum share for their respective sides.

Remuneration system for the Board of Management
The remuneration system for the Board was determined by the Company's three-member founding Supervisory Board in November 2021, at first for the month of December, as the expansion of the Board of Management to its current eight members took place with effect as of December 1. At the constituent meeting of the 20-member Supervisory Board after the spin-off took effect, the Supervisory Board passed a resolution on December 10, 2021 on the remuneration system as of January 1, 2022, which modifies the remuneration system previously adopted by the founding Supervisory Board in a few points.

The remuneration system for the Board of Management in 2022 will be submitted to the Annual Shareholders' Meeting of the Company on June 22, 2022 for approval pursuant to Section 120a Subsection 1 of the German Stock Corporation Act (AktG). The remuneration system for 2022 applies – subject to its approval by the Annual Shareholders' Meeting – to all members of the Board of Management in office since January 1, 2022, as well as in the case of new appointments and reappointments. With regard to Board of Management remuneration, the Supervisory Board also dealt on December 10, 2021 with the Board of Management's targets for the 2022 financial year.

Corporate planning
In its constituent meeting on December 10, 2021, the Supervisory Board discussed and adopted resolutions on the basis of an in-depth presentation by the Board of Management regarding the corporate planning for Daimler Truck from 2022 to 2026. It dealt in particular with financial planning for the first few years after the spin-off taking effect. Furthermore, the Supervisory Board adopted a resolution on the framework for liquidity risk steering developed by the Company, about which it was informed at its meeting on December 10, 2021.

Audit of financial statements
The Supervisory Board as a whole dealt with audit matters at its meeting on December 10, 2021, and received detailed information from the Board of Management and representatives of the auditor on audit planning, key audit matters, and the independence of the auditor.

Furthermore, the Supervisory Board adopted a resolution on non-audit services and the involvement of the Chairman of the Audit Committee in decisions in this regard.

Work in the committees
In view of the fact that the committees were not established and staffed until December 10, 2021, no committee meetings were held in 2021. Only the Audit Committee, voting in a written procedure by circular resolution, elected Michael Brosnan as its Chairman and Michael Brecht as its Deputy Chairman on December 23, 2021.

Changes in the Board of Management and the Supervisory Board
The respective composition of the Company's Board of Management and Supervisory Board was subject to several changes as a result of the structural measures implemented in the 2021 financial year, which were described at the beginning of this report.

On December 2, 2021, the Shareholders' Meeting of the Company elected twenty new members of the Supervisory Board, who assumed their positions on December 9, 2021 as follows:

- 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 Richenhagen, Duluth, Georgia, United States;
- Marie Wieck, Cold Spring, New York, United States;
- Harald Wilhelm, Stuttgart, Germany;
- Michael Brecht, Gernsbach, Germany;
- Bruno Buschbacher, Frankenthal, Germany;
- Harald Dorn, Münchweiler an der 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.

All new members of the Supervisory Board were elected in each case until the end of the Annual Shareholders' Meeting which decides on ratification of the acts of the Board of Management for the 2021 financial year.

At its constituent meeting on December 10, 2021, the Supervisory Board elected Joe Kaeser as its Chairman and Michael Brecht as the Deputy Chairman.

Audit of the annual and consolidated financial statements
The financial statements of Daimler Truck Holding AG and the combined management report for Daimler Truck Holding AG and the Group for 2021 were duly audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, and received an unqualified audit opinion. This also applies to the 2021 Consolidated Financial Statements compiled in accordance with IFRS.

At its meeting on March 23, 2022, the Supervisory Board discussed the annual financial statements of the Company, the consolidated financial statements, the combined management report and the proposal on the use of profits, each of which was issued with an unqualified audit opinion by the auditors, as well as the non-financial statement, which was reviewed by the auditors with limited assurance.

The members of the Supervisory Board had extensive 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 for Daimler Truck Holding AG and the Group as well as the declaration on corporate governance, the financial statements of Daimler Truck Holding AG, the proposal of the Board of Management on the use of profits, the audit reports of KPMG AG Wirtschaftsprüfungsgesellschaft on the company financial statements of Daimler Truck Holding AG and the consolidated financial statements, each including the combined management report and the accounting-related internal control system, as well as drafts of the reports of the Supervisory Board and the recommendations of the Audit Committee, which had 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 concurred 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 2021 financial statements of the Company were thus adopted. On this basis, the Supervisory Board endorsed the proposal of the Board of Management for the use of profits.

Daimler Truck Holding AG was a dependent company of Mercedes-Benz Group AG (indirectly from March 25, 2021 to July 8, 2021 and directly from July 8, 2021 to December 9, 2021) within the meaning of Section 312 of the German Stock Corporation Act (AktG) in the 2021 financial year, commencing on March 25, 2021 and ending on December 9, 2021. For this reason, the Board of Management of Daimler Truck Holding AG compiled a report on relationships with parent company and subsidiaries (dependent company report), which includes the following statement by the Board of Management: “In the period from March 25, 2021 to December 9, 2021, Daimler Truck Holding AG received appropriate consideration for each legal transaction with subsidiaries listed in the report pursuant to Section 312 of the German Stock Corporation Act (AktG) and was not disadvantaged by the measures specified, taken or omitted in the report. This assessment is based on the circumstances known at the time of the transactions subject to reporting requirements.”

Pursuant to Section 313 of the German Stock Corporation Act (AktG), KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, is also engaged to audit the dependent company report and presented its audit report on March 23, 2022. Based on the audit, which was completed without any objections, the auditor issued the following audit opinion:

“Based on our audit performed with due professional care and our assessment, we confirm that

1. the factual information in the report is correct,

2. the consideration paid by the Company for the legal transactions described in the report was not unreasonably high,

3. with regard to the measures set out in the report, no circumstances point to a significantly different assessment than that of the Board of Management.”

The dependent company report and the related audit report issued by KPMG AG Wirtschaftsprüfungsgesellschaft were also available to all members of the Supervisory Board in good time and were discussed in detail in the presence of the Board of Management and two representatives of the auditors at the meeting on March 23, 2022. The auditor’s representatives reported on the main findings of the audit. Questions put to the Board of Management regarding individual legal transactions and measures mentioned in the report were answered comprehensively and satisfactorily by the Board of Management. Based on its review, the Supervisory Board has come to the conclusion that the dependent company report prepared by the Board of Management complies with the statutory requirements. Based on the final results of its own review, there are no objections to the statement of the Board of Management at the end of the report. The Supervisory Board endorsed the auditor’s report.

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.

Preparation of the 2022 Shareholders’ Meeting
At its meeting on March 23, 2022, the Supervisory Board also adopted the agenda and proposed resolutions for the 2022 Shareholders’ Meeting. In this context, it dealt in particular with the election proposals for the Supervisory Board and resolved to endorse the election proposals for eight members of the Supervisory Board submitted jointly by Mercedes-Benz Group AG and Daimler Verwaltungsgesellschaft für Grundbesitz mbH on the basis of the deconsolidation agreement concluded with the Company. The Supervisory Board therefore decided to propose to the 2022 Annual Shareholders’ Meeting that Michael Brosnan, Jacques Esculier, Akihiro Eto, Laura Ipsen, Renata Jungo Brüngger, Joe Kaeser, Martin H. Richenhagen and Harald Wilhelm, in addition to John Krafcik and Marie Wieck, be elected to the Supervisory Board, each for a term of four years. The above election proposals are based on the recommendation of the Nomination Committee of the Supervisory Board, which previously met on March 9, 2022, and aim to fulfill the requirements profile with a competence profile and diversity concept for the full Board as set out by the Supervisory Board.

Appreciation
The Supervisory Board expresses its gratitude to all the employees of the Daimler Truck Group and to the management for their dedication during the financial year 2021, which was shaped by significant changes.

Furthermore, the Supervisory Board would like to express its special appreciation to the members who stepped down from the Supervisory Board in 2021 and to the members who stepped down from the Board of Management.

Leinfelden-Echterdingen, March 2022

The Supervisory Board

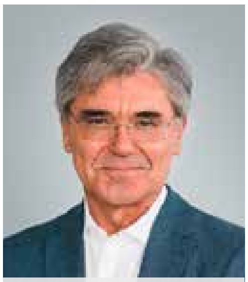
Joe Kaeser
Chairman

A.01

Individualized disclosure of participation in meetings by the members of the Supervisory Board of Daimler Truck Holding AG in the 2021 financial year

2021	Participation	Attendance (%)
Supervisory Board		
Tim Zech (Chairman; until December 9, 2021)	9/9	100
Robert Köthner (until December 9, 2021)	9/9	100
Dr. Annette Matzat (until December 9, 2021)	9/9	100
Michael Brosnan	1/1	100
Jacques Esculier	1/1	100
Akihiro Eto	1/1	100
Laura Ipsen	1/1	100
Renata Jungo Brüngger	1/1	100
Joe Kaeser	1/1	100
John Krafcik	1/1	100
Martin Richenhagen	1/1	100
Marie Wieck	1/1	100
Harald Wilhelm	1/1	100
Michael Brecht	1/1	100
Bruno Buschbacher	1/1	100
Harald Dorn	1/1	100
Carmen Klitzsch-Müller	1/1	100
Jörg Köhlinger	1/1	100
Jörg Lorz	1/1	100
Claudia Peter	1/1	100
Andrea Reith	1/1	100
Roman Zitzelsberger	1/1	100
Thomas Zwick	1/1	100
Presidential Committee		
Joe Kaeser (Chairman)	0/0	
Michael Brecht	0/0	
Marie Wieck	0/0	
Roman Zitzelsberger	0/0	
Audit Committee		
Michael Brosnan (Chairman)	0/0	
Akihiro Eto	0/0	
Harald Wilhelm	0/0	
Michael Brecht	0/0	
Jörg Köhlinger	0/0	
Thomas Zwick	0/0	
*On December 23, 2021, the Audit Committee elected Michael Brosnan as its Chairman and Michael Brecht as Deputy Chairman by circular resolution.		
Nomination Committee		
Joe Kaeser (Chairman)	0/0	
Marie Wieck	0/0	
Renata Jungo Brüngger	0/0	

The Supervisory Board

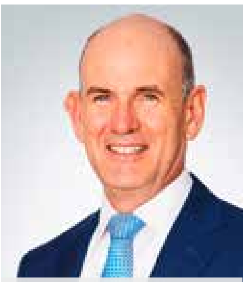

Joe Kaeser


Michael Brecht*


Michael Brosnan


Bruno Buschbacher*


Harald Dorn


Jacques Esculier

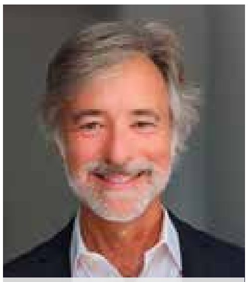

Akihiro Eto


Laura Ipsen


Renata Jungo Brüngger


Carmen Klitzsch-Müller


Jörg Köhlinger*


John Krafcik


Jörg Lorz*


Claudia Peter*


Andrea Reith*


Martin H. Richenhagen


Marie Wieck


Harald Wilhelm


Roman Zitzelsberger*


Thomas Zwick*

* The members of the Supervisory Board designated as employee representatives were formally elected in consultation with the employee representation, but – until the end of the Annual Shareholders' Meeting in 2022 – were also formally elected as shareholder representatives.

The Supervisory Board

Joe Kaeser
Chairman of the Supervisory Board of Daimler Truck Holding AG – shareholder representative.
Chairman of the Supervisory Board, Chairman of the Presidential Committee and of the Nomination Committee.
Chairman of the Supervisory Board of Siemens Energy AG.

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

Michael Brosnan
Member of the Supervisory Board of Daimler Truck Holding AG – shareholder representative.
Chairman of the Audit Committee.
Former Chief Financial Officer of Fresenius Medical Care AG & Co. KGaA.

Bruno Buschbacher
Member of the Supervisory Board of Daimler Truck Holding AG – employee representative.*
Member of the General Works Council of Daimler Truck AG.
Chairman of the Works Council of the Mercedes-Benz plant in Mannheim.

Harald Dorn
Member of the Supervisory Board of Daimler Truck Holding AG – employee representative*.
Chairman of the General Spokespersons' Committee of the executive employees of Daimler Truck AG.

Jacques Esculier
Member of the Supervisory Board of Daimler Truck Holding AG – shareholder representative.
Former Chairman of the Board of Management and CEO of WABCO Holdings Inc.

Akihiro Eto
Member of the Supervisory Board of Daimler Truck Holding AG – 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
Member of the Supervisory Board of Daimler Truck Holding AG – shareholder representative.
President and Chairwoman of the Board of Management of Ellucian Company L.P.

Renata Jungo Brüngger
Member of the Supervisory Board of Daimler Truck Holding AG – 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
Member of the Supervisory Board of Daimler Truck Holding AG – employee representative.*
Member of the General Works Council of Daimler Truck AG.

Jörg Köhlinger
Member of the Supervisory Board of Daimler Truck Holding AG – employee representative*.
Member of the Audit Committee.
Central District Manager of IG Metall (Metalworkers' Union).

John Krafcik
Member of the Supervisory Board of Daimler Truck Holding AG – shareholder representative.
Former CEO, now advisor, Waymo LLC.

Jörg Lorz
Member of the Supervisory Board of Daimler Truck Holding AG – employee representative*.
Member of the General Works Council of Daimler Truck AG.
Chairman of the Works Council of the Mercedes-Benz plant in Kassel.

Claudia Peter
Member of the Supervisory Board of Daimler Truck Holding AG – employee representative.*
First authorized representative of IG Metall Gaggenau.

Andrea Reith
Member of the Supervisory Board of Daimler Truck Holding AG – employee representative.*
Member of the Works Council of the EvoBus plant in Neu-Ulm.

Martin H. Richenhagen
Member of the Supervisory Board of Daimler Truck Holding AG – shareholder representative.
Former President and Chairman of the Board of Management of AGCO Corporation.

Marie Wieck
Member of the Supervisory Board of Daimler Truck Holding AG – shareholder representative.
Member of the Presidential Committee and of the Nomination Committee.
Executive Partner at Ethos Capital.

Harald Wilhelm
Member of the Supervisory Board of Daimler Truck Holding AG – 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
Member of the Supervisory Board of Daimler Truck Holding AG – employee representative*.
Member of the Presidential Committee.
District Manager of IG Metall in Baden-Württemberg.

Thomas Zwick
Member of the Supervisory Board of Daimler Truck Holding AG – 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.

Tim Zech
Chairman of the Supervisory Board.
Head of Tax at Mercedes-Benz Group AG (formerly Daimler AG).
Stepped down on December 9, 2021.

Robert Köthner
Chief Accounting Officer of the Mercedes-Benz Group AG (formerly Daimler AG).
Stepped down on December 9, 2021.

Dr. Annette Matzat
Head of Labor and Human Resources Policy at Mercedes-Benz Group AG (formerly: Daimler AG).
Stepped down on December 9, 2021.

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 on the committees of the Supervisory Board and their members, can be found at: Website.

* The members of the Supervisory Board designated as employee representatives were formally elected in consultation with the employee representation, but – until the end of the Annual Shareholders' Meeting in 2022 – were also formally elected as shareholder representatives.

All members of the Supervisory Board are elected until 2022.

Daimler Truck and the Capital Market

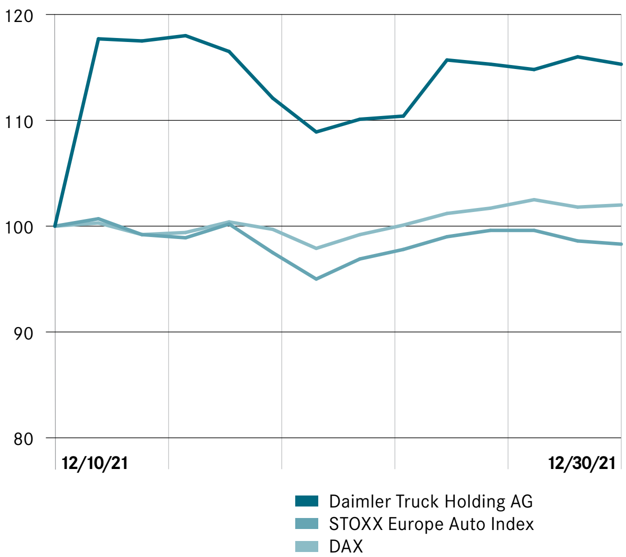
Global equity markets performed positively despite uncertainties surrounding the COVID-19 pandemic and the strained supply chains. Since its initial listing on December 10, 2021, Daimler Truck's share price increased by 15 % by the end of the year. As the new shares will only be entitled to participate in profits as of January 1, 2022, Daimler Truck Holding AG will not distribute a dividend for the 2021 financial year. It is planned to pay a dividend for the first time in 2023 for the 2022 financial year.

A.02
Development of the Daimler Truck share price and of major indices

	End of 2021	Dec. 10, 2021[2]	% change
Daimler Truck share (in €)	32.29	28.00	+15
Highest[1]	33.05		–
Lowest[2]	28.00		–
		–	
DAX	15,885	15,573	+2
STOXX Europe Auto Index	660	671	-2

1 Closing prices
2 Opening prices

A.03
Share price index



Daimler Truck share price rises by 15 % after first listing
Investors were confident until the middle of the year due to the economic recovery. From early summer onwards, stock markets were affected by the semiconductor shortage and other challenges in global supply chains.

In the second half of the year, additional concerns arose about the further development of the COVID-19 pandemic. However, this concern was not reflected in the development of share prices to the same extent as in 2020. In the first half of 2021, the stock markets were booming; in the second half of the year, many markets were in a sideways movement, while some rose again.

The initial quotation of Daimler Truck shares on December 10, 2021, was at a price of €28. With high trading volumes, Daimler Truck shares ended the first day of trading on a positive note and closed at a price of €29.78. In the remainder of 2021, Daimler Truck's share price rose to €32.29 by the end of the year, thus posting an overall increase of 15 % since the initial listing.

Market capitalization at year-end was €26.6 billion. With an increase of 15% from December 10 to year-end, Daimler Truck shares outperformed the DAX (+2 %) and the STOXX Europe Automobiles and Parts Index (-2 %).

Strategic direction of Daimler Truck Is announced
At the virtual Daimler Truck Strategy Update in May 2021, the management explained the strategy for the truck and bus business. Our objectives and plans were received very positively by analysts and investors. These include, firstly, our plans for the achievement of our profitability targets in all segments. On the other hand, the management explained the strategy for emission-free drive systems and automated driving.

At our Daimler Truck Capital Markets Day on November 11, 2021, we were able to give analysts and shareholders an insight into the progress of our plans for increasing efficiency. Even more important for capital market participants was to receive an initial overview of the figures for the individual segments as well as a related profitability outlook for 2021 and the 2022 financial year.

Spin-off and public listing

The Mercedes-Benz Group AG (formerly Daimler AG) announced at the beginning of 2021 that it would fundamentally transform its corporate structure in order to realize the full potential of its Mercedes-Benz Cars & Vans and Daimler Trucks & Buses segments. The shareholders of the Mercedes-Benz Group AG approved a historic realignment by a large majority. At the Extraordinary Shareholders' Meeting on October 1, 2021, 99.90% of the share capital represented voted in favor of the spin-off of the truck and bus business and the subsequent listing of Daimler Truck Holding AG as an independent company on the Frankfurt Stock Exchange. As a result of the spin-off, the shareholders of Mercedes-Benz Group AG acquired a 65.00% interest in the newly founded Daimler Truck Holding AG. To this end, Mercedes-Benz Group shareholders received one additional share in Daimler Truck Holding AG for every two shares held in Mercedes-Benz Group AG. As a result of the spin-off, Daimler Truck gained full entrepreneurial freedom and, within this framework, implemented an independent corporate governance structure with an independent Chairman of the Supervisory Board.

The spin-off took effect on December 9, 2021 and public trading in Daimler Truck shares commenced on December 10, 2021. Daimler Truck became a new member of the DAX stock index in the regulated market of the Frankfurt Stock Exchange, effective March 21, 2022.

American Depositary Receipt (ADR) program launched in the United States

We launched a sponsored level-1 ADR program in the United States in December 2021. The ADRs are traded over the counter in the United States under the ticker symbol DTRUY. The ratio of the ADRs to the underlying ordinary shares is 2:1, i.e., two Daimler Truck ADRs correspond to one Daimler Truck share. The Bank of New York Mellon is acting as the depositary bank for the ADR program.

Broad shareholder structure

The number of shareholders and the composition of the shareholder structure of Daimler Truck is published on the Daimler Truck website in the Investor Relations Section (Website). As of December 31, 2021, Daimler AG held 35% of the shares, of which 4.99% were transferred to the Daimler Pension Trust at the end of January 2022. Also in 2022, the Daimler AG was renamed as Mercedes-Benz Group AG, which from then on has held the remaining 30.01% of shares in Daimler Truck Holding AG. The BAIC Group holds shares in Daimler Truck Holding AG through Investment Global Co., Ltd. The People's Republic of China holds an interest in Daimler Truck Holding AG through Investment Global Co. Ltd. With around 6.5% of the share capital, the People's Republic of China is the second largest single shareholder. Tenaciou3 Prospect Investment Limited, a company controlled by Li Shufu, a Chinese entrepreneur, founder and Chairman of the Board of Geely, is also a major individual shareholder of Daimler Truck Holding AG with 6.3%. The Kuwait Investment Authority (KIA) is another major individual shareholder with 4.8% of the share capital.

Voting rights notifications can be seen at: Website.

Daimler Truck shares are listed on the regulated market in Frankfurt. Between December 10, 2021 and year-end 2021, daily trading volume was approximately 4.6 million shares. Daimler Truck shares are also traded to a considerable extent on other stock markets, on multilateral trading platforms and in the over-the-counter market.

A.04

Key figures for Daimler Truck shares

	End of 2021	Dec. 10, 2021	% change
Amounts in €			
Number of shares (in millions)	823.0	823.0	0
Market capitalization (in billions)	26.6	23.0	+15
Equity per share	19.34	-	–
Earnings per share	2.85	–	–

Shareholders' Meeting of Daimler Truck Holding AG

Following the admission of the shares of Daimler Truck Holding AG to trading on the Frankfurt Stock Exchange on December 9, 2021, no Shareholders' Meeting of the Company was held in the period under review.

At the Extraordinary Shareholders' Meeting of Daimler Truck Holding AG, which was not yet listed on the stock exchange, on November 5, 2021, various resolutions were adopted on the implementation of the spin-off and hive-down. In this context, approval was granted to the spin-and hive-down agreement between Mercedes-Benz Group AG and the Company dated August 6, 2021 (as a post-formation agreement), to the capital increase against contribution in kind for the implementation of the spin-off and the hive-down with corresponding amendments to the articles of incorporation, to the post-formation and contribution agreement between Daimler Verwaltungsgesellschaft für Grundbesitz mbH and Daimler Truck Holding AG dated November 3, 2021 as a post-formation agreement, and to the capital increase against contribution in kind for the implementation of the post-formation and contribution agreement with corresponding amendments to the articles of incorporation. In addition, approved capital was created with the authorization to exclude subscription rights, and further amendments to the articles of incorporation and authorization to acquire own shares and to exclude subscription rights were approved in order to implement the requirements of the spin-off and hive-down agreement. Finally, the same Shareholders' Meeting elected the auditor for the consolidated financial statements for the 2021 financial year and the auditor for the review of interim financial reports for the 2022 financial year in the period until the next Shareholders' Meeting in the 2022 financial year.

In addition, 20 members of the Supervisory Board of the Company (ten of whom were elected in consultation with the employees) were elected at a further Extraordinary Shareholders' Meeting of Daimler Truck Holding AG, which was not yet listed on the stock exchange, on December 2, 2021, subject to the condition precedent that the amendments to the articles of incorporation approved by the Shareholders' Meeting on November 5, 2021 under agenda item 6 also become effective, as a result of which the Supervisory Board of the Company was expanded to 20 members. The election of the 20 members of the Supervisory Board took effect on December 9, 2021. The terms of office of all members of the Supervisory Board expire at the end of the first Shareholders' Meeting of the listed Daimler Truck Holding AG in 2022.

With a view to the first Ordinary Shareholders' Meeting of the listed Daimler Truck Holding AG in the 2022 financial year, the Board of Management on January 21, 2022 and the Supervisory Board on January 28, 2022, after consideration of all aspects regarding the risk situation and legal uncertainties that continue to exist due to the pandemic, resolved to hold the first Ordinary Shareholders' Meeting of the listed Daimler Truck Holding AG on June 22, 2022 as a virtual Shareholders' Meeting.

Access to and further information on the investor portal for shareholders can be found at Website.

Refinancing and credit ratings

Information on our refinancing activities and the development of credit ratings during the 2021 financial year is provided in the chapter Profitability, Liquidity and Capital Resources, Financial Position in the combined management report .

Objectives and Strategy

Trucks and buses form the backbone of the economy and society. Without them, the world stands still – we have seen that very clearly in recent months. We at Daimler Truck therefore say with conviction and pride: We work for all who keep the world moving – the freight forwarders who bring goods from the world's ports to supermarkets, construction sites and hospitals, the public transportation providers who take people on trips, to work or to school, the public sector that keeps our streets and cities clean, and many more. Working for all who keep the world moving – that is our corporate purpose, and we aim to fulfill it, also and especially as an independent company.

The direction in which we are working: our long-term goals
Daimler Truck is one of the world's leading manufacturers of commercial vehicles. Our brands and teams are firmly embedded in all major regions of the world. With our new Financial Services division, we can offer our customers a perfectly tailored overall package of vehicles, financing and leasing products, as well as additional services, and this is an important success factor in our industry.

We have been an independent company since December 2021. And as such, we will fully focus on making two ventures a reality: First, we want to actively shape the transformation of our industry. Second, we want to fully exploit our earnings potential and create sustainable value.

Both are the key to our success tomorrow – and at the same time, they are our promise to our customers, to our shareholders, and to society.

We have defined what we will focus on in order to achieve our goals in our sustainable corporate strategy.

This is what we are focusing on in order to actively shape the transformation.

What does that actually mean – "actively shape the transformation"? For us at Daimler Truck, it first of all means that we want to make our contribution to meeting the targets of the Paris Climate Agreement. CO_2-neutral transportation on the roads by 2050 is our ultimate goal. To this end, we want to offer, among other things, CO_2-neutral battery-electric and hydrogen-powered trucks and buses in the driving mode ("tank-to-wheel"). We are using our engineering knowledge and industry experience to advance battery and fuel-cell power. Because only these two technologies can lead to a truly CO_2-neutral future.

We are planning a complete electric portfolio with these two technologies. The first battery-powered trucks and buses are already in series production and customer use; they include Jouley, our electric school bus in North America, the eCitaro city bus in Europe, and the eCanter from FUSO, our Japanese brand. Since October 2021, our Mercedes-Benz eActros, a heavy-duty truck for distribution transportation in Europe, has been driving off the assembly line in Wörth am Rhein.

In 2022, we plan to launch further battery-electric models in series production in the United States, Europe and Japan.

In parallel, we are developing fuel-cell vehicles. Depending on the infrastructure, we aim to deliver the first series-produced vehicles to customers in the second half of this decade.

By 2030, battery-electric and fuel-cell trucks and buses could account for up to 60% of our unit sales, depending on external factors such as infrastructure and cost-effectiveness. And starting in 2039, we plan to sell only vehicles that are CO_2-neutral in driving mode in North America, Europe and Japan.

There is another key technology that has the potential to fundamentally change our business – and which we are therefore pushing ahead intensively: autonomously driving trucks. This technology certainly still has some hurdles to overcome. But if we succeed, autonomous trucks can help to further reduce accidents numbers in the future. And for many decades, that has been one of our most important goals. In addition, they can make road freight transportation even more efficient, which is quite crucial in view of the ongoing growth in transportation volumes. So autonomously driving trucks also offer considerable business potential for our customers. We are currently testing SAE Level 4 autonomous trucks in the United States and aim to bring this technology into series production by the end of the decade at the latest.

Getting there faster with partnerships

Partnerships can help us to further accelerate technological change: With the right partner, we can reduce our own investment requirements, gain access to important know-how, and achieve critical volumes faster. For example, we have established partnerships with Torc Robotics, Waymo, and Luminar Technologies in the field of autonomous driving, and we are working on fuel cells with the Volvo Group in the cellcentric joint venture.

In the transitional phase to CO_2-neutral transportation, we also want to support infrastructure development. That is why we have entered into cross-industry partnerships. For example, we are working with Shell and TotalEnergies on projects for a refueling infrastructure for fuel-cell trucks, and we have agreed with the Volvo Group and the TRATON Group to set up a public high-performance charging network for battery-powered long-distance trucks and coaches in Europe. Our planned joint venture is scheduled to start operations in 2022. In North America, Daimler Truck North America, NextEra Energy Resources and BlackRock have signed a letter of intent for a joint venture to operate together a high-performance charging infrastructure for battery-electric and fuel-cell trucks. The first charging stations are to begin operations in 2023. Further partnerships are in the pipeline.

Partnerships can also help us to open up new markets. For example, together with our Chinese partner Beiqi Foton Motor, we intend to develop and produce heavy-duty Mercedes-Benz semitrailer tractors in China for China as part of the joint venture Beijing Foton Daimler Automotive (BFDA).

This is what we are focusing on in order to fully exploit our earnings potential

A sound financial basis is the foundation for everything else. It enables us to weather market cycles, invest in future technologies, and be a worthwhile investment for the capital market. We have defined a whole range of measures to achieve this.

As a result, the Daimler Truck segments – Trucks North America, Mercedes-Benz, Trucks Asia, Daimler Buses and Financial Services – will have greater scope for action in the future. They will be able to act faster locally and make decisions that are optimally geared to each specific customer. At the same time, we have agreed on very clear return targets with each segment, based on the relevant benchmark – in other words, in the future, more entrepreneurial responsibility will lie with our segments.

In the future, we also want to make better use of the economies of scale that we have as a global company. In addition to the synergies that arise in purchasing and administration or the IT landscape, this primarily concerns vehicle and technology architectures. We want to recoup the cost of new technologies as quickly as possible – by developing them once in a centralized manner in our Truck Technology (TT) organization and then quickly deploying them in as many markets and vehicles as possible.

This is also important to us as we look to the future. We intend to focus even more strongly on the high-margin business with heavy-duty trucks, bus chassis, and complete buses over 8 tons.

Our services business is also expected to provide a stronger earnings base. To this end, we want to penetrate our markets even more strongly with existing offerings for after-sales and financial services, while expanding our portfolio. This will increase our share of recurring revenues from services and make us less dependent on business cycles. Today, our services portfolio accounts for around 30% of our revenue – by 2030, this figure should be about 50%.

Finally, we want to reduce our fixed costs significantly by 2023, namely by 15% compared to 2019.

We are convinced that all these measures combined will make our Company financially stronger.

How our segments are implementing the Daimler Truck strategy

Trucks North America aims to build on its success in vocational trucks and launch another product for this market segment in 2022. Series production of the battery-electric eCascadia is also scheduled to begin in 2022. At the start of 2023, the eM2, another locally CO_2-neutral truck shall go into series production. At the same time, Trucks North America continues to work towards bringing self-driving series-produced trucks (SAE Level 4) onto the roads by the end of the decade.

Mercedes-Benz is going to push ahead with CO_2-neutral transportation. The series model of the eActros is being delivered to customers in Europe. The next model to enter customer trials and series production is the eEconic in 2022. The segment is also working with various partners to drive forward the development of refueling and charging infrastructure in Europe. At the same time, the segment is implementing further measures to improve profitability, for example, programs to reduce personnel costs, or streamlining the existing product portfolio and the associated reduction in the number of basic models.

Trucks Asia aims to push forward with CO_2-neutral transportation and launch the production version of the next-generation all-electric FUSO eCanter in 2022, first in Japan and then in other markets such as Europe. The segment also intends to expand its position in China, the world's largest market for heavy-duty commercial vehicles. To this end, it will accelerate the localization of heavy-duty Mercedes-Benz semitrailer tractors (H6) in a joint venture with BFDA.

Daimler Buses is focusing on growth in profitable markets and in that context will enter the North American market with a new Mercedes-Benz coach tailored to local requirements. Market launch is scheduled for 2022. Further products are also in the pipeline for 2022 in terms of CO_2-neutral driving: the next generation of lithium-ion batteries for Europe and the first electric chassis for Latin America.

Financial Services intends to make a significant contribution to the services growth of Daimler Truck. The segment plans to increase its penetration rate to around 30% in the coming years, to enter new markets and to roll out new products, such as flexible pay-as-you-drive services like Dynamic-Lease or Dynamic-Insurance. The segment aims to support the transformation to electric mobility with financing and insurance services for charging management, infrastructure and battery leasing.

Our culture is the basis for our success
We can only achieve our goals if we work together in a spirit of trust. We are doing this by embedding a shared vision of “how” in our corporate culture.

And we need teams who are passionate about our corporate purpose, who are enthusiastic about our goals, and who want to walk the path outlined here with us

We at Daimler Truck are creating an environment in which everyone can contribute their individual strengths and learn from each other. This also means that we expect and encourage entrepreneurial thinking, and that personal responsibility and performance are rewarded.

Because we all make our contribution to the big picture.

Putting vehicles on the road that have a future
And where does sustainability take place? This question is easy to answer: It is part of – and the result – of our core ambitions and thus of many strategic projects we have launched. What is important to us is that sustainability means much more than CO_2-neutral products. We assume responsibility in ecological and social respects, and pursue sustainable corporate management. We have set priorities wherever we believe we can make a contribution, for example, also in our production: By the end of this year, all European plants are to be CO_2-neutral. For our production facilities in India and in the United States this step is planned until 2025. And by 2039, we aim to have CO_2-neutral production at all our plants and divisions worldwide.

The safety of our drivers and all road users is another focus concern, as is social engagement in the regions and communities where we are rooted. We assume ecological and social responsibility – thus securing future-oriented structures and transparency.

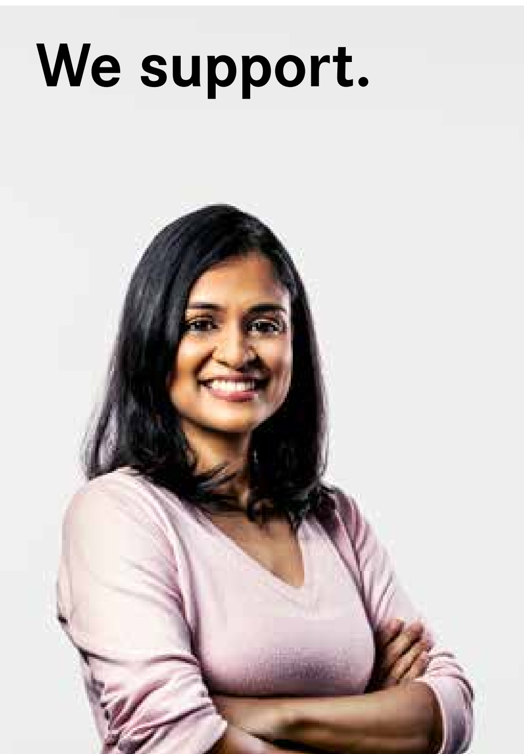
One thing is certain: We will only be successful in the long term if we act sustainably. And that’s exactly what we want to do.

We are willing
Let’s make it clear once again: We want nothing less than the greatest possible success for our Company. This means that we want to offer our customers the best products and our shareholders an attractive investment. We want to offer our employees a strong company with future-proof jobs. And for our society, we want to be a reliable industrial partner that acts responsibly.

This is what we are working towards – for all who keep the world moving.

We are Daimler Truck.

For all who keep the world moving.



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

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

1 The content of this section was not submitted to an audit of its contents in the context of the statutory audit of our combined management report. Our external auditor, KPMG, has nevertheless conducted an independent economic review of the section as a limited-assurance engagement.

Corporate Profile

Business model

The founders of the Daimler Truck Group (hereinafter also referred to as “Daimler Truck” or “the Group”) launched the modern transportation industry with their trucks and buses more than 125 years ago. Today, the Company is one of the world’s largest commercial vehicle manufacturers, with over 40 production facilities around the globe and approximately 100,000 employees. Unchanged to this day is the Company’s purpose: The Daimler Truck Group works for all who keep the world moving. Its customers enable people to be mobile and to move goods reliably, punctually and safely to their destinations. Daimler Truck provides the technologies, products and services they need to do that. This also applies to the transformation to CO_2-neutral mobility. The Company aims to make sustainable transportation a success, with profound knowledge of technology and a clear view of customers’ needs.

Daimler Truck Holding AG is the parent company of the Group with its registered office in Stuttgart and its headquarters in Leinfelden-Echterdingen, Germany. The Group has major manufacturing operations in Brazil, France, Germany, India, Japan, Mexico, Turkey and the United States, as well as branches in most countries around the world.

Daimler Truck unites seven vehicle brands under its umbrella: 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 applications, special vehicles used mainly in the municipal sector, and industrial engines. The Group’s bus product range includes city buses and intercity buses, coaches and bus chassis. Trucks account for the majority of the Group’s total unit sales. In addition to selling new and used commercial vehicles, the Group also offers after-sales services and connectivity solutions, the latter under the Detroit Connect, FUSO Connect, Mercedes-Benz Uptime and Fleetboard brands, for example. In addition, Daimler Trucks Financial Services is a strong brand for customized financial and transportation services.

Our internal reporting is based on five reporting segments: Trucks North America (“TN”), Mercedes-Benz (“MB”), Trucks Asia (“TA”), Daimler Buses (“DB”) and Financial Services (“FS”). MB, TN, TA, and DB together form the “vehicle segments.” The vehicle 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, as well as projects managed by headquarters and eliminations that are not allocated to the segments, are combined in the “Reconciliation” segment. Together with the reconciliation, the vehicle segments form the “industrial business.”

The subject of this combined management report is the 2021 financial year. The financial year of the consolidated financial statements and of the combined management report comprises 12 months, although the legal spin-off only took place in December 2021.

In this report, we have combined the management reports for Daimler Truck Holding AG and for the Group. We have expanded the combined management report to include the Group’s non-financial statement.

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 so-called 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. TN also supplies trucks for applications away from paved roads, as well as long-haul vehicles and school buses. The segment’s production network comprises 15 plants in the United States and Mexico. This gives the segment the flexibility to adapt its production to market conditions in a cost-efficient manner.

Mercedes-Benz is the top-selling truck brand in the EU30 (European Union, United Kingdom, Switzerland and Norway) with the nine production sites in Europe and South America. 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 MB are designed for a wide range of applications, including long-haul, heavy distribution, regional line haul, urban delivery, municipal services, off-road utility vehicles, and logistics. The segment also produces its own powertrains at several production sites in Germany and Brazil. Through its dealer network, MB also offers its customers services such as maintenance, repairs, spare parts, digital services, and fleet management. MB also sells used commercial vehicles through its TruckStore sites. The segment’s production network comprises nine plants in Europe and Brazil as well as numerous completely-knocked-down (“CKD”) manufacturing sites in Africa, Asia and Europe.

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. MFTBC also manufactures industrial engines. The production network of TA includes eight facilities in Japan, India, Indonesia and Europe as well as several CKD assembly plant plants in other markets. TA is also active in China through Daimler Truck China ("DTC"). Through its subsidiary Daimler Trucks and Buses China ("DTBC"), the segment sells trucks of the Mercedes-Benz brand in China. Beijing Foton Daimler Automotive Co. Ltd ("BFDA"), the joint venture with Beiqi Foton Motor Co. Ltd ("Foton"), produces trucks under the Auman brand. The joint venture plans to offer locally produced semi-trailer tractors under the Mercedes-Benz brand in China in the future.

Daimler Buses is a full-range supplier of buses and bus chassis. With its Mercedes-Benz and Setra brands, the segment is the top-selling manufacturer in its traditional core markets in the EU30, Brazil, Argentina and Mexico. The product range of Daimler Buses covers coaches, intercity buses, city buses and special buses to bus chassis. While buses of the Mercedes-Benz brand stand for high-quality technology at economical operating costs, the Setra brand targets a more upscale clientele. For after-sales service and spare parts, Daimler Buses operates its own brand, OMNIplus, and for used vehicles its own dealer network, BusStore. Daimler Buses operates the European business for all its brands through EvoBus GmbH, a subsidiary of Daimler Truck AG. The segment's production network comprises nine sites in Europe, North America and South America, as well as CKD assembly plants in other markets.

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 as well planned. Financial services play 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 central ambition of Daimler Truck: By 2039, the Group aims to offer only new vehicles in the Europe, North America and Japan regions that are CO_2-neutral when driven (tank-to-wheel). The first such trucks and buses are already in series production, for example, the battery-electric Mercedes-Benz eCitaro city bus and the battery-electric Mercedes-Benz eActros and FUSO eCanter trucks. The "cellcentric" joint venture with the Volvo Group also aims to develop, produce and market hydrogen fuel cells and systems.

The new independence

Daimler Truck Holding AG was founded in March 2021.

Before 2019, the Group's principal businesses activities were managed as separate segments of Daimler AG (now Mercedes-Benz Group AG) under the names "Daimler Trucks", "Daimler Buses," and "Daimler Financial Services" by Daimler AG. The Daimler Financial Services division was responsible for financial services for the Daimler Trucks and Daimler Buses divisions, as well as for the Mercedes-Benz Cars and Mercedes-Benz Vans divisions. In 2019, as part of "Project Future," the "Daimler Trucks" and "Daimler Buses" segments, with their assets and liabilities, were spun off to Daimler Truck AG, a 100% subsidiary of Daimler AG.

On February 3, 2021, Daimler AG announced its plans to evaluate a spin-off of the trucks and buses business and to start preparations for an independent stock-exchange listing of Daimler Truck ("Project Focus").

On July 30, 2021, the Board of Management and Supervisory Board of Daimler AG approved the implementation of the Group separation. On the same day, the Board of Management and Supervisory Board of Daimler Truck Holding AG also adopted the resolutions required to approve the conclusion of the spin-off and hive-down agreement, and the Boards of Management and Supervisory Boards of Daimler Truck AG, of Mercedes-Benz AG and of Daimler Mobility AG (now Mercedes-Benz Mobility) agreed to the Group separation insofar as the respective companies were affected by it.

The spin-off and hive-down agreement (hereinafter, "demerger agreement") between Daimler AG and Daimler Truck Holding AG was signed in notarial form on August 6, 2021.

On October 1, 2021, at an Extraordinary Shareholders' Meeting of Daimler AG, the shareholders voted in favor of the spin-off and hive-down with a majority of 99.90%. Upon entry in the commercial register of Daimler AG as the transferring legal entity, the spin-off and hive-down took effect on December 9, 2021.

On the basis of the spin-off agreement, the legal separation of Daimler Truck Holding AG was carried out in three steps as part of Project Focus:

(1) As the first step, Daimler AG spun off to Daimler Truck Holding AG a majority shareholding of 65.00% in the (increased) share capital of Daimler Truck AG, as well as the control and profit-and-loss transfer agreement existing between Daimler AG and Daimler Truck AG, by way of spin-off for absorption (Section 123 Subsection 2 No. 1 of the German Transformation Act (UmwG)). The previous majority shareholding of Daimler AG of 65.00% in the (increased) share capital of Daimler Truck AG was taken over by Daimler Truck Holding AG pursuant to Section 24 of the German Transformation Act (UmwG). As consideration for the transfer of the assets to be spun off, the Daimler shareholders received one share in Daimler Truck Holding AG for every two Daimler shares, i.e., a total of 534,918,723 new no-par-value registered shares of Daimler Truck Holding AG (65.00% in relation to the share capital of Daimler Truck Holding AG after conclusion of the demerger

agreement). The shares required for this purpose were created by means of a capital increase at the level of Daimler Truck Holding AG in order to carry out the spin-off.

(2) As the second step, Daimler AG spun off its remaining shares in Daimler Truck AG to Daimler Truck Holding AG by way of a spin-off for absorption (Section 123 Subsection 3 No. 1 of the German Transformation Act (UmwG)), which were also taken over pursuant to Section 24 of the German Transformation Act (UmwG). In return, Daimler AG received 233,936,002 new no-par-vale registered shares of Daimler Truck Holding AG. The shares required for this purpose were created through a capital increase at the level of Daimler Truck Holding AG in order to carry out the spin-off. The purpose of the spin-off was to create a remaining direct interest of Daimler AG in Daimler Truck Holding AG equal to 28.43% of the share capital (in relation to the share capital of Daimler Truck Holding AG after implementation of the demerger agreement).

(3) Furthermore, Daimler Verwaltungsgesellschaft für Grundbesitz mbH, Schönefeld, contributed its shares in Daimler Truck AG, which it had previously received as consideration for the contribution of its interests in various real-estate management companies to Daimler Truck AG, to Daimler Truck Holding AG by way of a capital increase against contribution in kind. For this purpose, Daimler Truck Holding AG increased its share capital by issuing a further 54,047,157 new shares to Daimler Verwaltungsgesellschaft für Grundbesitz mbH. In conclusion, this resulted in a direct shareholding of Daimler Verwaltungsgesellschaft für Grundbesitz mbH in Daimler Truck Holding AG equal to 6.57% of the share capital.

The spin-off agreement was executed on December 9, 2021 following the necessary entries of the spin-off and hive-down in the commercial register of Daimler AG and the entry of the additional, in-kind capital increase in the commercial register of Daimler Truck Holding AG. As of this date, Daimler Truck Holding AG is the Group parent company of Daimler Truck AG and its subsidiaries.

The stock-exchange listing took place as scheduled on December 9, 2021 and the shares of Daimler Truck Holding AG have been traded on the Frankfurt Stock Exchange since December 10, 2021. Daimler Truck was included in the DAX stock index in the regulated market of the Frankfurt Stock Exchange on March 21, 2022.

The Mercedes-Benz Group AG (formerly Daimler AG) retains a total minority interest of 35.00% in Daimler Truck Holding AG. The deconsolidation agreement concluded between Daimler AG (now Mercedes-Benz Group AG), Daimler Verwaltungsgesellschaft für Grundbesitz mbH and Daimler Truck Holding AG in August 2021 (schedule to the spin-off agreement) additionally ensures the avoidance of a control relationship of Daimler AG over Daimler Truck Holding AG. At the end of January 2022, Mercedes-Benz Group AG (former Daimler AG) transferred shares amounting to 4.99% of the share capital in trust to Daimler Pension Trust e. V. to secure pension liabilities of Mercedes-Benz AG.

At the level of the Daimler Truck Group, the measures required to complete the full separation were – to put it simply – carried out in two phases: The first phase comprises restructuring measures and transfers of companies and business operations attributable to the Trucks & Buses division and of financial services companies to Daimler Truck AG or its subsidiaries in the countries Mexico, Brazil, United States, Canada, Australia, South Africa and Japan, which were completed in December 2021 (“phase 1 transactions”).

The second phase comprises restructuring measures and transfers of companies and business operations attributable to the Trucks & Buses division and of financial services companies to the Daimler Truck Group, which will take place in Argentina, the Netherlands, Belgium, Italy, Spain, Turkey and the United Kingdom in 2022 (“phase 2 transactions”).

In addition, it is planned to establish new financial services entities in further markets, starting with France and Germany, which will successively commence business operations (“foundation phase”).

Important Events in 2021

2021 was an exceptional year for Daimler Truck. We took the step towards corporate independence. At the same time, we continued to work intensively on the technological transformation and pushed forward with our business operations – under the difficult conditions of the COVID-19 pandemic and global supply bottlenecks. The workforce of Daimler Truck has worked passionately worldwide for all who keep the world moving. On the following pages, you can follow the dawn of a new era with the summarized important events of the year 2021.

Important events

Daimler (now Mercedes-Benz Group) plans to split the business into two independent companies and list Daimler Truck on the stock exchange
For details, please refer to the previous comments in the section “The new independence” within the Corporate Profile chapter in the combined management report.

Torc Robotics builds on cloud solutions from Amazon Web Services (AWS)
The Daimler Truck subsidiary Torc Robotics relies on cloud solutions from AWS for testing autonomous trucks (SAE Level 4). The AWS systems provide the scalability and speed needed for secure and stable transmission, storage and computation of all data collected on the move. Torc is conducting tests of the next generation of autonomously driving trucks on the roads of New Mexico and Virginia in the United States. Data processing requirements are increasing with the use of these vehicles, as they generate significantly more data due to improved sensor technology.

Daimler Truck AG and Cummins Inc. plan global collaboration on medium-duty commercial vehicle engines
Daimler Truck AG and the U.S. engine manufacturer Cummins Inc. announced the signing of a memorandum of understanding on February 23, 2021. The content is a global strategic partnership for medium-duty engines. Under the planned strategic partnership, Cummins will invest in the further development of the medium-duty engine platform and its global production and delivery for the vehicle segments, starting in the second half of the decade.

Daimler Truck AG and Volvo Group establish fuel-cell joint venture cellcentric
Daimler Truck AG and the Volvo Group founded the fuel-cell joint venture cellcentric on March 1, 2021. To this end, the Volvo Group acquired 50% of the shares in the existing company Daimler Truck Fuel Cell GmbH & Co. KG for the sum of approximately €0.6 billion on a cash and debt-free basis. On April 29, 2021, Daimler Truck AG and Volvo then unveiled the strategy for their new fuel-cell joint venture, cellcentric. As pioneers in the industry, the companies emphasized their clear commitment to the use of hydrogen-based fuel cells in long-haul trucks and beyond. Cellcentric has the ambition to become one of the globally leading manufacturers of fuel-cell systems. To this end, the Company plans to establish one of the largest production facilities for fuel-cell systems in Europe. Production is scheduled to start in 2025. The partners aim to establish the new joint venture as a leading global manufacturer of fuel cells, contributing to climate-neutral and sustainable transportation by 2050.

John O’Leary becomes new CEO of Daimler Trucks North America
The Board of Management of Daimler Truck AG appointed John O’Leary as the new President and CEO of Daimler Trucks North America (DTNA) with the brands Freightliner Trucks, Western Star Trucks, Thomas Built Buses, Freightliner Custom Chassis Corporation and Detroit Diesel Corporation. On April 1, 2021, O’Leary succeeded Roger Nielsen (60), who retired on April 30, 2021 after 35 years with the Group, including four years as CEO.

Appointment of CEO Daum extended, Joe Kaeser elected to Supervisory Board of Daimler Truck
At its meeting on April 23, 2021, the Supervisory Board of Daimler AG resolved to extend the appointment of the member of the Board of Management Martin Daum. The appointments of Martin Daum (61) as a member of the Board of Management of Daimler AG and as Chairman of the Board of Management of Daimler Truck AG were extended until 2025. In addition, Joe Kaeser was elected to the Supervisory Board of Daimler Truck AG.

Daimler Truck AG restructures management and organization in preparation for future independence
On April 26, 2021, in preparation for the planned spin-off and hive-down from Daimler AG, Daimler Truck AG announced the composition of its new Board of Management and a number of significant organizational changes that took effect on July 1, 2021. In order to accelerate the pace of technological development and better serve the needs of customers in the various regions, Daimler Truck AG decided to realign its business structure. This means that the operating units and brands active globally in the key sales regions of North America (Freightliner, Western Star, Thomas Built Buses), Europe &

Torc Robotics builds on cloud solutions from Amazon Web Services.

Latin America (Mercedes-Benz Trucks), and Asia (FUSO & BharatBenz) will be given greater corporate independence and scope for action in the future. In view of the acceleration towards CO_2-neutral transportation and the rapid development of software and connectivity, Daimler Truck is combining all major technology and powertrain activities in the Truck Technology Board of Management area.

Daimler Truck holds first strategy day for investors and analysts
Daimler Truck held its first Strategy Day on May 20, 2021, at which it outlined its ambitions as an independent company and its plans to realize its full potential, both operationally and financially. The Board of Management of Daimler Truck, led by CEO Martin Daum, presented the strategic priorities as well as the most important financial and technological targets. Daimler Truck made clear its commitment to improving profitability, increasing returns and creating high added value for shareholders as an independent company.

Mercedes-Benz eActros celebrates world premiere
On June 30, 2021, Mercedes-Benz Trucks celebrated the world premiere of its battery-electric eActros for heavy-duty distribution transportation. With the first electric series-production truck with the three-pointed star, the Company is ushering in a new era and emphasizing its clear commitment to locally CO_2-neutral road transportation in driving operation. The series model of the eActros has been driving off the production line in Wörth am Rhein since the fall of 2021.

Pioneering e-infrastructure
As announced on July 5, 2021, the three leading commercial vehicle manufacturers with operations throughout the world, Daimler Truck, TRATON GROUP and Volvo Group, signed a memorandum of understanding to build and operate a public high-performance charging network for battery-electric heavy-duty long-haul trucks and coaches in Europe. The parties' goal is to initiate and significantly accelerate the development of a publicly accessible charging infrastructure. In this way, they want to make a significant contribution to a climate-neutral transport system in the EU.

Future decision for Mercedes-Benz Wörth factory
The Mercedes-Benz plant in Wörth is becoming the center for zero-emission transportation within the Mercedes-Benz truck production network. On July 15, 2021, the management and the works council agreed on key points for the future development and safeguarding of the future of the largest Mercedes-Benz Trucks site. This includes the decision to locate the production of further trucks with CO_2-neutral drive systems in Wörth. In addition to the Mercedes-Benz eActros, the production of other Mercedes-Benz zero-emission trucks such as the eEconic and eActros LongHaul is also scheduled to take place in Wörth in the future.

Overwhelming majority at Shareholders' Meeting in favor of spin-off and hive-down of Daimler Truck
At the virtual Extraordinary Shareholders' Meeting on October 1, 2021, the shareholders of Daimler AG approved the historic realignment of the Company with an overwhelming majority. The spin-off and hive-down of the commercial vehicle business of Daimler and the subsequent listing of Daimler Truck Holding AG as an independent company on the Frankfurt Stock Exchange was supported by 99.90% of the share capital represented.

Battery-electric eActros: Start of series production at the Mercedes-Benz plant in Wörth. Daniela Schmitt, Regional Secretary of the Economy for Rhineland-Palatinate, and Karin Rådström, Member of the Board of Management of Daimler Truck Holding AG for Mercedes-Benz Trucks.

First major order for Mercedes-Benz eActros
Following the start of production of the battery-electric eActros at the plant in Wörth am Rhein in October 2021, Mercedes-Benz has already booked its first major order for 120 vehicles. The Swedish transportation technology company Einride – a leading provider of digitalized, electric and autonomous transportation – plans to deploy the fleet consisting of eActros 300 and eActros 400 models with customers in key European markets. Mercedes-Benz Trucks is set to start delivering the locally CO_2-neutral vehicles for heavy-duty distribution transportation in mid-2022.

Daimler Truck receives solid investment grade credit ratings
On its way to listing on the Frankfurt Stock Exchange, Daimler Truck had turned to S&P Global Ratings (S&P) and Moody's Investor Service (Moody's) to obtain an initial credit rating. On October 28, both rating agencies announced solid investment grade ratings for Daimler Truck. S&P Global Ratings assigned a first issuer rating of BBB+ (outlook stable), Moody's a first issuer rating of A3 (outlook stable).

Daimler Truck and TotalEnergies launch project for joint hydrogen infrastructure
Daimler Truck AG and TotalEnergies signed an agreement on November 10, 2021 to jointly commit to the decarbonization of road-freight transportation in the EU. The partners will cooperate on the development of a hydrogen infrastructure for heavy-duty trucks, thus aiming to enhance the attractiveness and effectiveness of CO_2-neutral road-freight transportation based on hydrogen. The cooperation covers hydrogen procurement, including the associated logistics, the supply of hydrogen to filling stations, the development of hydrogen-based trucks, the establishment of a customer base, and other activities. TotalEnergies has the ambition to directly or indirectly operate up to 150 hydrogen refueling stations in Germany, the Netherlands, Belgium, Luxembourg and France by 2030.

300 FUSO eCanter trucks delivered
On November 15, 2021, Daimler Truck and FUSO eCanter achieved this further e-milestone. Daimler Truck is determined to make every effort to win the race towards zero emissions. A good example of this is the all-electric light-duty truck FUSO eCanter.

Start of business of Financial Services
Business operations of Daimler Truck Financial Services started in December, 2021 with the transfer of operations of Daimler Mobility AG (now Mercedes-Benz Mobility AG) as well as the transfer of the financial service companies of the phase 1 transactions. The figures and statements for 2020 and 2021 included in this document refer to each of the companies named above for complete calendar years.

Daimler Truck launched on the stock exchange as an independent company
Daimler Truck entered a new era on December 10, 2021 with its first day of trading on the Frankfurt Stock Exchange. After the spin-off from Daimler, the day of the first listing symbolizes the departure for Daimler Truck into unrestricted corporate independence. Daimler Truck became a new member of the DAX stock index in the regulated market of the Frankfurt Stock Exchange effective March 21, 2022.

Mercedes-Benz Trucks and Einride conclude the first major order for battery-electric eActros.

Financial performance measures

EBIT
EBIT is used as the measure of operating profit for the Group, the industrial business and the segments. 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 (EBIT) is then calculated, with consideration of selling expenses, general administrative expenses, research and non-capitalized development costs, 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.

To provide a more transparent picture of our ongoing business, we also calculate and report adjusted EBIT for the Group, the industrial business and the segments. 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
As a key influencing factor, return on sales is of great importance for assessing the profitability of the vehicle segments. The adjusted return on sales is calculated as the ratio of adjusted EBIT to revenue. The main factor influencing revenue is unit sales. Based on adjusted EBIT, we also report an adjusted return on sales for the industrial business and the vehicle segments.

Return on equity
For Financial Services, profitability is assessed on the basis of return on equity. The return on equity is calculated as EBIT divided by average segment equity. Based on adjusted EBIT, we also report an adjusted return on equity for Financial Services.

New business
New businesses in an essential performance indicator for Financial Services. The figure indicates the newly concluded contract volume of leasing and financing contracts.

Free cash flow
The free cash flow of the industrial business is of paramount importance for the financial strength of the Daimler Truck Group. In addition to cash flows from operating activities, this also includes cash flows from the 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.

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 activities are another key performance indicator for us. This indicator is used to help make decisions 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 costs, the Group's capitalized development costs are also included.

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 vehicle segments less intra-Group transactions between the segments.

Key performance indicators

Key performance indicators for the Daimler Truck Group within the meaning of German Accounting Standard No. 20 include the following performance measures at Group level: revenue, EBIT and adjusted EBIT, investments in property, plant and equipment, and research and development expenditure (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.

Detailed information on the development of non-financial performance indicators can be found in the chapters Economic Conditions and Business Development, as well as in the Non-Financial Statement of the Group 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 (HGB) can be found in the Corporate Governance chapter in the Annual Report and on the homepage of the Company 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

In the year under review, the global economy recovered strongly from the previous year's deep slump caused by the global COVID-19 pandemic and expanded by approximately 5.5 %. In the industrialized countries, the increasing spread of vaccines allowed a noticeable easing of restrictions, setting in motion a dynamic recovery. But the emerging markets also more than made up for the slump of the previous year. In this environment, world trade also recovered and increased by more than 10 %. However, the ongoing COVID-19 pandemic and regional restrictions led to disruptions in global supply chains and supply bottlenecks in many sectors of the economy, some of which were substantial, resulting in a visible slowdown in the economic recovery and a noticeable rise in inflation across all regions, particularly in the second half of the year.

The United States was also not immune to these developments. After government support measures and transfer payments drove the economic recovery in the first half of 2021, the spread of the delta variant of the coronavirus and worsening supply bottlenecks led to a noticeable slowdown in the rest of the year. The sharp rise in consumer price inflation to about 4.5 % on average for the year also dampened consumer sentiment and purchasing power. Nevertheless, the US economy grew very dynamically overall by approximately 5.5 % in the year under review and was already able to return to pre-crisis levels in the second quarter.

In the euro zone, a severe wave of infections in the six winter months of 2020/21 caused a renewed recession and a weak start to the year. However, thanks to a decrease in the number of infections, restrictions were eased more and more from the second quarter onwards and were lifted completely in some places. This triggered a strong recovery in the summer months. Towards the end of the year, however, supply problems in the industry slowed a further recovery and a renewed flare-up of the COVID-19 pandemic weighed on business and consumer sentiment. Overall, the economy of the euro zone nevertheless grew by just over 5 %, returning to its pre-crisis level at the end of the year. With major differences between the individual member states, consumer prices in the euro zone also rose significantly by around 2.5 % year-on-year.

The Chinese economy was the first major economy to complete the recovery process. But as a result of the »zero covid« strategy, more restrictive monetary and fiscal policy, regulatory interventions, the slowdown in the real-estate sector and the energy shortage triggered by coal shortages, growth noticeably lost momentum over the course of the year. Thanks to positive base effects, however, gross domestic product for the year as a whole still showed a strong increase of about 8 %.

In this context, exchange rates were volatile. The exchange rate of the US dollar against the euro ranged between 1.12 and 1.23 during the year. At year-end, the euro was about 8 % weaker than at the end of 2020. The Japanese yen fluctuated against the euro within a range of 125 to 134; by the end of the year, the euro had strengthened by a good 3 %. The euro lost about 1 % against the Brazilian real and rose by about 67 % against the Turkish lira.

The commercial vehicle market

The robust overall economic situation was reflected in a generally favorable market trend of major **truck sales markets**, although even better developments would have been possible in many places without the semiconductor-related production bottlenecks. In North America, the market for heavy-duty trucks (class 8) grew significantly compared with the low level of the crisis-hit previous year, with growth of approximately 15 %. In the EU30 region (European Union, United Kingdom, Switzerland and Norway), the market for heavy-duty trucks also posted significant growth of about 19 %. Brazil saw a strong market recovery with growth of around 46 %. In contrast, the Japanese market was slightly down, with a decrease of about 5 %.

Important sales markets for **heavy buses** developed rather modestly, with coaches in particular still being strongly affected by the COVID-19 pandemic. The markets of the EU30 region and Brazil were only able to match the weak level of the previous year.

Business development

In the description of our business development, we use the following intensities to describe the quality of changes:

Changes in unit sales are at the previous year's level if they are within a range of -2.0 % to +2.0 %. Changes in a range between -7.5 % and -2.0 % or between +2.0 % and +7.5 % are described as a slight decrease or a slight increase compared to the previous year. If the change is more than +7.5 % or less than -7.5 % compared to the previous year, we classify this as a significant increase or a significant decrease.

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

When comparing the actual figures for financial year 2021 with the forecasts made for 2021, we generally refer to the forecasts communicated at the Capital Market Day in November 2021. In this context, the forecasts in the profit forecast of the stock-exchange prospectus, which were also published in November 2021, correspond to the forecasts in the capital market reporting.

Unit sales

Daimler Truck sold a total of 455,400 vehicles in 2021 (2020: 378,300). The previous year was heavily impacted by the consequences of the COVID-19 pandemic.

The **Trucks North America** segment achieved sales of 162,200 trucks (+16.3%) in 2021 due to market recoveries and despite bottlenecks in supply chains, particularly for semiconductors. In Canada, we increased our unit sales by 16.4% year-on-year, selling 12,400 trucks. In Mexico, we also achieved an increase with sales of 7,700 trucks (2020: 7,000). In Australia, we increased our unit sales by 70.2% to 800 trucks. The Trucks North America segment thus achieved the sales forecast made in the context of the capital market reporting of between 160,000 and 170,000 units.

In the year 2021, the **Mercedes-Benz** segment was able to sell 141,300 vehicles due to market recoveries and despite supply-chain bottlenecks, especially for semiconductors (2020: 117,800). With sales of 34,700 vehicles in Brazil, our main market in Latin America, we sold 37.2% more units than in 2020. Mercedes-Benz achieved higher unit sales than in the previous year also in the EU 30 region with 66,400 vehicles sold (+14.0%). The Mercedes-Benz segment thus achieved the sales forecast made in the context of the capital market reporting of between 140,000 and 150,000 units.

Sales in the **Trucks Asia** segment increased by 30.1% to 143,400 units due to market recoveries and despite bottlenecks in supply chains, particularly for semiconductors. In Indonesia, we achieved an increase of 71.9% with 34,000 trucks sold. We also significantly increased our sales in India, selling 14,600 trucks (2020: 10,100). On the other hand, our sales in Japan decreased to 32,400 units (2020: 39,100). The Trucks Asia segment thus achieved the sales forecast made in the context of the capital market reporting of between 140,000 and 150,000 units.

Sales of Auman trucks, which we produce in China in our joint venture Beijing Foton Daimler Automotive Co., Ltd. (BFDA), decreased significantly to 103,000 units due to the introduction of the China 6 emissions standard (2020: 126,400).

Sales of 18,700 units by the **Daimler Buses** segment in 2021 were at the level of the previous year (-1%). While demand for complete buses decreased year-on-year – in particular due to the continuing consequences of the COVID-19 pandemic – demand for bus chassis increased in the year 2021. For example, our sales in Mexico increased to 2,100 units (2020: 1,500). In Brazil, our main market in Latin America, we achieved a 12.3% increase in unit sales to 6,300 chassis. However, we sold 6,400 complete buses and bus chassis of the Mercedes-Benz and Setra brands in the EU30 region, 13.5% fewer than in the previous year. The Daimler Buses segment thus exceeded the sales forecast made in the context of the capital market reporting of between 17,000 and 18,000 units.

In the year 2021, the **Financial Services** (FS) segment leased or financed about 20% of the Daimler Truck Group's new vehicles in seven markets. At year-end 2021, the segment had a total contract volume of €16.9 billion (+6.0%). This growth was in particular due to positive exchange-rate developments in the United States compared with the previous year. Adjusted for exchange-rate effects, contract volume stabilized with a growth of 0.4%. Financial Services concluded worldwide new financing and leasing contracts in a total amount of €5.8 billion last year (+1.0%). The segment was thus exactly within the corridor for new business of €5 billion to €6 billion that was forecast in the context of the capital market reporting. In the North American region, new financing and leasing contracts were concluded in an amount of €3.9 billion (+1.6%). While new business was at the prior-year level (-1.1%) in the region's largest market, the United States, new business increased significantly in the second largest market, Canada (+13.2%). Contract volume in the region at the end of 2021 was €11.9 billion, which is 4.8% above the level at the end of the previous year. Adjusted for the effects of currency translation, however, contract volume decreased compared with the end of 2020 by 3.1% to €11.0 billion. As of the end of 2021, the Europe and South America region of the FS segment only includes Brazil. The other markets of the phase 2 transactions and the foundation phase are to follow in the coming years in line with the planned acquisition or start-up dates. At €0.8 billion, new business in the region was slightly below the level of the previous year (-5.0%). The region's contract volume of €2.2 billion was significantly higher than in 2020 with a growth of 12.9% (exchange-rate adjusted: 11.8%). This growth was mainly the result of higher volume of dealer floorplan financing. In the Asia & Overseas region, new business at FS stabilized compared to the previous year at €1.1 billion (+3.8%). While new business declined significantly in Japan, Asia's most important market (-16.5%), South Africa more than compensated for this as the only market in Overseas with significant growth (+47.4%). Contract volume in the Asia and Overseas region increased slightly year-on-year by 6.3% (exchange-rate adjusted: 7.4%) to €2.8 billion.

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.

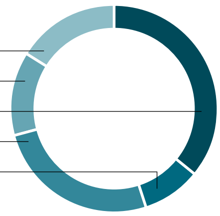
The incoming orders at the **Trucks North America, Mercedes-Benz** and **Trucks Asia** vehicle segments were above the previous year's levels. The order backlog also increased compared to the previous year as orders in the individual segments exceeded production capacities, which were also affected by bottlenecks in the supply chains, especially for semiconductors.

At the **Daimler Buses** segment, incoming orders were also higher than in the prior year, and the order backlog was also above the prior year level.

B.01

Unit sales structure of Daimler Trucks

EU30	16%
Latin America	13%
North America	36%
Asia	26%
Other markets	9%



B.02

Market shares[1]

in %	2021	2020	2021/2020 Change in percentage point
Trucks North America			
North America* Class 8	**40.0**	40.0	0.0
North America* Class 6-7	**35.9**	32.4	3.5
North America* Class 6-8	**38.7**	37.5	1.2
Mercedes-Benz			
EU30** HDT	**18.6**	18.5	0.2
EU30** MDT	**22.6**	26.1	-3.5
EU30** HDT/MDT	**19.1**	19.5	-0.4

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

Investment and research activities

Investment in property, plant and equipment

The Daimler Truck Group's investment in property, plant and equipment totaled €0.8 billion in 2021 and was therefore significantly below the forecast made in the context of the capital market reporting of €0.9 billion to €1.0 billion. The decrease was driven by global supply bottlenecks, for example for machines, equipment and tools. In addition, there were no allocations from Mercedes-Benz Group AG (formerly Daimler AG). Nevertheless, the focus was on the transformation at all segments. Investments were made primarily in new technologies (emission-free vehicles) and the further development of existing products. This also included optimizing fuel efficiency and powertrains. In addition, investments were made in the expansion of sales centers and spare-parts centers. The new Daimler Truck Campus in Leinfelden was completed this year.

Investment in property, plant and equipment at the **Trucks North America** segment amounted to €214 million. The focus was on the further development of existing products (development of a new generation of »vocational trucks« with a focus on Western Star and M2), and on new technologies for trucks and buses (Thomas Built Buses). In addition, a major investment were made this year in a spare-parts center to expand the network and to promote the after-sales business.

Investment in property, plant and equipment at the **Mercedes-Benz** segment was mainly driven by the expansion of a dedicated sales structure, construction of the new Daimler Truck Campus in Leinfelden, the further development of the product portfolio in Latin America, and pandemic-related projects postponed from the previous year. In total, the segment's investment in property, plant and equipment amounted to €353 million in 2021.

Investment in property, plant and equipment at the **Trucks Asia** segment amounted to €128 million in 2021 and was primarily driven by new technologies and the expansion and optimization of infrastructure. Key topics such as electric mobility, digital services, vehicle safety systems and improved fuel efficiency supported the establishment of a sustainable and competitive product portfolio. In addition, investments were made in new sales centers and in the existing plants.

Investment in property, plant and equipment at the **Daimler Buses** segment in the amount of €62 million in 2021 focused on the further development of the European EvoBus services and sales centers, in order to ensure the maintenance of electric vehicles. Investment continued last year in the eCitaro and in chassis for electric buses.

Research and development
We are maintaining our strategic goals and focusing on the transformation also in terms of research and development expenditure (including capitalization). In 2021, for example, topics such as emission-free vehicles, automated driving and the further development of the existing product portfolio played a vital role. For example, we pushed forward with the new »vocational truck« in the United States and the new Actros tractor unit in China. Other key areas were fuel efficiency and powertrain optimization. Research and development expenditure amounted to €1.6 billion. We thus confirmed the forecast for R&D expenditure that was made in the context of the capital market reporting of €1.5 billion to €1.7 billion.

Of the development costs, €176 million was capitalized (2020: €107 million), equivalent to a capitalization rate of 11% (2020: 7%). Amortization of capitalized research and development expenditure amounted to €183 million in the year under review (2020: €225 million).

Research and development expenditure at the **Trucks North America** segment amounted to €467 million. The key topics here were the development of zero-emission vehicles and the further development of existing products (fuel efficiency through new product design and the performance of powertrain functions). Another focus was on the development of the next generation of »vocational trucks« with particular emphasis on the Western Star and M2, in order to secure market leadership in this area.

Research and development expenditure at the **Mercedes-Benz** segment in 2021 focused on emission-free vehicles, powertrain projects for emission standards and the further development of the product portfolios in Latin America. The segment's R&D expenditure amounted to €690 million.

Research and development expenditure at the **Trucks Asia** segment of €204 million focused on the development of the next generation of the all-electric eCanter as well as increasing competitiveness and further developing the existing portfolio.

At the **Daimler Buses** segment, €123 million was invested in research and development in 2021. The focus was on the transformation of the existing product portfolio (emission-free powertrain and the development of new markets, for example, the United States).

Profitability, Liquidity and Capital Resources, Financial Position

In order to provide better insight into profitability, liquidity and capital resources, and financial position, the condensed statement of income, condensed statement of cash flows, and condensed 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 divisions Trucks North America, Mercedes-Benz, Trucks Asia and Daimler Buses, and the reconciliation. Financial Services corresponds to the Financial Services division. 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.

First Consolidated Financial Statements
The consolidated financial statements as of December 31, 2021 and for the financial year from January 1, 2021 to December 31, 2021 (including figures for the previous year) are the first IFRS consolidated financial statements for Daimler Truck Holding AG. The figures for the previous year correspond to the audited, combined consolidated financial statements of the Daimler Truck Business in accordance with International Financial Reporting Standards(“IFRS”), as adopted by the European Union (EU).

Profitability

Statement of income of the Daimler Truck Group
The **revenue** of the Daimler Truck Group amounted to €39.8 billion in 2021 and was significantly above the figure for the previous year (2020: €36.0 billion). The increase in revenue at the Daimler Truck Group resulted primarily from higher unit sales in the vehicle divisions. The revenue of the Daimler Truck Group was thus slightly above the bandwidth of between €37 billion and €39 billion that was forecasted on the Capital Markets Day on November 11, 2021. The adjusted return on sales of the industrial business, at 6.1%, falls within the forecasted bandwidth of between 6% and 8%. ↗ B.03 ↗ B.04

B.03
Revenue by division and region

	2021	2020	21/20
in millions of euros			% change
Daimler Truck Group	39,764	36,013	10
Divisions			
Trucks North America	15,782	13,847	14
Mercedes-Benz	16,113	13,790	17
Trucks Asia	5,969	5,579	7
Daimler Buses	3,211	3,438	-7
Financial Services	1,122	1,207	-7
Reconciliation	-2,433	-1,848	32
Regions			
Europe	13,091	11,940	10
Of which, Germany	5,266	5,151	2
North America	16,216	14,678	10
Of which, United States	13,786	12,558	10
Asia	5,690	6,017	-5
Of which, Japan	3,248	3,812	-15
Latin America	3,011	2,025	49
Other markets	1,756	1,353	30

Cost of sales came to €32.5 billion in the reporting year, an increase compared to the previous year of 6.5%. The increase in cost of sales primarily reflects the higher unit sales.

Overall, **gross profit in relation to revenue** increased from 15.2% to 18.2%. ↗ B.04

Selling expenses increased by €0.1 billion to €2.7 billion. In relation to revenue, selling expenses decreased from 7.3% to 6.8%. ↗ B.04

In the past financial year, **general administrative expenses** increased from €1.5 billion to €1.6 billion. In relation to revenue, general administrative expenses were on prior year level with 4.1%. ↗ B.04

Research and non-capitalized development costs in the year 2021 remained at the level of €1.4 billion (2020: €1.4 billion). They are primarily related to expenditure on research and development activities for the new technologies, including truck automation and connectivity, as well as electric drive with batteries and fuel cells. Another focus is the development of successor generations for existing products, especially in the field of heavy-duty trucks, as well as tailored products and technologies for important growth markets. Research and non-capitalized development costs in relation to revenue decreased from 4.0% to 3.5%. Further information on the Group's research and development activities can be found in the Economic Conditions chapter in the combined management report. ↗ B.04

Other operating income of €1.7 billion was significantly above the level of the previous year (2020: €0.5 billion). In March 2021, the sale of 50% of shares in cellcentric GmbH & Co. KG ("cellcentric") had a positive impact on earnings totaling €1,215 million, of which €624 million is accounted for primarily by the remeasurement of the interest held in the fuel-cell joint venture cellcentric. ↗ B.04

In the 2021 financial year, **profit on equity-method investments, net** of €106.0 million was above the level of the previous year (2020: €47.0 million). The reversal of the impairment loss on the joint venture Beijing Foton Daimler Automotive Co., Ltd (BFDA) had the greatest positive impact, at €75 million. There was a negative effect of €51 million from the equity-method measurement of cellcentric. Furthermore, in September 2021, Daimler Truck sold its 15% interest in KAMAZ PAO to Mercedes-Benz Group AG (formerly Daimler AG), which resulted in a positive impact from the reversal of impairment losses as well as negative effects from the disposal, which led to an overall negative contribution to equity-method earnings. ↗ B.04

Other financial income increased by €124 million to €80 million. ↗ B.04

Earnings before interest and taxes (EBIT) of €3.4 billon in the 2021 financial year was significantly above the figure for the previous year of €0.5 billion. Adjusted EBIT came to €2.6 billion (2020: €0.7 billion). The increase was primarily the result of increased unit sales due to market recoveries and an improved price structure. Exchange-rate changes had a negative net effect. The Daimler Truck Group was thus able to meet the target communicated in its capital market reports and also in the stock-market prospectus with EBIT of between €3.4 billion and €3.8 billion and adjusted EBIT of between €2.3 billion and €2.7 billion. ↗ B.04

The reconciliation from EBIT to adjusted EBIT is shown in table ↗ B.05.

Interest expense improved by €74.0 million to minus €83.0 million. ↗ B.04

The tax expense recorded under **income taxes** increased by €426 million to €891 million. The effective tax rate was 29.8%. ↗ B.04

The **Group's net profit** of €2.4 billion was significantly above the result for the previous year (2020: net loss of €0.1 billion). Of the net profit, €36 million is attributable to **non-controlling interests** (2020: €12 million) and €2.3 billion is attributable to the **shareholders of Daimler Truck Holding AG** (2020: net loss of €0.1 billion). ↗ B.04

Further information on the individual items of the statement of income is provided in Notes 4 ff in the consolidated financial statements.

B.04

Condensed statement of income

	Daimler Truck Group		Industrial business		Financial Services	
	2021	2020	**2021**	2020	**2021**	2020
In millions of euros						
Revenue	**39,764**	36,013	**38,641**	34,806	**1,122**	1,207
Cost of sales	**-32,519**	-30,531	**-31,812**	-29,490	**-706**	-1,041
Gross profit	**7,245**	5,482	**6,829**	5,316	**416**	166
Selling expenses	**-2,722**	-2,625	**-2,625**	-2,512	**-97**	-113
General administrative expenses	**-1,635**	-1,472	**-1,481**	-1,349	**-154**	-122
Research and non-capitalized development costs	**-1,398**	-1,423	**-1,398**	-1,423	**–**	–
Other operating income/expense	**1,681**	526	**1,671**	464	**10**	60
Profit/loss on equity-method investments, net	**106**	47	**106**	47	**0**	0
Other financial income/expense, net	**80**	-44	**82**	-42	**-2**	-2
EBIT	**3,357**	491	**3,184**	501	**173**	-11
Interest income/expense, net	**-83**	-157	**-81**	-154	**-2**	-3
Profit before income taxes	**3,274**	334	**3,103**	348	**171**	-14
Income taxes	**-891**	-465	**-817**	-454	**-74**	-11
Net profit	**2,383**	-131	**2,286**	-106	**97**	-25
thereof attributable to non-controlling interests	**36**	12				
thereof attributable to the shareholders of Daimler Truck Holding AG	**2,347**	-143				
Earnings per share (in euros) based on profit attributable to the shareholders of Daimler Truck Holding AG						
Basic and diluted	**2.85**	-0.17	**–**	–	**–**	–

Revenue and EBIT of the divisions
The revenue of the **Trucks North America** division increase in financial year 2021 due to the significant increase in unit sales by 14.0% to €15,782 million.

The increase in unit sales, particularly in the North America and Australia regions, had a positive impact on gross profit. Additional positive effects resulted from improved effective pricing, as well as the used-vehicle and after-sales business. On the other hand, bottlenecks in the supply chains and additional costs, mainly resulting from higher commodity prices, as well as exchange-rate changes, had a negative impact on earnings. As a result, gross profit in relation to revenue increased from 16.6% to 17.1%. Furthermore, the increase in fixed costs – which in the previous year were at a very low level due to the cost-saving measures as a consequence of the COVID-19 pandemic – had a negative impact on earnings. The adjustments primarily comprise special items of €13 million in connection with the spin-off (2020: €0 million). EBIT amounted to €1,440 million (2020: €1,015 million) and adjusted EBIT was €1,452 million (2020: €1,015 million). At 9.2%, the adjusted return on sales was higher than the adjusted return on sales in the previous year of 7.3%. As a result, the Trucks North America division was able to achieve the target for adjusted return on sales of between 9% and 11% that had been communicated in the capital market reports. ↗ B.05

The revenue of the **Mercedes-Benz** division increased by 16.8% to €16,113 million in the 2021 financial year due to the significant increase in unit sales.

The increase in unit sales, which can be attributed especially to market recoveries in the regions of Latin America and the EU 30 (European Union, United Kingdom, Switzerland and Norway), had a positive impact on gross profit. Additional positive effects resulted from improved effective pricing, from lower expenditure for customer service measures, as well as from the used-vehicle and after-sales business. On the other hand, bottlenecks in the supply chains and additional costs, mainly resulting from higher commodity prices, had a negative impact on earnings. Gross profit in relation to revenue increased from 10.7% to 16.3%. In other operating income, the KAMAZ PAO impairment reversal had a positive effect amounting to €70 million. The adjustments primarily comprise personnel-cost optimization expenses of €113 million (2020: €141 million), the loss on the disposal of KAMAZ PAO of €109 million, as well as special items in connection with the spin-off of €64 million (2020: €0 million).

The division's EBIT was €483 million (2020: (EBIT loss of €372 million) and its adjusted EBIT amounted to €770 million (2020: EBIT loss of €232 million). At 4.8%, the adjusted return on sales was higher than the adjusted return on sales in the previous year of minus 1.7%. The Mercedes-Benz division was thus able to achieve the adjusted return on sales communicated in the capital market reports of between 4% and 6%.
↗ B.05

The revenue of **Trucks Asia** increased in the 2021 financial year due to the significant increase in unit sales to €5,969 million (2020: €5,579 million).

The increase in unit sales, which is essentially attributable to market recoveries in the regions of Indonesia, India and the EU 30, had a positive impact on gross profit. Further positive effects resulted from an improved effective pricing and increased after-sales business. This was offset by the decrease in unit sales in Japan, bottlenecks in the supply chains and additional costs, mainly resulting from higher commodity prices. Gross profit in relation to revenue increased from 18.5% to 20.1%. Furthermore, the impairment reversal on the joint venture Beijing Foton Daimler Automotive Co., Ltd. had a positive effect on earnings. The adjustments primarily comprise special items of €10 million connected with the spin-off.

EBIT amounted to €417 million (2020: €32 million) and adjusted EBIT was €427 million (2020: €37 million). At 7.2%, the adjusted return on sales was higher than the adjusted return on sales in the previous year of 0.7%. As a result, the Trucks Asia division was able to achieve the adjusted return on sales communicated in the capital market reports of between 6% and 8%. ↗ B.05

The revenue of **Daimler Buses** decreased in the 2021 financial year by 6.6% to €3,211 million due to negative structural effects.

The division's unit sales were at the level of the previous year. While demand for complete buses dropped in Europe compared to the previous year – especially due to the ongoing consequences of the COVID-19 pandemic – demand in Latin America for bus chassis increased. The structural effect had a negative impact on gross profit. Increased raw-material prices led to additional adverse effects. However, positive effects resulted mainly from the after-sales business. As a result, gross profit in relation to revenue decreased from 15.5% to 10.5%. The reduction of fixed costs had an especially advantageous impact on earnings, which was achieved through strict cost control. The adjustments primarily comprise personnel-cost optimization expenses of €28 million (2020: €0 million), impairments of €27 million resulting from the planned disposal of the minibus company (2020: €0 million) and special items of €20 million in connection with the spin-off (2020: €0 million).

The division posted an EBIT loss of €152 million (2020: EBIT of €67 million) and an adjusted EBIT loss of €77 million (2020: EBIT of €67 million). At minus 2.4%, the adjusted return on sales was lower than the adjusted return on sales in the previous year of 1.9%. As a result, the Daimler Buses division was able to achieve the adjusted return on sales communicated in the capital market reports of between minus 4% and minus 2%.
↗ B.05.

The **reconciliation** of the divisions' 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 divisions.

Items at the corporate level resulted in income of €1,215 million in the 2021 financial year (2020: €0 million). In March, income from the fuel-cell joint venture cellcentric GmbH & Co. KG led to a positive earnings effect of €1,215 million, which is included in the adjustments.

The elimination of intra-Group transactions resulted in an expense in the 2021 financial year of €3 million (2020: income of €38 million).

In 2021, the business development at **Financial Services (FS)** was especially affected by the significant increase of the interest margin and improved cost of risks. New business was slightly higher than in the previous year. On the other hand, contract volume showed a stronger increase than in the previous year, especially due to the positive exchange-rate developments in North America. However, the division's revenue declined slightly compared to the previous year, by 7.0%, mainly due to the lower average contract volume over the year.

Gross profit improved significantly compared to the previous year, in particular due to significantly lower cost of credit risk in North America and an increased interest margin in that region. Cost of credit risk in the previous year were strongly influenced by the development of the COVID-19 pandemic.

Selling expenses decreased compared with the previous year, particularly in North America. General administrative expenses increased significantly, however, especially due to the normalization of the cost situation after the decline caused by the COVID-19 pandemic in 2020, as well as a non-recurring fee for the reregistration of vehicles at the new Australian DTFS company, totaling €18 million. These developments were offset, however, by the significant increase in gross profit.

The significant decrease in other income at Financial Services in 2021 compared to the previous year must be attributed especially to the non-recurring amortization of goodwill of €41 million.

In 2021, income from financial services was reduced by non-recurring special items of €20 million. This mainly comprises the aforementioned re-registration fees in Australia of €18 million.

This leads to EBIT being adjusted from €173 million (2020: EBIT loss of €11 million) to adjusted EBIT of €193 million (2020: EBIT of €2 million). The resulting return on equity was adjusted accordingly from 11.1% (2020: minus 0.7%) to an adjusted return on equity of 12.4% (2020: 0.1%). Hence, due to the developments described above, the Financial Services division was able to significantly exceed the adjusted return on equity of 5% to 7% announced in the capital market reports.

B.05

EBIT of the industrial business

	Industrial business		Trucks North America		Mercedes-Benz	
	2021	2020	**2021**	2020	**2021**	2020
In millions of euros						
Revenue	**38,641**	34,806	**15,782**	13,847	**16,113**	13,790
Cost of sales	**-31,812**	-29,490	**-13,099**	-11,542	**-13,489**	-12,320
Gross profit	**6,829**	5,316	**2,683**	2,305	**2,625**	1,471
Selling expenses	**-2,625**	-2,512	**-310**	-360	**-1,446**	-1,327
General administrative expenses	**-1,481**	-1,349	**-564**	-469	**-552**	-424
Research and non-capitalized development costs	**-1,398**	-1,423	**-467**	-474	**-570**	-544
Other income/ expense	**1,859**	469	**98**	13	**426**	452
EBIT	**3,184**	501	**1,440**	1,015	**483**	-372

	Trucks Asia		Daimler Buses		Reconciliation	
	2021	2020	**2021**	2020	**2021**	2020
In millions of euros						
Revenue	**5,969**	5,579	**3,211**	3,438	**-2,434**	-1,849
Cost of sales	**-4,770**	-4,548	**-2,873**	-2,906	**2,418**	1,826
Gross profit	**1,199**	1,031	**338**	532	**-15**	-22
Selling expenses	**-698**	-640	**-245**	-255	**73**	70
General administrative expenses	**-226**	-301	**-199**	-168	**60**	13
Research and non-capitalized development costs	**-164**	-184	**-108**	-112	**-90**	-109
Other income/ expense	**306**	125	**61**	70	**968**	-191
EBIT	**417**	32	**-152**	67	**996**	-239

B.06
Reconciliation of EBIT to adjusted EBIT

in millions of euros	Trucks North America	Mercedes-Benz	Trucks Asia	Daimler Buses	Financial Services	Reconciliation	Daimler Truck Group
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		8.4
Adjusted return on sales/equity (in %)[1]	9.2	4.8	7.2	-2.4	12.4		6.4
2020							
EBIT	1,015	-372	32	67	-11	-239	491
Legal proceedings (and related measures)	–	–	–	–	–	–	–
Restructuring measures	–	141	6	–	13	7	166
M&A transactions	–	–	–	–	–	–	–
Adjusted EBIT	1,015	-232	37	67	2	-232	657
Return on sales/equity (in%)	7.3	-2.7	0.6	1.9	-0.7		1.4
Adjusted return on sales/equity (in%)	7.3	-1.7	0.7	1.9	0.1		1.8

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, which was carried out on an integrated basis by Mercedes-Benz Group AG (formerly Daimler AG) until the spin-off, is continued in an unchanged manner by the Treasury organization of the Daimler Truck Group for all Group companies within the framework of statutory provisions. 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 (e.g., bank loans, bonds); the Group invests surplus liquidity in the money or capital market, taking expected returns and risks into account.

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 credit facility agreed in 2021 for the interim financing of scheduled capital market transactions (bridge facility).

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 accounts 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 divisions 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, e.g., 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 25 in the consolidated financial statements.

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 automotive 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 automotive 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 vis-à-vis 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 Daimler Truck AG and other Group companies. 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 36 in the consolidated financial statements.

Cash flows

Cash flow provided by operating activities ↗ B.07 in 2021 came to €2.1 billion (2020: €4.2 billion). The overall positive development of net profit was accompanied by a solid development of cash flow management. The main driver of the increase in profit before income taxes was the overall improvement in macroeconomic conditions as a result of the incipient recovery of global markets from the severe impact of the COVID-19 pandemic in the 2020 financial year. While the generally positive economic trends supported revenue at Group level in the first half of 2021, the second half of 2021 showed a mixed performance. Production bottlenecks due to supply chain constraints weakened the market development. Along with higher commodity prices, this considerably negated the positive effects of revenue growth.

The decrease in cash flow provided by operating activities is mainly due to the development of working capital. The scarcity of semiconductor components resulted in higher inventories, especially in relation to heavy-duty trucks in North America and the EU 30 (European Union, United Kingdom, Switzerland, Norway). In addition, trade receivables increased compared to the previous year, corresponding to the development of unit sales. This impact was partially offset by the increase in trade payables in connection with higher market demand for the products of the Group. In the previous year, a reduction in the leasing and sales financing portfolio at Financial Services as a result of the COVID-19 pandemic significantly reduced cash provided by operating activities. In 2021, receivables from financial services increased by €0.8 billion to €16.1 billion. The increase is attributable to the increase in dealer inventory financing through Financial Services, especially on the North American market. The cash flow was positively influenced by the development of exchange rates, especially of the dollar against the euro.

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

The **cash flow from investing activities** ↗ B.07 resulted in a cash inflow of €4.3 billion (2020: cash outflow €2.4 billion). The increase was primarily due to the payment of the cash pooling receivables by the Mercedes-Benz Group (formerly Daimler Group) following the spin-off, which boosted the cash flow from investing activities by €5.3 billion. In addition, the sale of a 50% interest in cellcentric GmbH & Co. KG to the Volvo Group had a significant impact and resulted in a cash inflow of €0.6 billion.

B.07

Consolidated statement of cash flows	Daimler Truck Group		Industrial business		Financial Services	
	2021	2020	**2021**	2020	**2021**	2020
In millions of euros						
Cash and cash equivalents at beginning of period	**1,663**	1,094	**1,556**	1,045	**107**	49
Profit before income taxes	**3,274**	334	**3,103**	348	**171**	-14
Depreciations and amortization/impairments	**1,160**	1,335	**1,110**	1,326	**50**	9
Other non-cash expense and income and income from sale of assets	**-1,361**	-78	**-1,382**	-111	**21**	33
Change in operating assets and liabilities						
Inventories	**-1,307**	870	**-1,309**	876	**2**	-6
Trade receivables	**-348**	350	**-192**	240	**-156**	110
Trade payables	**1,171**	-138	**1,144**	-118	**27**	-20
Receivables from financial services	**66**	1,438	**–**	–	**66**	1,438
Vehicles on operating leases	**186**	339	**179**	324	**7**	15
Other operating assets and liabilities	**-118**	318	**-127**	324	**9**	-6
Dividends received from equity-method investments	**12**	9	**12**	9	**–**	–
Income taxes paid	**-635**	-607	**-524**	-529	**-111**	-78
Cash provided by operating activities	**2,100**	4,170	**2,014**	2,689	**86**	1,481
Additions to property, plant and equipment and intangible assets	**-1,080**	-935	**-1,061**	-926	**-19**	-9
Purchase and revenue from the sale of stock ownership	**468**	-87	**468**	-86	**–**	-1
Acquisition and disposal of marketable debt securities and similar investments	**4,662**	-1,441	**4,669**	-1,419	**-7**	-22
Other cash inflows and outflows	**210**	111	**207**	108	**2**	2
Cash provided by / used for investing activities	**4,260**	-2,352	**4,284**	-2,322	**-24**	-30
Change in financing liabilities	**6,415**	-517	**5,711**	492	**704**	-1,009
Dividends paid	**-26**	–	**-26**	–	**–**	–
Transactions with the Mercedes-Benz Group until the spin-off	**-7,264**	-618	**-2,559**	-576	**-4,704**	-42
Internal equity and financing transactions	**–**	–	**-4,165**	329	**4,165**	-329
Cash provided by / used for financing activities	**-875**	-1,135	**-1,040**	246	**165**	-1,381
Effect of exchange-rate changes on cash and cash equivalents	**96**	-114	**90**	-100	**6**	-14
Cash and cash equivalents at end of period	**7,244**	1,663	**6,904**	1,556	**340**	107

The **cash flow from financing activities** ↗ B.07 resulted in a cash outflow of €0.9 billion (2020: €1.1 billion). The change compared to the previous year was partly to the increase in the financing liabilities and partly to payments related to transactions with the Mercedes-Benz Group. Loans to third parties and to the Mercedes-Benz Group were repaid by raising funds in the capital and banking markets. Outside financing was carried out by issuing bonds in the United States and Canada and also by additional use of the syndicated credit line agreed with several banks. As of December 31, 2021, financing liabilities increased to include non-controlling interests of €0.2 billion held by the Gamma OHGs und EvoBus OHG. The settlement of cash-pooling liabilities with the Mercedes-Benz Group resulted in a cash outflow of €0.1 billion.

Transactions with the Mercedes-Benz Group resulted in a cash outflow of €7.3 billion. This cash outflow is essentially composed of payments for the acquisition of financial services companies and business units (€11.2 billion) and industrial companies and business units (€1.4 billion). The cash outflows were partially offset by equity and liquidity measures of Mercedes-Benz Group AG pursuant to the demerger agreement totaling €5.4 billion.

Compared with December 31, 2020, cash and cash equivalents increased by €5.6 billion, taking the effects of currency translation into account. Cash and cash equivalents reflect the inflows from loans taken out in the United States and Canada, the equity and liquidity measures of Mercedes-Benz Group AG pursuant to the demerger agreement, the settlement of cash pooling accounts and, in the opposite direction, cash outflows to the Mercedes-Benz Group. In the settlement of the cash pooling accounts, the balances of the Daimler Truck companies at the in-house banks of Daimler AG were transferred to the new in-house banks of the Daimler Truck Group by means of net-based settlement payments (“peak offset”). Liquidity, which also includes marketable debt securities and similar financial investments, decreased by €0.1 billion to €7.4 billion.

The measure used by Daimler Truck for the financial strength of its industrial activities is the free cash flow of the industrial business ↗ B.08, 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. 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 2021, the **free cash flow of the industrial business** amounted to €1.6 billion, and hence it met the target announced in the capital market reports of at least €1.5 billion. The free cash flow of the industrial business was €0.2 billion below the figure for the previous year, which was €1.8 billion.

The reduction in free cash flow in the industrial business by €0.2 billion to €1.6 billion is mainly attributed to the global impact of the semiconductor bottlenecks. Although earnings in the first half of the year were well above the level of the prior-year period, the effects of the bottlenecks became apparent during the second half, and despite high customer demand and measures to actively manage working capital, it was not possible to maintain the trend of the first six months.

For a more transparent presentation of the ongoing business, we identify and report an adjusted **free cash flow of the industrial business** B.06. The adjustments from M&A transactions had a positive impact from the fuel-cell joint venture cellcentric GmbH & Co. KG. This was opposed by M&A transactions in connection with Project Focus. Additional adjustments resulted from restructuring measures. The adjusted free cash flow of the industrial business resulted in a cash inflow of €1.3 billion (2020: €1.8 billion).

B.08

Free cash flow of the industrial business

	2021	2020	21/20
in millions of euros			Change
Cash flow from operating activities	2,014	2,689	-675
Cash flow from investing activities	4,284	-2,322	6,606
Change in marketable debt securities and similar investments	-4,669	1,419	-6,088
Rights of use	-85	-49	-36
Other adjustments	12	44	-32
Free cash flow of the industrial business	1,556	1,781	-225
Restructuring measures	143	–	+143
M&A transactions	-392	–	-392
Adjusted free cash flow of the industrial business	1,308	1,781	-473

In the 2021 financial year, the **free cash flow of the Daimler Truck Group** resulted in a cash inflow of €1.6 billion (2020: €3.2 billion). Based on the gross cash flow, the so-called free cash flow is derived for the industrial business, taking into consideration changes in the working capital, net investment and changes in the assets held for sale. The negative development of the free cash flow of the industrial business, in comparison to the previous year, is mainly due to deterioration of the working capital. There was an effect on 2021, however, from the cash inflows (net) resulting from the sale of shares in cellcentric GmbH & Co. KG to the Volvo Group. In addition to the effects from the free cash flow of the industrial business, the free cash flow of Daimler Truck Group is particularly influenced by the leasing and sales financing business of Financial Services.

B.09
Reconciliation of CFBIT to free cash flow of the industrial business

	2021	2020
In millions of euros		
CFBIT of the industrial business	**2,160**	2,502
Income taxes paid/refunded	**-524**	-529
Interest paid/received	**-51**	97
Other reconciliation items	**-29**	-95
Free cash flow of the industrial business	**1,556**	1,781

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 divisions. 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 divisions, the other reconciliation items include items that are attributable to the industrial business but for which the divisions are not responsible. Table ↗ B.07 shows the reconciliation from the CFBIT of the automotive divisions 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 rights of use. Table ↗ B.08 shows the composition of CFBIT for the Daimler Truck Group. Table ↗ B.09 shows the reconciliation from CFBIT to adjusted CFBIT and the **adjusted cash conversion rate**.

An adjusted cash conversion rate of 0.8 was achieved for the industrial business of the Daimler Truck Group. This is significantly lower than the figure in the previous year, which was 3.8.

B.10
CFBIT

	Industrial business	
	2021	2020
In millions of euros		
EBIT	**3,184**	501
Change in working capital	**-356**	1,083
Net financial investments	**505**	-78
Net investments in property, plant and equipment and intangible assets	**-1,069**	-869
Depreciations and amortization/impairments	**1,110**	1,326
Other	**-1,214**	539
CFBIT	**2,160**	2,502

B.11
Reconciliation to adjusted CFBIT

	Industrial business	
	2021	2020
In millions of euros		
CFBIT	**2,160**	2,502
Restructuring measures	**143**	–
M&A transactions	**-392**	–
Adjusted CFBIT	**1,912**	2,502
Adjusted EBIT	**2,359**	655
Adjusted cash conversion rate[1]	**0.8**	3.8

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.12 is calculated as the balance of cash, cash equivalents and marketable debt securities and similar investments included in liquidity management, less the currency-hedged repayment amount of financing liabilities.

B.12
Net liquidity of the industrial business

in millions of euros	12/31/2021	12/31/2020	21/20 Change
Cash and cash equivalents	6,904	1,556	+5,348
Marketable debt securities and similar investments	99	5,812	-5,713
Liquidity	7,003	7,368	-365
Financing liabilities[1]	-966	-5,928	+4,962
Market valuation and currency hedging for financing liabilities	-14	129	-143
Financing liabilities (nominal)	-980	-5,798	+4,819
Net liquidity	6,024	1,570	+4,454

1 As of December 31, 2020, this includes cash-pooling liabilities and loan liabilities with the Mercedes-Benz Group

To the extent that intra-Group refinancing of the financial services business is carried out by companies of the industrial business, this is deducted in the determination of the net debt of the industrial business.

Compared with December 31, 2020, the net liquidity of the industrial business increased by €4.5 billion to €6.0 billion. The increase is attributable to the positive free cash flow of the industrial business in an amount of €1.6 billion, and also to the cash payment of €5.4 billion by the Mercedes-Benz Group AG in the context of equity and liquidity measures pursuant to the demerger agreement. There was a negative impact, however, from purchase price payments less refinanced financial liabilities for the acquisition of companies and business units by Financial Services, as well as €1.4 billion for the acquisition of companies and business units in the industrial business.

At the Group level, net debt, which mainly resulted from the refinancing of the leasing and sales financing business, decreased compared to December 31, 2020 by €3.7 billion to a level of €-9.2 billion. ↗ B.13

B.13
Net debt of the Daimler Truck Group

in millions of euros	12/31/2021	12/31/2020	21/20 Change
Cash and cash equivalents	7,244	1,663	+5,581
Marketable debt securities and similar investments	139	5,841	-5,702
Liquidity	7,383	7,504	-121
Financing liabilities[1]	-16,599	-20,549	+3,950
Market valuation and currency hedging for financing liabilities	-14	129	-143
Financing liabilities (nominal)	-16,613	-20,419	+3,806
Net debt	-9,230	-12,915	+3,685

1 As of December 31, 2020, this includes cash-pooling liabilities and loan liabilities with the Mercedes-Benz Group.

Contingent liabilities and other financial obligations

As of December 31, 2021, the best estimate of **contingent liabilities** amounted to €612 million (2020: €589 million).

In context of its usual business activity, the Group has entered into **other financial obligations** of €290 million (2020: €165 million), which are beyond the liabilities shown in the consolidated statement of financial position as of December 31, 2021,

These mainly result from the obligations under the spin-off and hive-down agreement to acquire certain so-called “Phase 2” companies from Mercedes-Benz Group AG. The expected total purchase price is €1.3 billion.

In addition, other financial obligations exist following the hive-downs from Mercedes-Benz Group AG in 2019 and 2021 (subsequent liability).

At both December 31, 2021 and December 31, 2020, the Daimler Truck Group had issued irrevocable loan commitments that had not been not utilized as of those dates.

Detailed information on contingent liabilities and other financial obligations can be found in Note 34 in the consolidated financial statements.

Refinancing The financing transactions carried out by Daimler Truck in the 2021 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).

In the year under review, the situation on the bond markets continued to be characterized by supportive measures taken by central banks. Overall, this led to a favorable refinancing environment for issuers with continued moderate risk premiums in the investment grade range. In 2021, the Group covered its refinancing requirements by issuing bonds and asset-backed securities (ABS) transactions. In the United States and Canada, this takes the form of so-called benchmark issues (bonds with a high nominal volume) by Daimler Trucks Finance North America LLC and Daimler Trucks Finance Canada Inc.

Another important source of refinancing in the 2021 financial year was **bank loans**. 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 line**, of €5.0 billion with a term until 2026. The facility includes a renewal option twice for one year at a time.

Daimler Truck does not intend to utilize that credit facility.

Moreover, in August 2021, a credit line of €13.0 billion was concluded (bridge facility), which serves to provide interim financing for future capital market transactions and will be reduced when they have been implemented. After capital market transactions were carried out in December 2021, the originally agreed amount was reduced to €7.0 billion as of December 31, 2021, of which €1.8 billion was utilized.

Both of the aforementioned credit lines were available to the Daimler Truck Group upon implementation of the demerger agreement in December 2021.

B.14

Benchmark issuances

Issuer	Volume	Month of issue	Maturity
Daimler Trucks Finance North America LLC	US$500 million	Dec. 2021	June 2023
Daimler Trucks Finance North America LLC	US$1,350 million	Dec. 2021	Dec. 2023
Daimler Trucks Finance North America LLC	US$1,400 million	Dec. 2021	Dec. 2024
Daimler Trucks Finance North America LLC	US$1,250 million	Dec. 2021	Dec. 2026
Daimler Trucks Finance North America LLC	US$750 million	Dec. 2021	Dec. 2028
Daimler Trucks Finance North America LLC	US$750 million	Dec. 2021	Dec. 2031
Daimler Trucks Finance Canada Inc.	C$800 million	Dec. 2021	Dec. 2023
Daimler Trucks Finance Canada Inc.	C$800 million	Dec. 2021	Dec. 2024
Daimler Trucks Finance Canada Inc.	C$400 million	Dec. 2021	Dec. 2026

B.15

Refinancing instruments

	Average interest rates		Carrying values	
	Dec. 31, 2021	Dec. 31, 2020	**Dec. 31, 2021**	Dec. 31, 2020
		in%		In millions of €
Bonds and liabilities from ABS transactions	**2.31**	1.60	**8,058**	2,130
Liabilities to financial institutions	**3.00**	2.25	**6,241**	3,658
Deposits in the direct banking business	**9.27**	0.40	**552**	264

The carrying amounts of the main refinancing instruments as well as the weighted average interest rates are shown in Table ↗ B.15. As of December 31, 2021, these are mainly related to the following currencies: 53% to USD, 13% to CAD, 12% to BRL and 8% to JPY.

As of December 31, 2021, the total financing liabilities shown in the consolidated statement of financial position amounted to €16.6 billion (2020: €20.5 billion).

Detailed information on the amounts and maturities of the main items of financing liabilities can be found in Note 27 and Note 28 to the consolidated financial statements. Note 28 to the consolidated financial statements also provides information on the maturities of other financial liabilities.

Credit ratings
Daimler Truck received a solid investment grade rating from the rating agencies S&P Global Ratings and Moody's. In October 2021, S&P Global issued an interim long-term investment grade rating, which was rated BBB+ with a stable outlook. After completion of the spin-off in December 2021, the preliminary rating became a long-term issuer rating. Moody's issued an A3 rating also 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 made a positive observation that Daimler Truck has an ambitious profitability roadmap to improve the robustness of its operating performance during industry downturns and to navigate the transformation to zero-emission vehicles.

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 potential of Daimler Truck to increase its margins through efficiency measures and to the conservative financial policy of the Company in combination with a strong liquidity position.

B.16
Rating

	End of 2021
Long-term credit rating	
S&P	BBB+
Moody's	A3
Short-term credit rating	
S&P	A-2
Moody's	P-2

Financial position

Compared with December 31, 2020, **total assets** increased from €50.0 billion to €54.8 billion. The increase includes positive effects of currency translation of €1.7 billion; adjusted for these effects, the increase was €3.1 billion. Financial Services accounted for €17.9 billion of total assets (2020: €16.5 billion), corresponding to 32.7% of all assets at the Daimler Truck Group (2020: 32.9% billion).

The increase in total assets is primarily attributable to higher inventories due to supply-chain bottlenecks, increased investments accounted for using the equity method due to the cell-centric fuel-cell joint venture, higher intangible assets from capitalized rights to use brands, patents and domains, as well as higher cash and cash equivalents. Lower marketable debt securities and similar investments had an opposing effect. On the liabilities side, there were lower financing liabilities due to the end of financing activities with the Mercedes-Benz Group and lower provisions for pensions and similar obligations, while equity and trade payables were higher year-on-year. Table ↗ **B.17** shows the condensed statement of financial position of the Daimler Truck Group as well as the industrial business and Financial Services.

At 51%, current assets as a proportion of the balance sheet total were slightly above the level of the previous year (2020: 50.8%). At 31.6%, current liabilities as a proportion of the balance sheet total were lower than the level of the previous year (2020: 42.7%). Table ↗ **B.18** shows the balance sheet structure by maturity.

Intangible assets of €2.7 billion (2020: €1.7 billion) include €0.7 billion of capitalized development costs (2020: €0.7 billion), €1.4 billion of concessions, industrial property rights and similar rights (2020: € 0.3 billion), as well as €0.6 billion of goodwill (2020: € 0.6 billion). The development costs capitalized in the year under review amount to €176 million (2020: €107 million) and correspond to 11.2% (2020: 7.0%) of the Group's total research and development expenditure. Due to a license agreement between Daimler Truck AG and Mercedes-Benz Group AG for the use of the Mercedes-Benz brand, other intangible assets increased by €932 million (2020: €0 million). This addition is attributable in an amount of €853 million to the Mercedes-Benz division and in an amount of €79 million to the Daimler Buses division. The use of the Mercedes-Benz brand name is free of charge and without any time limits. Due to the indefinite useful life, there is no amortization, but an annual impairment test.

B.17
Condensed statement of financial position

	Daimler Truck Group		Industrial business		Financial Services	
	2021	December 31, 2020	**2021**	December 31, 2020	**2021**	December 31, 2020
In millions of euros						
Assets						
Intangible assets	**2,700**	1,682	**2,688**	1,641	**12**	41
Property, plant and equipment	**7,860**	7,879	**7,784**	7,819	**76**	60
Equipment on operating leases	**3,542**	3,746	**3,294**	3,453	**248**	293
Receivables from financial services	**16,098**	15,269	**–**	–	**16,098**	15,269
Equity-method investments	**1,369**	534	**1,369**	534	**–**	–
Inventories	**7,793**	6,278	**7,783**	6,268	**10**	10
Trade receivables	**3,962**	3,487	**3,647**	3,333	**315**	154
Cash and cash equivalents	**7,244**	1,663	**6,904**	1,556	**340**	107
Marketable debt securities and similar investments	**139**	5,841	**99**	5,812	**40**	29
thereof current	**105**	5,814	**99**	5,811	**6**	3
thereof non-current	**34**	27	**–**	1	**34**	26
Other financial assets	**1,360**	1,252	**897**	1,021	**463**	231
Other assets	**2,733**	2,358	**2,409**	2,090	**324**	268
Total	**54,800**	49,989	**36,874**	33,527	**17,926**	16,462
Equity and liabilities						
Equity	**16,423**	8,708	**14,858**	7,370	**1,565**	1,338
Provisions	**7,161**	7,817	**7,047**	7,721	**114**	96
Financing liabilities	**16,599**	20,549	**966**	5,928	**15,633**	14,621
thereof current	**5,479**	11,805	**-3,185**	4,053	**8,664**	7,752
thereof non-current	**11,120**	8,744	**4,151**	1,875	**6,969**	6,869
Trade payables	**4,359**	3,043	**4,243**	3,013	**116**	30
Other financial liabilities	**4,300**	4,304	**3,887**	4,041	**413**	263
Contract and refund liabilities	**3,419**	2,934	**3,419**	2,934	**–**	–
Other liabilities	**2,539**	2,634	**2,453**	2,520	**85**	114
Total	**54,800**	49,989	**36,874**	33,527	**17,926**	16,462

Property, plant and equipment (including rights to use) of €7.9 billion were at the level of the previous year (2020: €7.9 billion). The lower depreciation due to an adjustment of the economic useful lives as of January 1, 2021, was offset by a decreased in investment in property, plant and equipment from €796 million to €762 million. At our production and assembly plants, investments were primarily made in new technologies (zero-emission vehicles) and in the further development of existing products. In addition, sales and spare-parts centers were expanded.

Investment in property, plant and equipment at the sites in Germany amounted to €280 million (2020: €391 million), including the new Daimler Truck Campus building in Leinfelden-Echterdingen, which was completed in September 2021.

Equipment on operating leases and **receivables from financial services** increased in total to €19.6 billion (2020: €19.0 billion; adjusted for currency translation, there was a decrease of €0.3 billion. The decrease is attributable to lower new business due to production-related supply bottlenecks resulting from the semiconductor shortage. The share of total assets accounted for by the leasing and sales financing business was down from the previous year at 35.8% (2020: 38.0%).

Equity-method investments increased to €1,369 million (2020: €534 million). They mainly comprise the carrying amounts of the investments in the joint venture cellcentric GmbH & Co. KG (cellcentric) and in Beijing Foton Daimler Automotive Co., Ltd. (BFDA). The increase is due mainly to the cellcentric fuel-cell joint venture, in which Daimler Truck AG and the Volvo Group hold equal shares.

Inventories increased from €6.3 billion to €7.8 billion; the share of total assets is also higher year-on-year at 14.2% (2020: 12.6%). The currency-adjusted increase of €1.3 billion is primarily related to work in progress in the vehicle divisions and can mainly be attributed to bottlenecks in connection with semiconductors.

Trade receivables of €4.0 billion were above the figure for the previous year (€3.5 billion). The increase was primarily due to the development of unit sales.

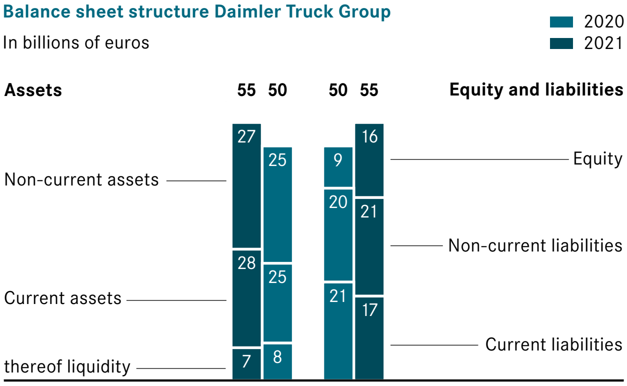
In comparison to the previous year, **cash and cash equivalents** increased by €5.6 billion to €7.2 billion. In this context, the balances of the Daimler Truck companies at the in-house banks of Mercedes-Benz Group AG were transferred to the new in-house banks of the Daimler Truck Group by means of net-based settlement payments ("peak offset").

In contrast, **marketable debt securities and similar investments** decreased compared with December 31, 2020 from €5.8 billion to €0.1 billion. As of December 31, 2021, they include the debt instruments that are allocated to liquidity, most of which are traded in an active market. The majority of liquid assets are held in investments with an external investment-grade rating.

B.18

Balance sheet structure Daimler Truck Group

In billions of euros



At €1.4 billion, **other financial assets** are slightly above the prior-year level (2020: €1.3 billion). They primarily consist of derivative financial instruments, equity and debt instruments, shares in non-consolidated subsidiaries, and loans and other receivables from third parties.

Other assets of €2.7 billion primarily comprise deferred taxes and tax refund claims (2020: €2.4 billion). The increase is mainly due to higher refund claims in connection with sales tax.

The Group's **equity** increased compared to December 31, 2020 from €8.7 billion to €16.4 billion. Positive effects were due to the Group's net profit of €2.4 billion, the effects of currency translation of €0.5 billion, actuarial gains from defined-benefit pension plans of €1.2 billion and transactions with the Mercedes-Benz Group of €3.7 billion. The transactions with the Mercedes-Benz Group mainly comprise the capital contribution by Mercedes-Benz Group AG as part of the capital- and liquidity-raising measures pursuant to the demerger agreement (€5.4 billion) and the purchase price payments for Phase 1 transfers of Mercedes-Benz Group companies to the Daimler Truck Group. Equity attributable to the shareholders of Daimler Truck Holding AG increased accordingly to €15.9 billion (2020: €8.2 billion).

Whereas total assets increased by 9.6%, equity increased by 88.6% compared with the previous year. Accordingly, the Group's **equity ratio** was above the level of the previous year at 30.0% (2020: 17.4%); the equity ratio for the industrial business was 40.3% (2020: 22.0%).

Provisions of €7.2 billion are lower year-on-year (2020: €7.8 billion); at 13.1%, their share of the balance sheet total is also lower year-on-year (2020: 15.6%). Provisions for pensions and similar obligations decreased to €2.5 billion (2020: €3.5 billion). The decrease in the present value of pension obligations to €8.0 billion (2020: €8.6 billion) was offset by the fair value of plan assets to fund these obligations of €6.1 billion (2020: €5.6 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 €1.7 billion (2020: €1.7 billion), for staff and social matters of €1.5 billion (2020: €1.1 billion), for liability and litigation risks and official proceedings of €1.1 billion (2020: €1.0 billion), and other provisions of €0.4 billion (2020: €0.4 billion).

Financing liabilities of €16.6 billion were below the level of the previous year (2020: €20.5 billion). The currency-adjusted decrease of €4.8 billion is mainly attributable to the end of financing activities with the Mercedes-Benz Group in connection with the spin-off and settlement of the cash-pooling liabilities and loans. Of the financing liabilities, 44.0% are related to bonds, 37.6% to liabilities to banks, 4.5% to liabilities from ABS transactions, 3.3% to deposits in the direct banking business, 7.4% to liabilities from leasing relationships and 3.1% to loans to third parties. Compared with the previous year, loans to third parties (in particular to Mercedes-Benz Group AG) were repaid primarily by raising funds in the capital and banking markets. Financing liabilities at the Financial Services companies were determined in the previous year on the basis of a target equity ratio and were replaced in early December 2021 by newly raised refinancing liabilities in the capital market. As of December 31, 2021, financing liabilities include non-controlling interest held by the Gamma OHGs und the EvoBus OHG in an amount of €209 million.

Compared to December 31, 2020, **trade payables** increased by €1.3 billion to €4.4 billion. The increase is mainly attributable to a higher production volume.

Other financial liabilities amounted to €4.3 billion (2020: €4.3 billion). They mainly comprise liabilities from residual-value guarantees, payroll accounting and derivative financial instruments, as well as deposits received and accrued interest on financing liabilities.

Contract and refund liabilities of €3.4 billion were higher than in the previous year at €2.9 billion. They particularly include unrealized revenue from service and maintenance contracts and extended warranties, as well as obligations from sales transactions that fall within the scope of IFRS 15.

Other liabilities of €2.5 billion (2020: €2.6 billion) mainly include deferred taxes, tax liabilities and deferred income.

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 dominated by the COVID-19 pandemic and the related significant disruptions in global supply chains. They affected us, but we adapted our production to the prevailing situation through active management. At the same time, we continued to work intensively on our transformation to CO_2-neutral transportation and on improving our profitability. Not least, we took the step towards our independence.

As the year progresses, demand for our vehicles around the globe is likely to remain quite strong. As a result, we will probably not be able to meet all customer requirements also in 2022. However, it still applies that our business environment is volatile. The uncertainties caused by the Ukraine-Russia War, the COVID-19 pandemic and possible supply chain disruptions will continue to accompany us for the time being.

Daimler Truck Holding AG

(condensed version in accordance with the German Commercial Code (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 provide 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. 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. The financing of the Daimler Truck Group since implementation of the spin-off agreement has been 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). 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, primarily relating to management remuneration and the measurement of equity interests, receivables and liabilities, provisions, financial instruments and deferred taxes.

For Daimler Truck Holding AG as a management company, net profit for the year represents the most significant performance indicator.

The comparative figures in the financial statements are derived from the Company's opening balance sheet. There is no comparative period for the income statement.

Daimler Truck Holding AG was founded on March 25, 2021 with share capital of €50,000.00 – divided into 50,000 new no-par-value registered shares – by Daimler Verwaltungsgesellschaft für Grundbesitz mbH, Schönefeld ("Daimler Grund"), a direct 100% subsidiary of Mercedes-Benz Group AG (formerly Daimler AG), Stuttgart, and was entered in the commercial register on April 12, 2021. During the establishment of Daimler Truck Holding AG, the share capital was fully paid in.

By share purchase agreement of July 8, 2021, all 50,000 shares held by Daimler Grund in Daimler Truck Holding AG were sold and transferred to Daimler AG (now Mercedes-Benz Group AG) with legal effect as of that date. Daimler AG thus temporarily became the sole direct shareholder in Daimler Truck Holding AG.

In the 2021 financial year, the truck and bus business combined in Daimler Truck AG and corresponding parts of the financial services business were separated from the former Daimler Group by means of a spin-off of a majority interest in Daimler Truck AG in accordance with the German Transformation Act (UmwG), and listed shares of Daimler Truck Holding AG were issued to the shareholders of Daimler AG in this way ("Project Focus").

The separation was based on the spin-off and hive-down agreement (hereinafter referred to as the "demerger agreement") concluded between Daimler AG and Daimler Truck Holding AG in notarial form on August 6, 2021.

On the basis of the demerger agreement, the legal separation was carried out in three steps as part of "Project Focus". We explain the relevant steps in the Corporate Profile chapter in the combined management report.

The spin-off and hive-down became effective upon entry in the commercial register of Daimler AG as the transferring legal entity on December 9, 2021. All 822,951,882 no-par-value shares have been admitted to trading on the regulated market of the Frankfurt Stock Exchange since December 9, 2021 with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange, and have been traded there since December 10, 2021.

As part of the spin-off of shares held by Daimler AG in Daimler Truck AG to Daimler Truck Holding AG on December 9, 2021, the control and profit-and-loss transfer agreement in place between Daimler AG and Daimler Truck AG was also spun off to Daimler Truck Holding AG, as the new controlling company. The transfer of the control and profit-and-loss transfer agreement to Daimler Truck Holding AG took place with economic effect as of January 1, 2021 (spin-off date). The profits arising at Daimler Truck AG are therefore transferred to Daimler Truck Holding AG, while any losses arising at Daimler Truck AG are to be offset by Daimler Truck Holding AG.

As part of "Project Focus", the Daimler Truck Group established its own global cash management structure. As part of the new centralized financial and liquidity management system at Daimler Truck AG, the cash and cash equivalents of the parent company and subsidiaries are transferred to accounts at Daimler Truck AG, where they are invested at interest. In this respect, Daimler Truck AG serves as an in-house bank and maintains inter-company financial accounts (IC accounts; separate accounts for separate currencies, where applicable) on which the credit balances or excess liabilities of the cash management participants are reported as payables to or receivables from the parent company or subsidiaries. Daimler Truck Holding AG is also a participant in the cash management system.

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 €1,218 million.

As the spin-off took effect at the beginning of December 2021, business operations only commenced in that month. This, combined with reimbursements in the context of "Project Focus", results in an operating loss of €12 million.

Income taxes amount to €0 million.

Net profit amounts to €1,206 million. It will be proposed to the Annual Shareholders' Meeting that the net profit of €1,206 million be transferred to retained earnings and that no dividend be distributed. Since the net profit is completely at the disposal of the Annual Shareholders' Meeting, no distributable profit is reported.

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. The economic position of Daimler Truck Holding AG therefore basically corresponds to that of the Daimler Truck Group, which is explained in the Profitability, Liquidity and Capital Resources, Financial Position chapter in the combined management report.

B.19
Condensed income statement of Daimler Truck Holding AG)

In millions of euros	March 25, 2021 – December 31, 2021
Revenue	1
Cost of sales	-
General administrative expenses	-14
Other operating income/expense	1
Operating loss	**-12**
Profits received due to a profit transfer agreement	1,218
Income taxes	0
Net profit	**1,206**

Liquidity and capital resources and financial position

The **balance sheet total** amounts to €16,371 million.

Non-current assets amount to €15,100 million and consist exclusively of the 100 % equity interest in Daimler Truck AG reported under financial assets, which was acquired in the context of the spin-off.

Receivables and other assets amount to €1,271 million and mainly comprise receivables from subsidiaries of €1,257 million resulting from the control and profit-and-loss transfer agreement with Daimler Truck AG with an amount of €1,218 million.

Cash and cash equivalents amount to €0. Due to the cash management structure (see above), the operating bank account of Daimler Truck Holding AG is balanced daily.

The **cash outflow from operating activities** amounted to €14 million in financial year 2021.

The **cash flow from investment activities** in financial year 2021 totaled €0.

The **cash inflow from financing activities** of €14 million was mainly due to clearing transactions within the Group in the context of the central financial and liquidity management.

The **equity** of Daimler Truck Holding AG totals €16,306 million.

The share capital amounts to €823 million and is divided into 822,951,882 no-par-value registered shares. In connection with the establishment of Daimler Truck Holding AG, 50,000 of the shares were fully paid in.

As of December 31, 2021, the capital reserve amounts to €14,277 million. This amount is attributable to the aforementioned spin-off and contribution transactions and an additional payment by Daimler Grund. To the extent that the purchase costs exceed the minimum issue amount of the new shares (increase in share capital of 822,901,882 no-par-value registered shares), these excess amounts (€14,277 million) are placed in the capital reserve pursuant to Section 272 Subsection 2 No. 1 of the German Commercial Code (HGB).

Provisions total €10 million and are primarily due to other legal obligations (€7 million) as well as the obligation to prepare annual financial statements and have them audited (€2 million).

Liabilities amount to €55 million and mainly comprise liabilities from the VAT tax group (€32 million) and from clearing transactions within the Group in the context of central financial and liquidity management (€14 million).

B.20
Balance sheet structure of Daimler Truck Holding AG

	Dec. 31, 2021	Mar. 25, 2021
	In millions of euros	In thousands of euros
Assets		
Financial assets	15,100	0
Non-current assets	15,100	0
Contributions called up but not yet paid in	0	50
Receivables and other assets	1,271	–
Cash and cash equivalents	0	–
Current assets	1,271	50
	16,371	50
Equity and liabilities		
Capital subscribed to establish the Company	0	50
Subscribed capital	823	–
Capital reserve	14,277	–
Retained earnings	–	–
Net profit	1,206	–
Equity	16,306	50
Other provisions	10	–
Provisions	10	–
Liabilities to subsidiaries	49	–
Other liabilities	6	–
Liabilities	55	–
	16,371	50

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 of its subsidiaries and associated companies. 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 Risks and Opportunities Report chapter 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. The potential impact and probability of occurrence of the risks are assessed as low based on the criteria stated in the Risks and Opportunity Report chapter of the combined management report.

Subsequent liability

Pursuant to Section 133 Subsections 1 and 3 of the German Transformation Act (UmwG), Daimler Truck Holding AG is jointly and severally liable with the Mercedes-Benz Group AG (formerly Daimler AG) for the fulfillment of liabilities that remained with Mercedes-Benz Group AG, which also include liabilities derived from subsequent liability, and which were incurred prior to the spin-off and hive-down 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, 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 (BetrAVG) 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 recognized in this context, in particular the procedure for regulating the internal settlement between the legal entities involved, are set out in the Group separation agreement, which forms a schedule to the demerger agreement.

The potential obligations from subsequent liability pursuant to Section 133 of the German Transformation Act (UmwG) and from the risks arising from the internal settlement between Mercedes-Benz Group AG and Daimler Truck Holding AG amount to €55,828 million for Daimler Truck Holding AG (of which €30,750 million is due in 2022).

On the basis of the current assessment, an actual cash outflow 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 the year 2022, we expect the net profit of Daimler Truck Holding AG to be significant below the level of the 2021 financial year. In particular, we anticipate a significant lower 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 Outlook chapter in the combined management report, which in particular also reflect the expectations for the parent company.

Non-Financial Statement of the Group

The content of this section was not submitted to an audit of its contents in the context of the statutory external 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, part of which is presented in this section, to obtain limited assurance.

We are publishing the non-financial statement of the Group in accordance with the provisions of the German Commercial Code (HGB). This applies to the Daimler Truck Group (Section 315b of the HGB). Reporting is carried out for financial year 2021 under the umbrella of the company Daimler AG (now Mercedes-Benz Group AG) until December 9, 2021, and then for the period after the spin-off took effect on December 9, 2021 as an independent company. The Group's non-financial statement contains the main information on the aspects of environmental, employee and social matters, combating corruption and bribery, and respect for human rights. The information provided in this declaration is presented following the GRI Standards of the Global Reporting Initiative (GRI), insofar as this complies with the applicable legislation. Some aspects are presented in accordance with internal guidelines and definitions. Information on risks associated with the aspects presented in this report is provided in the Risk and Opportunity Report in the combined management report. For the first time, the EU Taxonomy is also part of the non-financial statement of the Group.

Sustainability at Daimler Truck

At Daimler Truck, sustainability means generating sustainable economic, environmental and social value added for our stakeholders: i.e., our customers, employees, investors, business partners and society as a whole. We put vehicles that have a future on the road – for all those who keep the world of tomorrow moving. That is our ambition in terms of sustainability.

Sustainable business strategy
The sustainable business strategy of Daimler Truck builds on a foundation we laid together with the former Daimler AG. This means that sustainability aspects not only complement the business strategies of Daimler Truck but are integral parts of them. As part of our sustainable business strategy, Daimler Truck focuses on environmental, social, and governance aspects of its work. As Daimler Truck, we want to strengthen this commitment to the environment and society with corporate governance as part of an ESG system (environmental, social, governance).

Due to the spin-off from the former Daimler AG, we will be able to continue focusing with our sustainable business strategy even more strongly on the worldwide truck and bus business.

Daimler Truck pays attention to the economic, ecological and social impact of its business operations, not only at its production sites but also with regard to the entire upstream and downstream value chain.

Our strategic goals in the Group-wide areas of action are guided by the sustainable development goals (SDGs) – especially the SDGs 8 and 9, as well as 11 to 13 – which we had already focused on under the umbrella of the former Daimler AG. They also take recognized international frameworks, the requirements of our external and internal stakeholders, and global trends into consideration. The Group-wide areas of action as well as responsibilities, business-specific targets, processes and measures are also based on this prioritization.

In the reporting year, at the former Daimler AG, we identified six essential topics to focus on: climate protection and air quality, conservation of resources, sustainable urban mobility, safe transportation, responsible use of data and human rights.

At Daimler Truck, we have identified the following focus topics:

Climate protection: Daimler Truck would like to make an important contribution to fighting climate change and is therefore making an important contribution for a CO_2-neutral future of goods and passenger transportation. CO_2-neutral transportation on the roads by 2050 is our foremost goal.

Traffic safety: We pursue the vision of accident-free driving and are developing automated driving while taking social and ethical aspects into account.

Data responsibility: Sustainable, data-based business models are our future. We use them to focus on the needs of our customers. In so doing, we handle data responsibly.

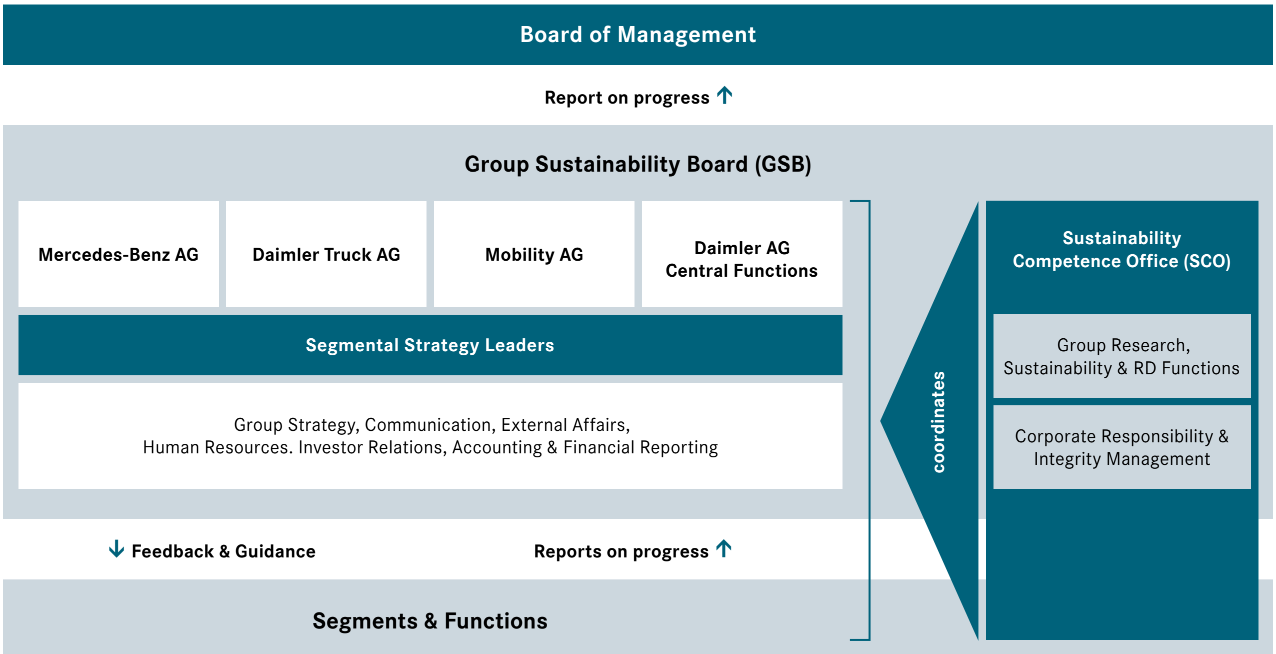
Human rights: We have the clear ambition to ensure that human rights are observed in all our companies and are also respected by our partners and suppliers. We only want to offer products that have been produced in accordance with human rights.

In order to implement these aspirations in the future, we rely on trusting cooperation with our partners in business, politics and civil society.

We also rely on the commitment of our workforce who are shaping the change with us.

B.21

Governance Structure of the former Daimler AG



Materiality analysis
To determine which sustainability topics are relevant to Daimler Truck as part of the former Daimler Group and for its stakeholders, a comprehensive materiality analysis was carried out in 2020 under the umbrella of Daimler AG. The results of that analysis are also valid for the current reporting of Daimler Truck.

In addition to the existing strategic areas of action, the 2020 materiality analysis also examined other potentially relevant sustainability topics. The analysis consisted of several components: a comprehensive competitive and media analysis, an evaluation of regulatory requirements and capital market-relevant information, an SDG impact assessment, a broad-based online stakeholder survey, and expert interviews.

As a second step, we transferred and reviewed the sustainability topics resulting from the analysis with regard to the profitability, liquidity and capital resources, financial position, and business development for Daimler Truck in order to define the topics for this non-financial statement of the Group.

Sustainable corporate management
The objectives of our corporate management are to assume economic, ecological and social responsibility. In this process, we aim to the following three principles: sustainable corporate governance, guiding standards for compliance management and clear, transparent reporting.

In 2021, a joint meeting was held with representatives of the Supervisory Board and the Advisory Board for Integrity and Corporate Responsibility of the former Daimler AG. In this context, topics were discussed such as social compliance, sustainable finance and the transformation of the automotive industry and its social aspects – for example, with the balance between climate protection and the preservation of jobs. As an independent company, Daimler Truck will inform the Supervisory Board about sustainability topics in the future. The Supervisory Board and the Audit Committee of Daimler Truck Holding AG will regularly deal with sustainability topics such as the legal requirements of the German Supply Chain Act and sustainability reporting at their meetings.

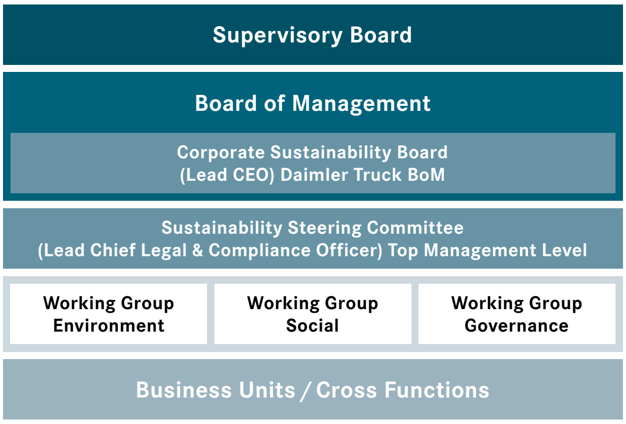
The central management body for sustainability at the level of former Daimler AG, which was also responsible for Daimler Truck AG until the end of November 2021, was the Group Sustainability Board (GSB). It reported to the Board of Management of the former Daimler AG. The Chairman of the Board of Management and other members of the Board of Management were represented on the GSB: Finance, Marketing & Sales, Greater China. The operational work was performed by the Sustainability Competence Office (SCO) of the former Daimler AG, which was staffed by representatives from the Integrity & Legal and Development & Procurement departments as well as Group Strategy and Group Communications. ↗ B.21

In order to underscore our acceptance of responsibility for the environment and society, even before the spin-off from Daimler AG, we at Daimler Truck had already set up future-oriented corporate governance, which includes all business units and determines responsibilities for the main topics of the sustainable business strategy.

The management and organizational structures of Daimler Truck are designed to support our sustainability goals with sustainability governance. The central management and decision-making body (Corporate Sustainability Board) for all sustainability issues will be located at the Board of Management 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 will meet at least twice a year in the future. ↗ B.22

B.22

Daimler Truck Holding AG and Daimler Truck AG Governance Structure



We are guided by the ten principles of the United Nations Global Compact as the fundamental guideline for our business activities. The internal policies and guidelines of Daimler Truck are based on this international reference framework and other international principles. These include the key labor standards of the International Labor Organization (ILO), the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

For the implementation and further development of sustainability topics, the Daimler Truck Group is in the implementation phase of a sustainability steering committee. This committee's members will be senior management representatives from the business units, headed by representatives from various functional units, including Research & Development, Production, Procurement, Corporate Strategy, Human Resources, Finance and Accounting, External Affairs and Corporate Communications. As of 2022, the Sustainability Steering Committee will meet at least once each quarter under the direction of the Chief Legal & Compliance Officer.

Processing the focus areas of the sustainable business strategy will be organized and structured by the respective responsible departments. Progress made and important decisions will be reported or presented to the Sustainability Steering Committee and the Corporate Sustainability Board.

Within the Legal & Compliance department, a sustainability management team deals with the sustainability governance matters for Daimler Truck. Its responsibilities include, besides sustainability reporting, also sustainability strategy, human rights compliance and stakeholder management.

EU Taxonomy

An important objective of the 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 investment, and amending EU Regulation (EU) 2019/2088, (Taxonomy Regulation) entered into force in mid-2020. It 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 proportions of ecologically sustainable economic activities of revenue, capital expenditure and operating expenses are to be reported annually. For Daimler Truck, revenue, capital expenditure and operating expenses pursuant to IFRS form the basis for determining these proportions. 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 German Commercial Code (HGB). Accordingly, Daimler Truck is required to apply the Taxonomy Regulation.

In accordance with an exemption granted by the EU for the initial application period, only the proportions of taxonomy-eligible and non-taxonomy-eligible economic activities of revenue, capital expenditure and operating expenses are to be disclosed for reporting year 2021. Of the first two environmental objectives (climate-change mitigation and climate-change adaptation), for which descriptions of relevant activities and technical screening criteria are already available in the form of delegated acts, the environmental objective of climate-change mitigation in particular is relevant for Daimler Truck. As no specifications have yet been published for the other environmental objectives, so they are not relevant for EU Taxonomy reporting for the reporting year 2021.

Starting 2022, taxonomy alignment will also have to be assessed in addition to taxonomy eligibility.

Solely taxonomy-eligible economic activities can be considered "environmentally sustainable" if they meet certain technical screening criteria. To do so, the economic activities must make a substantial contribution to one of the environmental objectives defined by the Taxonomy Regulation by meeting the technical screening criteria specified in the delegated acts. In addition, on the basis of "do-no-significant-harm criteria" also defined in the delegated acts, significant harm to one of the other environmental objectives must be ruled out and the fulfillment of minimum social safeguards with regard to occupational safety and human rights must be ensured.

With the descriptions of economic activities in the delegated acts, the Taxonomy Regulation specifies which activities are generally taxonomy-eligible. For Daimler Truck, these descriptions have been used as a basis for determining whether and to what extent the economic activities are eligible for taxonomy. In particular, the production of "low carbon" vehicles and activities in the "Transport" sector with "low carbon" transport

B.23
Mandatory reporting

	Turnover		Capital expenditure		Operating expenses	
	Amounts in millions of euros	%	Amounts in millions of euros	%	Amounts in millions of euros	%
Taxonomy-eligible economic activities		100%		100%		100%
Non-taxonomy-eligible economic activities		0%		0%		0%
Total of taxonomy-eligible economic activities and non-taxonomy-eligible economic activities	39,764	100%	2,164	100%	1,644	100%

solutions for passengers and goods were identified as taxonomy-eligible activities. In this context, the Taxonomy Regulation does not include a definition of the term “low CO_2” outside the technical screening criteria.

On February 2, 2022, the EU Commission published the “Draft 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” (Draft Commission notice), a draft document clarifying open questions of interpretation arising from the EU Taxonomy. The answer to question 9 clarifies that the term “low CO_2” is only to be applied to the assessment of taxonomy compliance in the context of the technical screening criteria. Therefore, this terminology has no relevance for the determination of taxonomy-eligible proportions of economic activities for the 2021 reporting period, as the taxonomy eligibility of an economic activity does not yet indicate its environmental sustainability. The production of vehicles with combustion engines is thus also considered taxonomy-eligible. In addition, the answer to question 2 in the Draft Commission Notice states that an economic activity is also characterized by its output. Daimler Truck interprets this statement as meaning that all activities necessary to achieve the output (in this case, the production of vehicles) are also taxonomy-eligible. Therefore, Daimler Truck reports the production of all vehicles at the Group as taxonomy-eligible in financial year 2021.

Mandatory reporting for the EU Taxonomy
Reporting on the EU Taxonomy is shown in ↗ **B.23.**

Scope of the companies to be included
In principle, all consolidated Group companies are included in the calculation of the relevant key figures for Daimler Truck. This does not apply to companies included in the consolidated financial statements using the equity method.

Turnover
The key turnover figure is the ratio of taxonomy-eligible net turnover to total net turnover for the reporting year.

In total, the denominator takes into account the total turnover of the companies to be included. The turnover reported in the statement of income amounts to €39,764 million in the 2021 reporting year (see Note 6 in the consolidated financial statements).

For the numerator, turnover across all Group companies is examined to determine whether it was generated by the production, leasing or financing of vehicles. Turnover not related to the production of vehicles has not been taken into account. On this basis, almost the total turnover can be classified as taxonomy-eligible.

Capital expenditure
The key figure for capital expenditure is the ratio of taxonomy-eligible capital expenditure to total capital expenditure in accordance with the Taxonomy Regulation for the reporting year. The definition of capital expenditure pursuant to the Taxonomy Regulation differs from the internal performance measure used by Daimler Truck.

For the denominator, all additions to intangible assets, leased assets and property, plant and equipment, as well as additions to rights of use assets in accordance with IFRS 16, including additions to the aforementioned assets in the context of business acquisitions, are taken into account. Capitalized research and development costs relate to, among other things, investments in CO_2-emission-free vehicles which have a start of production date within the period stipulated by the Taxonomy Regulation and which are included by the management in the Daimler Truck investment plan (see Note 12 in the consolidated financial statements). Acquired goodwill is not included in the assessment. The relevant additions to the assets to be included amount to a total of €2,164 million in the 2021 reporting year (see Notes 12 and Note 13 in the consolidated financial statements).

As the determination of taxonomy eligibility for an economic activity is based on its output, it follows that all capital expenditure that serves the production of vehicles is also taxonomy-eligible. For the determination of the numerator, capital expenditure is analyzed in terms of whether it is related to the production of vehicles or related to transport solutions for passengers and goods. This is the case for almost all capital expenditure.

Operating expenses
The key figure for operating expenses is the ratio of taxonomy-eligible operating expenses to direct, non-capitalized costs (research and development, building renovation measures, leasing, maintenance and repair) in the reporting year.

The total operating expenses to be included in the denominator comprise the volume pursuant to Annex 1 of the Delegated Act on Article 8 of the EU Taxonomy disclosure requirements. This takes into account the operating expenses of the companies to be included.

For determining the numerator, operating expenses are examined as to whether it is related to the production of vehicles. This is the case for almost the total of operating expenses.

Tax obligations

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

As part of the corporate tax strategy, we particularly pursue the following principles:

- 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).

- In line with the fundamental principle of being a good corporate tax citizen, we pursue legal, active and non-aggressive tax planning based on economic reasons (tax follows business). This means that we, as a company, comply with our responsibility as a taxpayer. We also strive for a cooperative, transparent and constructive relationship with the tax authorities. In this regard, we safeguard our legal positions and represent our interests wherever we consider this to be appropriate and legitimate.

The Group's tax strategy defines the framework for action and is concretized and implemented through organizational and content-oriented guidelines, specifications and instructions.

The tax guidelines regulate the responsibilities, tasks and duties of the persons entrusted with tax matters at Daimler Truck. In addition, they provide concrete implementation guidelines for legal compliance, in the course of which our employees' awareness of tax-related issues is enhanced. 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 as defined in the internally applicable rule-violation guidelines.

In order to ensure tax compliance throughout the group, the former Daimler AG put in place a Tax Compliance Management System (Tax CMS), which is also applicable for Daimler Truck. The Tax CMS is a distinct subsection of our general Compliance Management System and it has continued as such at Daimler Truck since the spin-off.

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 – for example, 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 did not become aware of significant violations of tax legislation.

Risk and opportunity management
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 at the Company. The ESG-related risks and opportunities that are linked to our own business activities and the 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 is no occurrence of serious non-financial risks.

Compliance
We are convinced that only those who act ethically and legally responsibly will remain successful in the long term. This is particularly true in the times of upheaval and change that we are currently experiencing. Integrity and compliance with rules therefore have high priority at Daimler Truck.

The goal here is to avoid potential risks that may arise from unethical conduct, thus contributing to the long-term success of the Group.

Integrity
New fields of business develop, and innovative technologies raise unfamiliar questions – both ethical and legal. In addition, the COVID-19 pandemic has led to profound changes around the world. In such times of change and uncertainty, value-led action is particularly important.

Accordingly, integrity is a key element of our corporate culture. To us, this does not only mean complying with applicable legislation and regulations. We also base our actions on common principles developed by the former Daimler AG. These include, in particular, fairness, responsibility, respect, openness and transparency.

In this respect, the Code of Conduct of the former Daimler AG, which was also adopted by Daimler Truck after the spin-off and applies throughout the Group, serves guidance. It serves as a common set of values, sets the guidelines for our actions and helps us make the right decisions – because acting with integrity is especially important in situations where there are no clear guidelines or where these can be interpreted differently.

Our Code of Conduct has binding effect on all employees of the controlled Group companies of Daimler Truck Holding AG. Under the umbrella of the former Daimler AG, employees from various corporate units wide contributed to its compilation. The Code of Conduct is available in ten languages and includes regulations on corruption prevention, observation of human rights, data handling, product safety and compliance with technical regulations. The employees of Daimler Truck can access our Code of Conduct in the uniform policy database and on the intranet with all important information, such as FAQs, points of contact and contact persons.

We have also formulated specific requirements for our managers in the Code of Conduct. We particularly expect them to live up to their function as role models through ethical conduct and to provide guidance to employees.

At the former Daimler AG, to which Daimler Truck belonged until the spin-off, the topics of integrity, compliance and legal affairs were brought together under a single board of management member. The Integrity Management department of the former Daimler AG also supported Daimler Truck in the reporting period until the spin-off with promoting and continuing to foster integrity within the Group and in creating a common understanding of what integrity is.

To promote a corporate culture of integrity, the former Daimler AG operated an integrity info point since 2015. Daimler Truck has adopted this approach, and will develop a digital and text-based dialog system, the so-called chatbot, in the future. This system is intended to serve the employees of the Group companies as a central point of contact for questions relating to ethical behavior and compliance. In addition, the employees of Daimler Truck, also after the spin-off from the former Daimler AG, have access to a worldwide network of local contacts for integrity, compliance and legal issues. It evaluates the requests of our employees and, where necessary, initiates appropriate action.

Our employees in the head office and in the controlled companies of the Daimler Truck Group regularly complete mandatory web-based training on integrity, which is based on the Code of Conduct. Managers are role models and therefore take on a special role with regard to integrity, compliance and legal affairs. To provide them with support, the training program also includes a special mandatory management module.

Value-based compliance management
Valued-based compliance is an indispensable element of the day-to-day business of Daimler Truck and as such is firmly anchored in the corporate culture. We are clearly committed to acting responsibly. We expect our employees to comply with legislation, regulations and voluntary commitments, and to live our corporate values. We have laid this down as a binding requirement in our Code of Conduct.

With our Compliance Management System (CMS), we aim to promote compliance with legislation and policies within the Group and to prevent misconduct. Appropriate measures have been defined by our compliance and legal organizations and are designed to take appropriate account of the business requirements.

Focus areas of compliance management
Already before the spin-off from the former Daimler AG, we at Daimler Truck placed a key focus on compliance and compliance management systems, and integrated them into our departments.

Fighting against corruption. Daimler Truck is committed to fighting corruption – because it harms fair competition, companies and our Group. In this context, our measures to prevent corruption go beyond compliance with national legislation. We are also guided by the OECD Convention against Bribery of Foreign Public Officials (1997) and the UN Convention against Corruption (2003). Our corruption prevention compliance program is based on our Group-wide CMS.

Promotion of fair competition. Our Group-wide antitrust compliance program is aligned with national and international standards to maintain fair competition. It comprises a globally applicable Daimler Truck Group standard that bindingly defines how antitrust issues are to be assessed.

With advisory services, guidelines and practical aids, we support our employees worldwide in recognizing critical situations under antitrust legislation and acting in compliance with rules. The management of each Group company is primarily responsible for the development and implementation of these measures. In particular, entities that are exposed to a potentially higher risk must also systematically assess on a regular basis as to whether the locally implemented antitrust compliance measures are appropriate and effective. In addition, the Legal and Corporate Audit departments under the umbrella of the former Daimler AG carried out audit monitoring actions in our segments. These will be continued by Daimler Truck.

Compliance with technical regulatory requirements. At Daimler Truck we define technical compliance as adherence to technical regulatory requirements, standards and laws. In this respect, we take into consideration the fundamental objectives of the laws and regulations as well as internal development specifications and processes. Our goal is to identify risks in the product creation process (i.e., in product development and certification) at an early stage and to counter them preventively. In order to achieve this, a technical Compliance Management System (tCMS) was established under the umbrella of the former Daimler AG in our vehicle segments, and it is also applicable for Daimler Truck. In this way, we want to ensure that at Daimler Truck we comply with all statutory and regulatory requirements across the entire product development and certification process. The tCMS defines values, principles, structures and processes that are intended to provide security and orientation to our employees, particularly when faced with challenging questions of interpretation in relation to technical regulations.

Already before the spin-off, Daimler Truck had begun in the reporting year to expand activities within the tCMS along the entire product life cycle into a Product Compliance Management System (PCMS), and in the future, as an independent business, it will continue to develop this system.

Responsible handling of data. Connectivity and digitalization play a crucial role for the future of mobility. At Daimler Truck, it is a priority to protect the data generated in this process and handle it responsibly.

In the area of data protection, regulatory requirements have increased significantly in recent years. Strict requirements are in place not only in the European Union with the European General Data Protection Regulation (GDPR). In the meantime, numerous countries worldwide that are relevant to the business operations of Daimler Truck have tightened their data protection legislation. We are addressing the increased regulatory requirements with our Group-wide Data Compliance Management System (Data CMS), which is embedded in an overall data governance system together with our data mission statement and our data culture.

The Data CMS brings together all Group-wide measures, processes and systems that serve to ensure data protection compliance. It is based on the existing CMS. With the assistance of the Data CMS, we can systematically plan, implement, and monitor data protection compliance measures.

Prevention and combating of money laundering. Money laundering and terrorist financing cause immense damage – to both society and business. Even an accusation of money laundering can damage the reputation of Daimler Truck and have financial consequences for us as well as for our shareholders and stakeholders. For this reason, under the umbrella of the former Daimler AG, we defined prevention and combating of money laundering as a central compliance goal in our Code of Conduct. We are continuing with this as Daimler Truck.

In order to prevent and combat money laundering, after the spin-off from the former Daimler AG, Daimler Truck adopted the existing approach and set up its own Group unit, the anti-financial crime unit (AFU). This specialist area supports the Group's money laundering officer and for this purpose adopts an approach to compliance taken over from the former Daimler AG: Before we at Daimler Truck enter into new business relationships, we check current list of sanctions, and current business relationships are likewise regularly checked for relevance to sanctions. In this way we want to prevent the bypassing of supranational and national sanctions, as well as corresponding economic embargoes.

Apart from this, we put in place measures worldwide to prevent money laundering and financing of terrorism in all relevant segments while still under the umbrella of the former Daimler AG, and these measures are recorded in binding regulation and aids for implementation. They stipulate processes and measures that are to be implemented in the event of suspicion in close cooperation of the segments with the central Group AFU unit. In this way, we want to help combat money laundering, financing of terrorism, organized crime and other economic crime.

Compliance organization

The compliance organization of the Daimler Truck Group is organized regionally and along the value chain. In this way, it can provide effective support – for example, through guidelines and recommendations. Functional or regional contacts are available for this purpose. In addition, a global network of local contact persons pay attention that our compliance standards are met. The network supports the management of the Group companies in implementing our compliance program locally.

In addition, the Compliance Board of the Daimler Truck Group manages cross-segmental compliance issues and monitors whether our compliance 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 & Compliance Officer.

In the reporting period until the spin-off from the former Daimler AG, the Chief Compliance Officer and Vice President Legal Product & Technology, as well as the Vice President & Group General Counsel, reported directly to the Board of Management Member for Integrity & Legal Affairs, and also to the Audit Committee of the Supervisory Board of the former Daimler AG. In addition, reports were submitted to the Board of Management of the former Daimler AG - among other things on the status of the CMS, its further development, and the BPO whistleblower system (Business Practices Office).

In addition, the Vice President & Group General Counsel of the former Daimler AG reported regularly to the Antitrust Steering Committee and the Group Risk Management Committee within the former Daimler AG. Under the umbrella of the former Daimler AG, the Chief Compliance Officer, as well as the Vice President Legal Product & Technology, reported to the Group Risk Management Committee.

At Daimler Truck, following the spin-off in December 2021, the Chief Legal & Compliance Officer will regularly report to the Board of Management of Daimler Truck Holding AG and of Daimler Truck AG, to the Audit Committee of the Supervisory Board, and to the Group Risk Management Committee of Daimler Truck. Independence from the divisions from the Company's perspective is ensured by the direct reporting line to Legal & Compliance as well as to the Chairman of the Board of Management, who is not operationally active. There is no reporting to the CEOs of the segments.

Compliance risks

The former Daimler AG systematically examined and evaluated the companies of the Group and central functions on a yearly basis in order to minimize compliance risks. In this respect, for example, use was made of centrally available information on the Group companies – including on revenues, business models and relationships with business partners. Where required, further locally collected information was added. The results of the analysis of the former Daimler AG, which in 2021 also applied to Daimler Truck, constitute the basis for our compliance risk management. The processes of compliance risk management were adopted by Daimler Truck after the spin-off and will be adapted to its requirements in the future.

Compliance program

Daimler Truck's compliance program comprises principles and measures to minimize compliance risks and to counter violations of laws and regulations. The individual measures will be derived from the findings of our systematic compliance risk analysis. In this respect, we will focus on, among other things, the following areas: continuous enhancement of awareness of compliance, consistent follow-up of indications of misconduct, and the formulation of clear requirements for the conduct of our business partners. We describe these points in more detail below.

The BPO whistleblower system. The BPO whistleblower system, which was developed under the umbrella of the former Daimler AG, and is also applicable for Daimler Truck, enables Daimler Truck employees worldwide, as well as business partners and third parties, to report breaches 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 United States. If permitted by local legislation, the notification can also be submitted anonymously. 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 the employees. This can prevent damage. A Group guideline applicable worldwide, which is also applicable for Daimler Truck after the spin-off from the former Daimler AG, governs the BPO procedure 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 Privacy. The relevant department follows up on the notification and clarifies the case under its own responsibility. Breaches of regulations 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 monitors the further processing until the conclusion of the case. High-risk breaches of regulations include, for example, antitrust legislation and money laundering offenses, as well as breaches of technical specifications or of environmental regulations. Cases of sexual harassment, human rights violations, discrimination or racism also belong in this category.

To steadily increase trust in our BPO whistleblower system and to make it even better known among our employees, we rely on various communication measures. Under the umbrella of the former Daimler AG, for example, information material was released, including country-specific info-cards, pocket guides, and an explanatory film in ten languages. They are also applicable for Daimler Truck. Under the umbrella of former Daimler AG, employees were informed about the BPO in various dialog-based events. In the reporting year, under the umbrella of the former Daimler AG, employees were also informed regularly about the type and number of reported breaches. In addition, examples of cases were made available each quarter.

Sales partners and suppliers. Daimler Truck not only expects its employees to comply with rules and legislation, it also sets clear requirements for compliance for its sales partners and suppliers. Ethically correct and compliant conduct is a prerequisite for all trust-based cooperation. We formulated what we expect from our business partners in detail in the business partner standards, which were revised in the year under review under the umbrella of former Daimler AG, and which will also be applied at Daimler Truck.

When selecting our direct sales partners and with existing sales business partners, we pay attention that they comply with the law and adhere to ethical principles. We continuously review this as part of a globally standardized and risk-based process (sales business partner due diligence process). In addition, the Compliance and procurement departments are constantly developing our procedures for selecting and working with suppliers. In the year under review, we audited all new sales partners of the former Daimler AG. In the context of an ongoing monitoring process, we have also audited all existing sales partners. The continuous monitoring aims to identify possible integrity violations by the sales partners. If a partner of Daimler Truck fails to meet our standards, we reserve the right to terminate the cooperation or the selection process.

We provide our Daimler Truck suppliers with business partner standards, which were taken over from the former Daimler AG after the spin-off. Based on these standards and our Code of Conduct, we provide our business partners with a specifically developed compliance awareness module. The module is designed to raise awareness of current requirements such as corruption prevention, antitrust law, product compliance and the protection of human rights. In this way, we offer our suppliers and sales partners assistance in dealing with potential compliance risks.

Communication and training. On the basis of our Code of Conduct, we offer a comprehensive range of training courses on compliance topics at Daimler Truck – for example, for management employees, in the Compliance and Legal department, and for members of the Supervisory Board and the Board of Management. The training content and topics of the former Daimler AG were based on the roles and functions of the relevant target group. The need for the training offering was regularly determined, adjustments and enhancements were made, and evaluations were carry out. As part of the former Daimler AG, the training content and topics also applied to Daimler Truck and will be continued in the future.

Audits
At Daimler Truck, we will continue to review the processes and measures of our CMS and analyze whether they are appropriate and effective. To this end, we will make use of information on the Group companies and other locally collected information. We also regularly monitor our processes using performance indicators such as individual process duration or quality. To determine these indicators, we check for, among other things, compliance with formal requirements and the completeness of the content. In this regard, we also take the findings from internal and independent external audits into account.

If required by changing risks or new legal requirements, we adapt our processes and measures in the CMS. The Group companies implement the corresponding improvement measures in their own responsibility. In addition, they regularly review the effectiveness of the local measures and inform the responsible management bodies on an ongoing basis of the results of the monitoring.

The accounting firm KPMG AG audited the CMS of the former Daimler AG for anticorruption, antitrust and technical compliance in accordance with Auditing Standard 980 of the German Institute of Certified Public Accountants. The audits were geared to appropriateness, implementation and effectiveness, and were successfully completed for the former Daimler AG, for CMS Anticorruption 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 Compliance Management System was also audited. Selected units of the Daimler Truck AG also participated in the decentralized effectiveness audit.

Reported violations
Employees in the Group worldwide, as well as business partners and third parties, can report breaches of regulations via the BPO whistleblower system. In reporting year 2021, 21 major risk cases were newly filed for Daimler Truck. In 2021, a total of five cases as were closed (partially) with merit, in which three people were involved (in two of the five cases it was not possible to draw conclusions about the conduct of individual persons). In these cases, a specific initial suspicion had been confirmed. This included one case in the ”theft over €100,000” category, one case in the “technical compliance” category and one case in the “illicit enrichment over €100,000” category. There were no cases in which allegations relating to inappropriate conduct by employees towards third parties were confirmed. One case fell into the “damages exceeding €100,000” category and another case fell into the “other high risks” category. For cases closed as applicable, the Company decides on appropriate measures under the aspects of proportionality and fairness. Personnel measures in the 2021 reporting year included reprimands, as well as one extraordinary dismissal.

Environmental issues

At Daimler Truck, we are committed to the Paris Climate Agreement and strive to achieve the goal of putting CO_2-neutral transportation on the roads by 2050. Approximately one-fifth of greenhouse gas emissions in Europe are caused by the transportation of people and goods by road. We are consciously taking action against this and make climate protection a key element of our business strategy. We are committed to the goals of the agreement out of conviction and regard it as our mission to make transportation CO_2-neutral worldwide through technical innovations. In this way, we aim to contribute to the decarbonization of the industry. In this process, Daimler Truck is also keeping a firm eye on the transformation toward CO_2-neutrality along the entire value chain.

For new heavy-duty vehicles over 16 tons, the EU requires CO_2 emissions to be reduced by 15% by 2025 and by 30% by 2030 (reference period 2019/2020). For this purpose, the EU Commission, together with manufacturers, scientists and other experts, has developed a uniform Europe-wide simulation program called VECTO (vehicle energy consumption calculation tool). This also includes the relevant test and measurement procedures for CO_2 emissions and fuel consumption. The data are collected across Europe and are rendered transparent. Daimler Truck defined a technology roadmap to meet the requirements of the EU.

Energy supply from batteries and fuel cells
Daimler Truck is relying on two complementary technologies to supply energy to the all-electric engines in the decarbonization of transportation: batteries and hydrogen fuel cells. We are implementing this dual-track strategy consistently to achieve the goal of having CO_2-neutral transportation on the roads by 2050. In general, shorter distances can be better served with battery-electric drive solutions, while fuel cells show greater suitability for higher loads and longer distances.

Complete product range with batteries and fuel cells
Our vehicle portfolio already includes series-produced vehicles with battery-electric drive in the main sales regions of the EU30 (Europe, the United Kingdom, Switzerland and Norway), the United States and Japan. Vehicles that are already fully electric and locally CO_2-neutral include the Mercedes-Benz eActros for heavy-duty distribution transportation, which has been in series production since 2021, as well as the Mercedes-Benz eEconic for use in the municipal sector, which will follow it in the second half of 2022. Trial series are still underway before the eEconic can progress to the next step of practical testing with customers. The eEconic, as a waste collection vehicle, is intended to cover the great majority of the waste collection routes typical for the Econic without requiring recharging. The series launch of another battery-electric vehicle, the Mercedes-Benz eActros LongHaul, is scheduled for 2024, and the first series vehicles of the GenH2 Truck equipped with hydrogen-based fuel cell drives are to be delivered to customers in the second half of the decade Both vehicles will make it possible to transport goods by road, also over long distances, in a locally CO_2-neutral manner. Moreover, Daimler Truck has had the FUSO eCanter on the market since 2017.

Since 2018, the company has offered the Mercedes-Benz eCitaro all-electric urban bus for sustainable, CO_2-neutral public passenger transportation in cities. With this vehicle, Daimler Truck is making a contribution to a successful mobility transition also in passenger transportation. Daimler Truck is continually promoting further development of the technologies utilized in the bus sector. In this context, we offer a range of different electric bus models, battery technologies and charging options so that a suitable solution for each application can be found. In Latin America, we are also beginning with the electrification of our product range for urban transportation, and our first eChassis will be launched on the market in 2022. In Europe, we intend to fully electrify our urban bus segment by 2030, and we intend also to offer a fuel cell for range extension by 2023. By 2025, we plan to offer a first electric vehicle for the intercity bus segment. We also plan to put the first emission-free coaches onto the roads by 2030.

Responsibilities and involvement of stakeholders
The Company's management is responsible for and, through the Sustainability Steering Committee, involved in the establishment and review of strategic targets for the reduction of our CO_2 emissions.

When developing the all-electric Mercedes-Benz truck, Daimler Truck focused in particular on the aspect of customer co-creation. This means that product development includes collaboration with truck customers. This method served to ensure, for example, that customer feedback on the electric truck was taken into account early in development of the Mercedes-Benz eActros and could be incorporated into development.

Moreover, when developing commercial vehicles with battery and fuel-cell technology, Daimler Truck maintains a dialog with representatives of cities and with leading experts on the topics of urban and transportation development. This provides us with valuable impulse for new strategic initiatives. We also use their feedback to review and improve our concepts.

Environmentally sustainable production
For the environmental sustainability of vehicles, apart from the use of resources by the vehicle, the consumption of resources in manufacturing also plays an important part. For this reason, Daimler Truck is continually working to design the use of resources in our own production more efficiently and more sustainably. An important lever in this process is to increase energy efficiency. This enables us to reduce energy consumption, conserve resources and at the same time reduce CO_2-emission during production. We also intend to reduce our water consumption – for example, by closing water cycles. Conserving resources also means reducing waste quantities. In order to achieve this, we intensify our efforts for lower commodity and material consumption at our locations.

Against this backdrop, we have established environmental management systems at our German production sites in accordance with EMAS, and globally in accordance with ISO 14001, as well as, since 2012, energy management systems at our German and North American production location in accordance with DIN EN ISO 50001, and we have their certification renewed periodically. Outside these regions, we currently operate ISO 50001 systems at individual sites. In line with the standard, we have integrated environmental and energy management into our organization.

The effectiveness of the management systems is audited by external experts in the context of certification (ISO 14001, EMAS, ISO 50001), as well as also being audited in the environmental field using internal environmental risk assessments (environmental due diligence process). In a five-year cycle, we audit and assess the consolidated production facilities of Daimler Truck in accordance with a standardized process. The findings are reported to the respective manufacturing site and business managers so that any potential optimization measures can be implemented. In the years 2020 and 2021, due to travel constraints and lockdown rules imposed by the COVID-19 pandemic, the scheduled evaluation of our sites could not take place as planned. The cancelled evaluations will be made up for in the coming years in order to maintain the five-year cycle for Daimler Truck. The internal reporting and the monitoring of improvement measures continue to take place as usual.

We create.

We learn.

We reinvent.

We are Daimler Truck.

For all who keep the world moving.

We connect.

We listen.

We produce.

Employee and social issues

Our employees are a core factor in the success of our Group. Approximately 100,000 (Headcounts) employees worldwide drive the Group forward with their skills, ideas and commitment. The number of employees refers to the active workforce without including interns, trainees etc., as of December 31, 2021.

By maintaining a healthy and safe working environment, we intend to offer our employees working surroundings that go beyond the duty of care. Moreover, 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 overriding objective is to reconcile corporate and social interests in the long term.

Codetermination
The COVID-19 pandemic and the transformation of the economy have presented our Company, too, with challenging issues in 2021. This has shown how important it is for employees and management as well as the Company and employee representatives to work together constructively – this is the only way to find viable solutions. The goal is to create a common understanding of togetherness as partners within the Group.

In the new hybrid working world, the requirements made of our managers and of the entire workforce are subject to change. Together, we are finding solutions for this. The Group's management and the General Works Council expressly adhere to the goal of actively supporting mobile working in order to make a sustainable change in the work and leadership culture and foster an atmosphere of trust at the Group. Mobile working brings employees greater individual leeway, as well as enabling greater planning security for the compatibility of professional and private requirements. In the reporting year, under the umbrella of the former Daimler AG, we were once again able to successfully come to understandings for the long term and embody them in works agreements. These are also applicable for Daimler Truck. Among other things, using a flexible working model, we have created the general conditions and enhanced compatibility of working life and family life – also with a view to the impact of the COVID-19 pandemic.

The Group-wide employee survey of the former Daimler AG, which also applied to Daimler Truck in 2021, is an important indicator of where our employees think we currently stand – and what we can do better in the future. However, due to the COVID-19 pandemic, the 2020 employee survey was postponed until 2021. The findings of the "2021 Daimler employee survey (DES)" show that in comparison to the most recent survey in 2018, the participation rate at Daimler Truck remains at a very high level. Likewise, a significant increase in engagement was registered. As a measure based on the DES findings in the reporting year, we will conduct the survey regularly at Daimler Truck also after the spin-off in order to ensure a regular review of survey results. The survey results have a direct impact on management remuneration for the reporting year.

Embedding of labor and social standards
Based on the labor and social standards of the International Labor Organization (ILO) in 2002, the former Daimler AG approved its own "Principles of Social Responsibility at Daimler," which apply throughout the Group. In reporting year 2021, these principles were completely reworked, extensively supplemented and newly published as "Declaration of Principles for Social Responsibility and Human Rights." The declaration of principles continues to apply for Daimler Truck following the spin-off.

In the future, Daimler Truck will continue to be committed to its social responsibility and the principles on which the UN Global Compact (UNGC) is based. As a participant in the UNGC in the context of belonging to the former Daimler AG and in the future as an independent business as Daimler Truck, we have committed to, among other things, complying with key employee rights. We will continue to fulfill this obligation in the future.

Remuneration systems
Worldwide, Daimler Truck remunerates work performed at all Group companies according to the same principles. Our global remuneration policy, which applies to all employee groups, sets out framework conditions and minimum requirements for the structure of 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, among other things, knowledge and ability, responsibility and scope for decision-making – and, if applicable, the person's performance, not on gender, origin or other personal characteristics. With internal audits, the Internal Auditing department annually checks on a random basis whether selected aspects of the policy have been adhered to. In this respect, we also take the conditions of local markets into account, because we want to offer our employees salaries and fringe benefits that are in line with market and industry standards.

In the reporting year, personnel expenses at Daimler Truck Holding AG and companies of the Group worldwide amounted to:

- €5,404 million for wages and salaries (2020: €4,954 million)
- €1,298 million for social security
- €391 million for pension schemes, with an average workforce of 102,367 employees (2020: €312 million)

The variable remuneration (the company bonus) of management level 1 to level 3 and E4 executive for the financial year 2021 is measured not only by financial targets but also by sustainability-oriented transformation targets and non-financial targets that focus on employees, customers, integrity and diversity. This approach was also retained in connection with the spin-off for December 2021.

Further development of leadership culture
In the interaction of strategy and culture, our goal at Daimler Truck is to promote a leadership culture by creating a shared understanding to actively implement the leadership principles we have developed.

With the Leadership 2020 initiative, we already laid the foundations for our future success as part of the former Daimler AG. Working groups with a diverse composition of employees and managers, together with the Board of Management, determined what we understand as good leadership and defined it in the form of leadership principles. Moreover, they worked out which structural changes in tools are required in order to change our way of working (game changers). The long-lasting effect of the Leading Transformation initiative, which was begun in 2020 at the former Daimler AG, was also apparent in reporting year 2021: The colleagues from the Daimler Truck moderator and support network continued to be requested for events by the departments. The content and formats of the training program were used for department-specific events. A podcast series was also created, in which the transformation narrative is discussed and communicated.

We also received external recognition for our commitment to the field of leadership in the year under review: The holistic management qualification program, Leading Transformation, of the former Daimler AG was recognized with the international EFMD Excellence in Practice Award 2021 at the Gold level. The award is presented by the European Foundation for Management Development and recognizes excellence in leadership, professional, talent and organizational development. In addition, the team of the former Daimler AG, of which Daimler Truck was a member, was awarded second place in the 2021 St. Gallen Leadership Award for the Leading Transformation initiative.

Dialog with employee representatives
Company management and employee representation maintain an ongoing dialog. The rights of our employees are, among other things, laid down in various (general) works agreements, which were established under the umbrella of the former Daimler AG and also apply for Daimler Truck. They cover topics such as mobile working, family time and home nursing care.

In the general works agreement of the former Daimler AG, jobs security was agreed until the end of 2029, which also applies for Daimler Truck AG. In addition, management and employee representation concluded a general works agreement in July 2020 to reduce labor costs by the end of December 2021. The background for this are the current challenges of many different sorts, such as the ongoing transformation and the COVID-19 pandemic.

Cooperation with trade unions
At Daimler Truck, 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. In order for them to exercise this right, we at Daimler Truck work together with employee representatives and trade unions. Multi-site regulations (general works agreement) agreed upon with the Company's management exist for the workforce of Daimler Truck AG.

Vocational training and education

In the context of the far-reaching transformation in our industry – especially regarding digitalization and drive technologies – job descriptions, duties and requirements profiles are changing. This is also changing the qualifications needed for many positions – both for employees and for managers. For this reason, at Daimler Truck in Germany, we are investing in vocational training and education, continuing to expand our personnel development programs and adapting our portfolio of our vocational training and the range of dual study courses at universities.

How is our workforce likely to develop over the next ten years? What key qualifications and competencies are we going to need in the future? We deal with these important questions in our HR Resource Management strategic personnel planning. HR Resource Management is held at our various sites, and the HR department used it once again in 2021 as a basis for the further analysis of requirements, in an exchange with the functional departments at each site. In this process, we analyze both the quantity and the quality of the required personnel, and we synchronize it with developments to be expected in the workforce (for example, departures due to demographic trends). On this basis, the local training and education department plan the amount of apprenticeship offers and the range of professional profiles of each site.

From the Board of Management of Daimler Truck AG through our training and qualification units to our local trainers, we pursue the goal of safeguarding our competitiveness throughout the Group.

Professional requirements due to the digital and technological transformation
In order to manage the digital and technological transformation successfully, we rely on the one hand on the varied, requirements-based training of our employees. On the other hand, we conduct the targeted recruitment of talent with digital skills and technical expertise in new technologies.

In vocational training, we offer new additional qualifications such as additive manufacturing or cybersecurity. We train people for professions with the latest technologies, for example, automotive mechatronics technician for system and high-voltage technology.

Apprentices and students
In Germany, we standardized our training content across sites and divisions under the umbrella of the former Daimler AG in the Daimler Training System. Our aim is to ensure the high quality and efficiency of our vocational training programs. This is checked on a regular basis in the context of the educational steering committee and the Daimler educational system steering committee, updated continuously and developed further as required.

Daimler Truck offers internationally recognized dual course of studies concluding with a Bachelor's degree at various Company sites in Germany. We provide training in line with demand in Germany and continuously review the portfolio of our apprenticeships and courses of study. For example, we offer a vocational training for IT specialists and have expanded our range of options with a course of study in embedded systems, which is positioned at the interface of IT and electrical engineering.

In the year under review, the former Daimler AG also continued to focus on further training in the areas of IT skills and IT professions, as well as high-voltage and battery technology. In addition, digital learning formats continued to be expanded under the umbrella of the former Daimler AG.

Diversity, Equity and Inclusion

Diversity as a success factor

The workforce of Daimler Truck is as diverse as its customers. We are convinced that diversity makes us more successful as a company. Because diversity assists us in finding new perspectives and is a driver of creativity and innovation. We intend to foster a working environment in which all employees can freely develop their talents – regardless of age, gender, sexual orientation and other diversity dimensions.

Inclusion and diversity management basically refers to equal opportunities for employees of all diversity dimensions of the Charta der Vielfalt.

Our aim is to gain the best-qualified technical and management employees for the Group and to develop them. Age, nationality and ethnic background, gender, sexual orientation or identity, as well as physical and mental abilities, do not play any part in this.

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. The proportion of women in senior management positions (level C to level 3) at Daimler Truck was 15.8% (headcounts) at year-end.

Active management of diversity at the Group

Daimler Truck expects its employees to treat each other with respect, openness and fairness. In this respect, managers act as role models and bear special responsibility for a respect-based corporate culture.

Inclusion & Diversity Management is a Group-wide function that is part of Human Resources. It develops strategic areas of action in coordination with the business units and initiates wide-ranging projects, training and awareness measures.

Since May 2021, the new Inclusion in Mind! e-learning has been in use. It was developed under the umbrella of the former Daimler AG and also applies for Daimler Truck. It is intended to raise awareness of respectful collaboration as well as possible stumbling blocks, and shows what contribution each individual can make. The training is available to all employees worldwide and is offered in eleven languages.

Daimler Truck, as part of the former Daimler AG, was a member of the Charta der Vielfalt employer initiative, and as an independent company it will continue its membership in the future. The association promotes the discussion about inclusion and diversity management in Germany through different projects.

Reporting on diversity at the former Daimler AG, which at that time also included Daimler Truck, was recognized externally in 2021: The former Daimler AG took first place among DAX companies in the 2021 Building Public Trust Award organized by management consultancy PriceWaterhouseCoopers. Based on a scientific analysis, a particular focus was on assessing stringency and credibility.

Diversity Day

In the year under review, the inhouse Diversity Day was celebrated for the ninth time. Consciously experiencing diversity, adopting new perspectives and understanding how all employees can benefit from Inclusion & Diversity Management – these are key goals of the Diversity Day. Under the motto "Much achieved, much to do! Why diversity needs an inclusive culture" discussions were held globally with members of the Board of Management in online events.

Occupational health and safety

Whether ergonomic workplace design, health offers or safety qualifications: Our focus here is on the health and safety of the workforce. Our occupational health management promotes both the physical and the psychological health of our employees. Our overriding objective, therefore, is to prevent health risks and to maintain the long-term health of our employees.

The former Daimler AG offered its employees in Germany a comprehensive consultation with a specialist in occupational medicine. In addition, there were measures and offerings to promote occupational health and for social counseling. As part of the former Daimler AG, the following offerings and measures also applied for Daimler Truck, and they will be continued in the future.

In the social counseling field, counseling and coaching offerings for employees and managers, as well as manager qualification training, were conducted mainly in digital format. An additional main focus was the conclusion of a "Group works agreement on psychological health". The aim of this measure was to maintain and promote the psychological health of the employees in the face of increasing complexity and dynamic change in society and the working world. Excessive work-related psychological stress must be prevented.

We rely on comprehensive health and occupational safety management. The focus is on preventive measures, which we continuously review and develop further.

Policies, guidelines, organization and responsibilities
The occupational safety strategy of Daimler Truck exceeds legal requirements in the design of workstations and processes. Uniform guidelines based on prevention are in place worldwide at Daimler Truck. The occupational health and safety guideline, as well as the guiding principles on occupational health and safety that were developed at the former Daimler AG and also apply for Daimler Truck, serve to this end as overarching, internationally applicable Group regulations. They are based on international standards, as well as national legislation, and emphasize the obligation of managers to act responsibly. At the same time, they underscore the personal responsibility of employees.

The former Daimler AG has also joined Vision Zero: The aim of this global campaign is to prevent occupational accidents and illnesses while promoting employees' safety, health and well-being. Also after the spin-off from the former Daimler AG, Daimler Truck continues its participation in Vision Zero.

The major health and safety issues are also regularly discussed and decided upon 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.

Due in part to the COVID-19 pandemic, external companies were unable to conduct certification audits in the usual scope at various sites of the former Daimler AG in 2021. To protect the workforce, we restricted the presence of external persons in the production areas to the minimum necessary for operations. For this reason, some Daimler Truck sites were not able to extend the ISO-45001 certificate that they voluntarily pursued as a former part of the former Daimler AG.

Independent of external certification audits, we check approximately every five years as to whether the mandatory safety standards of our Group guideline on occupational health and safety are being complied with at the Group's own production facilities with more than 500 employees, and as to whether a functioning SGA management system is in place. In the reporting year, we were able to evaluate the four truck production plants in Germany under the umbrella of the former Daimler AG. In 2021, eleven further due diligence assessments of international truck production sites were also to be carried out – for the regions of Asia, Latin America and North America (powertrains) as well as the site in Turkey. These audits had to be postponed until a later date due to pandemic-related contact restrictions, travel restrictions and quarantine regulations, and they will be caught up with accordingly at Daimler Truck as an independent company.

Assessment of hazards
Daimler Truck aims to ensure that accidents and health impairments do not occur at all among our employees. For this reason, at Health & Safety, we take a preventive approach and assess the risk potential of workplaces and processes at an early stage. For this purpose, under the umbrella of the former Daimler AG, appropriate tools and risk assessment processes were defined and implemented locally. These tools and risk assessment processes will also continue to apply for Daimler Truck.

At Daimler Truck, we operate a safety risk management system at the Group's own production sites with a workforce of more than 500 employees. These sites are audited approximately every five years and examined according to a standardized procedure to determine whether our Group guidelines on occupational health and safety are duly implemented as required.

An important tool with which Daimler Truck will continue to assess potential risks also following the spin-off from the former Daimler AG is hazard assessment. We have digitalized parts of this risk management process with an online tool. The use of the online tool at sites in foreign countries depends on local and regulatory requirements. The tool is provided by the European Occupational Safety and Health Agency (EU-OSHA) and has been enhanced for our needs. An instruction document is then automatically generated from this hazard assessment.

Daimler Truck has in place several accident documentation systems worldwide, which were developed under the umbrella of the former Daimler AG and which we use to calculate standardized key indicators in compliance with data protection regulations. At Daimler Truck, we continue to calculate key accident indicators on this basis also following the spin-off. Country-specific monthly reports have been prepared and accident reduction measures derived from them. The figures for the sustainability report are compiled on a Group-wide basis.

Awareness of occupational safety
Under the umbrella of the former Daimler AG, awareness was raised among employees regarding the topics of ergonomics and occupational safety. Videos, various information portals, or online training were increasingly used. This will be continued at Daimler Truck. New employees at Daimler Truck are instructed in an initial briefing and in a job-specific training session regarding safety-related aspects of their job. Also after that, mandatory safety briefings are conducted on a regular basis.

Dealing with the COVID-19 pandemic
The Company continues to adopt measures to contain the spread of COVID-19.

In 2021, we raised awareness among employees of Daimler Truck worldwide, under the umbrella of the former Daimler AG, and provided them with targeted instructions for specific measures and requirements to protect themselves from infection. With the introduction of the approved vaccines, the former Daimler AG was able – in parallel with the vaccination campaign of the German government – to make a Company vaccination offer to eligible employees at the German sites of the former Daimler AG.

The accident and emergency documentation system that was introduced under the umbrella of the former Daimler AG and which also applies for Daimler Truck was developed further in the year under review. The digital reporting process for crisis cases integrated in this system enables rapid recording of all COVID-19 infections among employees – and thus rapid tracking of possible contacts by the occupational health service or managers. By mapping chains of infection, we were able to contribute to restricting the spread of the COVID-19 pandemic at our Company in 2021.

Responsible representation of interests

The former Daimler AG set out its own principles for political dialog and for the responsible representation of interests and, with involvement of the management, compiled them in a guideline that will remain valid for Daimler Truck also following the spin-off: We maintain political restraint, balance and neutrality in our dealings with political parties, members of parliament and public officials. At Daimler Truck, the External Relations department, which is based in Stuttgart, is responsible for the dialog with politics at the national and international level and for the coordination of political positions.

Daimler Truck has set a very ambitious target for itself: By 2039, we plan to offer only CO_2-neutral trucks and buses in the markets of Europe, Japan and USA. Accordingly, we want to convince political stakeholders of this transformation and make the case for supporting this development by setting up suitable political framework conditions. We also want to promote the argument in the political arena, especially during the ramp-up phase of the new technologies (until roughly 2030), for creating a positive environment for investment for our customers through suitable financial support tools.

We use various tools, such as our Code of Conduct, to ensure that our political representation of 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. In addition, we have defined internal binding guidelines, which are set down in writing for example in the Code of Conduct of Daimler Truck.

Dealing with grants, making party donations and the approach to other instruments for the representation of political interests is also governed by our Group guideline on lobbying political and party donations. Our employees can find this in the guideline database on the intranet. Daimler Truck AG is also listed in the transparency register of the European Union and recognizes its Code of Conduct.

The aforementioned guidelines also define how we want to deal with risks related to the political representation of 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.

Thematic priorities
In concrete terms, in the dialog with political decision-makers, Daimler Truck aims to find sustainable solutions to social challenges – and thus to increase planning security for the Group. In the year under review, the focus was on the following topics under the umbrella of the former Daimler AG:

- Meeting climate targets and improving air quality
- Making cities more livable
- Improving road safety
- Establishing standards for human rights due diligence
- Sustainable financing
- Site-related issues
- Free and fair trade
- Contributing to the drafting of labor laws
- Sustainable energy systems (hydrogen)

Party donations and political contributions
Daimler Truck did not make any donations, either monetary or non-monetary, to political parties in any part of the world during the year under review. The decision on this was made irrespective of current political or economic events.

Partnerships

Daimler Truck looks at sustainability from different perspectives, and tries to identify and participate in new trends and share experiences. This is a matter of discussing controversial topics at an early stage and integrating any potential further main topics into our sustainable business strategy on a continuing basis.

A prerequisite for this is that we know our stakeholders. In this respect, we define stakeholders as individuals and organizations that have legal, financial, ethical or environmental requirements or expectations of Daimler Truck. Whether a person, organization or group is a stakeholder in our Company depends on how much they are influenced by our decisions or, vice versa, how much they can influence our decisions. Our primary stakeholders are therefore customers, employees, investors and suppliers. We also regularly exchange information with civil society groups such as non-governmental organizations. But we also maintain contact with industry associations, trade unions, the media, analysts, local authorities, residents in the vicinity of our sites and representatives from the fields of science and politics.

We address questions, concerns, criticism and suggestions from stakeholders on an ad hoc and project-related basis, and enter into an open dialog with our interest groups. Daimler Truck has held dialog and information events on current topics as part of its ongoing development of political advocacy. Daimler Truck also uses a monthly podcast format to discuss relevant topics such as the future of transportation, sustainability, leadership and corporate ethics with external stakeholders. This podcast is available on the Daimler Truck website.

Dialog formats

In 2021, the former Daimler AG entered into dialog with its relevant stakeholders and used various dialog formats in which Daimler Truck also took part. The formats included stakeholder surveys, specialist meetings and dialogs on specific topics under the umbrella of the former Daimler AG. In 2021, we held the two-day-long Daimler sustainability dialogues on a digital meeting platform as in the previous year due to the pandemic. Among other topics, the participants discussed the significance for the Group of the UN Climate Change Conference COP26 in Glasgow.

The former Daimler AG received additional impulses in the exchange of ideas and opinions with the Advisory Board for Integrity and Corporate Responsibility, whose members include independent external specialists with backgrounds in science, civil society and business.

In the future, Daimler Truck will place priority on a focused exchange with selected stakeholders. We follow current discussions and keep informed of related expectations by participating in industry-specific and cross-industry networks and initiatives. In addition, we evaluate studies and other scientific publications and conduct our own media analyses. This assists us in identifying developments and associated expectations beyond the dialog that we initiate.

Industry associations and initiatives

In addition to direct interaction with political decision-makers and other stakeholders who are committed to sustainable development, the former Daimler AG was involved in various industry associations, bodies, and sustainability initiatives. They include in particular the UN Global Compact and econsense. Daimler Truck aims for a membership as independent company this year. Within these initiatives, we also want to enter into dialog with representatives of civil society.

Traffic safety

Comprehensive safety and assistance systems

Accident-free driving – this vision drives us at Daimler Truck and is a firm element of our sustainable business strategy. Our innovative driver assistance systems already offer drivers and passengers a high level of safety and comfort. They can assist in avoiding or safely handling critical driving situations. In this way, they protect occupants and other road users. Accidents can increasingly be mitigated and even prevented, especially through warnings or active braking interventions.

Along the road to accident-free driving, Daimler Truck has set ambitious goals for itself and is pursuing them vigorously. These goals are reviewed on a continuing basis by the Group's management, among other things, with the involvement of the Sustainability Steering Committee. Daimler Truck strives to

- further improve accident-avoidance systems, for example with Active Brake Assist,
- make our vehicles even safer for drivers and passengers in and after an accident – for example, with suitable vehicle structures, restraint systems and systems that can act after an accident, and
- make our vehicles safer also for other road users through pedestrian detection and partner protection – for example, through Emergency Brake Assist.

Through these measures, we want to increase road safety.

We are constantly developing new, more effective safety and assistance systems for our trucks, as well as optimizing existing systems.

Buses and coaches require special protective equipment that meets the high safety requirements of this type of vehicle - after all, they carry passengers. The safety concept of Daimler Buses consists of many building blocks. It focuses on vehicle- and application-specific safety equipment that enhances the active and passive safety of the buses.

Commercial vehicle accident research plays a key role in our developments. With its accident analyses, it provides the basis for improvements in our vehicles. For example, the accident researchers at Daimler Truck have been examining selected accidents involving Mercedes-Benz trucks throughout Germany since 1972. They document the data and information on the course of the accident, the vehicles involved and the damage.

Automated driving

Fewer accidents, more road safety: This is the hope that comes with the use of automated and autonomous systems in vehicles. While efficiency in the transportation process increases, fuel consumption and costs decrease. We also expect automation to make traffic flow more smoothly – especially on highways. Above all, however, automated trucks can help make road traffic safer. Redundant systems and a multitude of sensors and instruments can reduce the risk of an accident under certain conditions, as well as mitigating the consequences of an accident. They can also contribute to reducing emissions.

In its research and development activities relating to automated trucks, Daimler Truck is guided by three principles:

- The safety of vehicle passengers and road users has top priority.

- We develop our products according to the needs of our customers and in dialog with them.

- A clear legal and regulatory framework is required for operation and liability.

The corporate management is involved in setting and reviewing goals and initiatives through the Autonomous Technology Group Board and the Sustainability Steering Committee.

Today, Daimler Truck already offers partially automated driving systems (SAE level 2). Under the Mercedes-Benz, Freightliner and FUSO brands, they are available in our key markets on three continents. The next logical step will be to move towards fully automated driving (SAE level 4) for even greater safety, efficiency and productivity in road freight transportation.

Accordingly, one of our development priorities in the coming years will be to make fully automated trucks (SAE level 4) ready for series production. Daimler Truck concentrates its know-how and all activities relating to automated driving worldwide in the Board of Management area Truck Technology. One of the key tasks of the global unit is to further develop and implement our overall strategy for automated driving – including research and development. It is also responsible for the establishment of the necessary infrastructure and a network for the operational deployment of the vehicles.

But with all the advantages, caution is also required: Ethical, legal and data protection risks cannot be ignored with automated systems.

Human rights

With the expansion of electric mobility and the development of alternative drive technologies, public interest in human rights in supply chains is also taking on further importance for Daimler Truck. This is because production of electric motors and batteries requires raw materials such as lithium and cobalt, which entails a risk that these materials are mined under conditions that are critical in terms of human rights. We observe an increasing interest in human rights not only among consumers and civil society organizations, but also among shareholders and investors. This issue is increasingly being taken into consideration in ratings and benchmarks and has an increasing influence on investment decisions.

We consider respect for human rights to be a fundamental component of responsible corporate governance. The goal under the umbrella of the former Daimler AG, which also applied for Daimler Truck during the reporting year, is: We only want to offer products that were produced without violations of human rights. Our ambition is to ensure that human rights are observed at all companies of the Group and are also respected by our business partners and suppliers.

Through the Code of Conduct and the declaration of principles on social responsibility and human rights, the former Daimler AG informed its employees of its principles on the subject of human rights and raised their awareness of corresponding risks. Following the spin-off, these provisions are also binding for all our employees at Daimler Truck, and in the future, they will be imparted to all employees in web-based training. In addition, the employees will receive job-specific training on human rights in the future.

Organizational embedding
The center of competence for human rights at the former Daimler AG was assigned to the Social Compliance department. For the implementation of the human-rights due diligence approach, the department of the former Daimler AG works closely with the departments responsible for operational implementation, in particular the procurement units. The cross-departmental activities relating to human rights were managed by the Board of Management area of Integrity and Legal Affairs of the former Daimler AG.

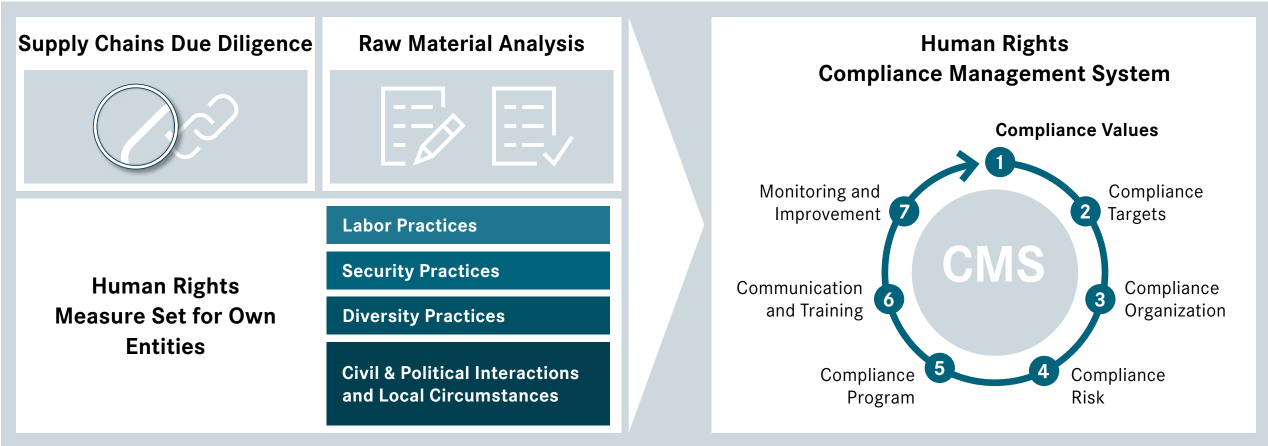
With the spin-off from the former Daimler AG, we at Daimler Truck established responsibilities for human rights in the Sustainability Management department within Legal & Compliance. The department will continue the approach to collaboration and implementation of the former Daimler AG.

Human Rights Compliance Management System
The Human Rights Respect System (HRRS) was the approach of the former Daimler AG for implementing due diligence on human rights, and in the reporting period until December 2021, it also included Daimler Truck. In the context of the HRRS, the former Daimler AG examined, in a risk-based and systematic manner, whether human rights were upheld in its own controlled companies and supply chains. In addition, in the context of the HRRS, it introduced numerous measures to avoid, and as far as possible end or minimize, any negative impact of its business activity on human rights throughout the world.

At its core, the HRRS process at the former Daimler AG consisted of a Social Compliance Management System (Social CMS) for its own controlled companies and a due diligence cycle with the four phases of risk assessment, program implementation, monitoring and reporting. The due diligence approach aims to identify risks as well as potential and actual negative effects of business operations on respect for human rights at an early stage, to systematically avoid them and, if necessary, to initiate adequate measures.

In reporting year 2021, the topic of human rights was integrated for the controlled Group companies of the former Daimler AG into the central, systematic risk analysis process. The Social CMS includes a specific approach to human rights-related risk assessment that was applied across all controlled Group companies. The goal was to identify the individual risk of our controlled Group companies. Country-specific factors, among others, were also taken into account.

B.24
Human Rights Compliance Management System



Within the former Daimler AG, the Social Compliance department was responsible for the concept and implementation of the Social CMS, and this department also covered topics related to trucks and buses until the spin-off.

Daimler Truck will further integrate the existing HRRS, the Social Compliance Management System for its own controlled companies, the Business Partner Standards, as well as the applicable standards for suppliers and other elements from the former Daimler AG bring together and them step by step in a uniform Human Rights Compliance Management System (Human Rights CMS). Daimler Truck is also involving external stakeholders in this process. For example, we are in dialog with international NGOs on the human rights risks associated with the extraction of certain commodities. ↗ B.24

In the year under review, Daimler Truck began to introduce the Human Rights CMS throughout the Group. Starting with the identified risk areas, we conduct detailed annual reviews of the companies of the Group and companies in which we hold a majority interest to identify human rights risks. In this context, we apply the two-stage process provided for in the Human Rights CMS, in which the advance classification is validated by a questionnaire-based survey. Based on this risk classification, appropriate measures are defined and implemented for the relevant supply chains or Group companies.

Sustainability in the supply chain

The goal of Daimler Truck is to combine economic success with responsible action toward the environment, people and society – and to do so along the entire value chain. We purchase the majority of our commodities, components and services from suppliers around the world. It is therefore clear that our responsibility does not end at our factory gates. Our aim is for our supply chain also to be part of our sustainability efforts, so we expect our suppliers to adhere to ecological and social standards.

Under the umbrella of the former Daimler AG, requirements and measures had already been established for responsible procurement from suppliers and service providers. The requirements and measures outlined below applied to Daimler Truck as part of former Daimler AG until December 2021 and continue to apply since the spin-off.

Requirements placed on the suppliers. Daimler Truck is committed to the responsible procurement of production and non-production materials and services.

In this respect, our Business Partner Standards, which were developed under the umbrella of the former Daimler AG and also apply for Daimler Truck, constitute the guiding principles for sustainable supply chain management. They define requirements for working conditions, respect for and protection of internationally recognized human rights, environmental protection and safety, as well as business ethics and compliance, and are referenced in supplier agreements.

We at Daimler Truck require our direct suppliers, also after the spin-off from the former Daimler AG, to recognize these sustainability standards, to communicate them to their employees, and to pass them on to their own suppliers in the upstream value chain and to require them to comply accordingly. We also expect them to monitor whether the minimum requirements are being met.

In addition to our Business Partner Standards, we also guarantee our sustainability requirements with contractual agreements. For example, through our special purchasing terms and conditions, the Daimler Truck Special Terms, we require suppliers to establish human rights due diligence processes in accordance with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines and Principles for compliance with due diligence regarding human rights. We reserve the right to monitor and audit these processes. Furthermore, every supplier is required to inform us about human rights risks and appropriate countermeasures and to disclose to us risk hotspots throughout its supply chain, if so requested.

Suppliers of production materials are also required to implement a certified environmental management system in accordance with ISO 14001, EMAS or comparable standards and to submit a corresponding certificate.

Measures in the supply chain. In order to fulfill its duty of care for the supply chain, the former Daimler AG relied on a variety of measures and concepts that also applied for Daimler Truck as a former part of Daimler AG and which are being continued after the spin-off. They include supplier screenings, audits, risk-based due diligence analyses and qualification modules for suppliers of production materials. With these tools, we aim to increase transparency in the supply chain and ensure compliance with internationally recognized human rights and other social standards and environmental requirements. Our purchasing departments play a central role in this for production and non-production materials.

Sensitizing and training suppliers. Since 2018, the former Daimler AG has been conducting awareness and information measures for suppliers of production materials in various key countries together with the “Drive Sustainability” initiative. Under the umbrella of the former Daimler AG, the training sessions planned in the reporting year for suppliers in India and Argentina were conducted as web-based events due to the COVID-19 pandemic. Moreover, an e-learning program for suppliers was piloted, which was also used for suppliers of Daimler Truck. The program will also be continued at Daimler Truck.

Transparency in supply chains. To make the environmental impact of our supply chains even more transparent, Daimler Truck, as a part of the former Daimler AG, cooperated with organizations such as the Carbon Disclosure Project (CDP) and has continued to do so since becoming independent. Daimler Truck carried out the CDP Supply Chain Program for the second time in 2021. As part of the program, we encouraged our suppliers to report on the environmental impacts of their business activities and their climate protection efforts.

Human rights in the supply chain. In the assessment of human rights risks along the supply chain of production materials, special attention is paid to critical commodities. The 24 critical commodities identified on the basis of a preliminary risk analysis by the former Daimler AG were prioritized with a focus on their relevance in truck and bus production and are to be reviewed in greater depth step by step up to 2028. In recent years, the procurement units of the automobile, van, truck and bus segments, under the umbrella of the former Daimler AG, have already reviewed some of the 24 commodities with an increased risk of human rights violations.

We also hold our service providers accountable for observing human rights and other aspects of sustainability: International Procurement Services (IPS), responsible for the procurement of services under the umbrella of the former Daimler AG, assessed over the entire reporting year all new service providers in high-risk countries and critical procurement areas with regard to social and environmental standards, business ethics and compliance with guidelines.

Based on the preliminary risk analysis at the former Daimler AG, 27 services were identified that were potentially critical in terms of human rights. Building upon this, a questionnaire for service providers was created in collaboration with a team of experts, helping us detect potential elevated risks to human rights from certain product groups and sectors. This provided us with transparency regarding risks and enabled us to initiate targeted status-quo analyses and to engage in dialog with the relevant service providers.

In the second phase of the risk assessment, we subject the service providers to a due diligence review. With a view to truck and bus relevance, these processes will also be adopted and continued at Daimler Truck in the future.

Indications and suspected cases. We consistently follow up on any indications of violations in the supply chain reported to us via the BPO or other channels. In general, we gather all available information and ask the supplier or service provider to comment on the allegations. We then evaluate the issue and initiate appropriate corrective action. This may lead to us working together with the relevant supplier to remedy the situation, or that the business relationship is terminated.

Takeover-Relevant Information and Explanation

(Report pursuant to Sections 315a and 289a of the German Commercial Code (HGB))

Composition of the subscribed capital
Daimler Truck Holding AG (hereinafter also referred to as the "Company") was established on March 25, 2021 with a share capital of €50,000.00 – divided into 50,000 no-par-value registered shares – by Daimler Verwaltungsgesellschaft für Grundbesitz mbH, Schönefeld, a direct 100% subsidiary of Mercedes-Benz Group AG (formerly Daimler AG), Stuttgart, and was entered in the commercial register on April 12, 2021 at the Stuttgart District Court under the number HRB 778600. In context of the formation of Daimler Truck Holding AG, the share capital was paid up in full. Under the share purchase agreement of July 8, 2021, all 50,000 shares held by the Daimler Verwaltungsgesellschaft für Grundbesitz mbH in Daimler Truck Holding AG were sold to and assigned to Mercedes-Benz Group AG with legal effect as of that date, whereby Mercedes-Benz Group AG meanwhile became the sole direct shareholder of Daimler Truck Holding AG. In the context of separating the commercial vehicle business from the Mercedes-Benz Group, on the basis of the spin-off and hive-down agreement of August 6, 2021 and as consideration within the framework of the conversion and contribution measures, an additional 822,901,882 new shares were issued to the shareholders of Mercedes-Benz Group AG (formerly Daimler AG, 534,918,723 shares), to Mercedes-Benz Group AG (233,936,002 shares) and to Daimler Verwaltungsgesellschaft für Grundbesitz mbH (54,047,157 shares). As of December 31, 2021, the subscribed capital of Daimler Truck Holding AG amounts to €822,951,882.00. The share capital is divided into 822,951,882 no-par-value registered shares. All 822,951,882 no-par-value registered shares have been admitted to trading on the regulated market of the Frankfurt Stock Exchange since December 9, 2021 with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange; trading commenced on December 10, 2021.

Pursuant to Section 67 Subsection 2 of the German Stock Corporation Act (AktG), rights and obligations arising from shares exclusively exist in relation to the Company for and against the person 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 in accordance with the dividend distribution approved by the Shareholders' Meeting. At present, a special feature is that the shares issued in the course of forming the Company in March 2021 are entitled to profits for the 2021 financial year, while all new shares of the Company issued as consideration in the course of the conversion and contribution measures are only entitled to profits for the financial years as of January 1, 2022 (inclusive). 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. As of December 31, 2021, the Company did not hold any of its own shares (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 by way of the spin-off of a majority share ownership in Daimler Truck AG to Daimler Truck Holding AG, Mercedes-Benz Group AG, Daimler Verwaltungsgesellschaft für Grundbesitz mbH and Daimler Truck Holding AG entered into a so-called deconsolidation agreement on August 6, 2021 as a schedule to the spin-off and hive-down agreement. This is intended to ensure that a de-facto majority of Mercedes-Benz Group AG at the Shareholders' 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 the Mercedes-Benz Group AG. To this end, the deconsolidation agreement provides that, among other things, Mercedes-Benz Group AG and Daimler Verwaltungsgesellschaft für Grundbesitz mbH do not exercise their voting rights in the election of two out of ten shareholder representatives on the Supervisory Board of Daimler Truck Holding AG at the Shareholders' Meeting of Daimler Truck Holding AG. Furthermore, the agreement stipulates the obligation of Mercedes-Benz Group AG and Daimler Verwaltungsgesellschaft für Grundbesitz mbH not to exercise their voting rights in the event of an early (re-)election of individual shareholder representatives or in the event of the election of substitute members, insofar as a resolution is adopted on the (re-)appointment 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 Daimler Verwaltungsgesellschaft für Grundbesitz mbH are entitled to exercise their voting rights under the deconsolidation agreement, that agreement provides that Mercedes-Benz Group AG and Daimler Verwaltungsgesellschaft für Grundbesitz mbH will submit corresponding proposals to the Supervisory Board of the Company in due time prior to the adoption of the resolution on its election proposals. The deconsolidation agreement took effect upon the spin-off taking effect and has an initial term until the conclusion of the fifth Annual Shareholders' Meeting of Daimler Truck Holding AG following the Annual

Shareholders' 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 (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. As of December 31, 2021, Mercedes-Benz Group AG with headquarters in Stuttgart, Germany, and its Group company, Daimler Verwaltungsgesellschaft für Grundbesitz mbH with headquarters in Schönefeld, Germany, held a total of 288,033,159 shares in Daimler Truck Holding AG, representing 35.00% of the voting rights. At the end of January 2022, Mercedes-Benz Group AG transferred shares amounting to 4.99% of the share capital of the Company initially to Mercedes-Benz Group AG, which then transferred these shares to Daimler Pension Trust e.V. to secure pension liabilities of Mercedes-Benz AG.

In the context of the Group separation agreement, which is also a schedule 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 execution 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 subsidiaries within the meaning of Section 15 of the German Stock Corporation Act (AktG) or to Daimler Pension Trust e.V. as well as any measures that are not caused by any conduct (action, acquiescence or omission) of Mercedes-Benz Group AG are excluded from this obligation. Mercedes-Benz Group AG is not prevented by this agreement from disposing of the shares of Daimler Truck Holding AG subject to the lock-up after the end of the day that falls 12 months after the first day of trading of the shares of Daimler Truck Holding AG on the Frankfurt Stock Exchange without the prior consent of Daimler Truck Holding AG 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), in consideration of the economic and strategic aspects available at the relevant time. Exceptions to this are disposals to a direct competitor of Daimler Truck Holding AG, which are not 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 of Daimler Truck Holding AG, it will sell the relevant shares of 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 due diligence obligations of the Board of Management of Mercedes-Benz Group AG (Section 93 Subsection 1 of the German Stock Corporation Act).

Moreover, in the listing agreement, which was concluded with the accompanying banks (listing agents) on November 26, 2021 in connection with the stock-exchange listing of the shares of Daimler Truck Holding AG, Mercedes-Benz Group AG in principle also committed vis-à-vis the listing agents not to dispose of the shares of the Company held by it in any way or to enter into economically comparable transactions until the expiry of six months after the first trading day without the consent of the listing agents.

Restrictions on the transfer of shares also result from the performance phantom share plans (PPSP). In accordance with the plan conditions and the stock ownership guidelines, beneficiaries of the PPSP of management level 1 and eligible members of the Board of Management are required to acquire Daimler Truck Holding AG shares until a defined target volume of shares of Daimler Truck Holding AG is reached and to hold the said shares for the duration of their employment at the Group. This obligation is not applicable to the other PPSP beneficiaries.

Shareholdings exceeding 10.00% of the voting rights
As of December 31, 2021, Mercedes-Benz Group AG, with its registered office in Stuttgart, Germany, held 233,986,002 shares and thus directly held 28.43% of the voting rights in Daimler Truck Holding AG. As a wholly owned subsidiary of Mercedes-Benz Group AG, Daimler Verwaltungsgesellschaft für Grundbesitz mbH, with its registered office in Schönefeld, Germany, held 54,047,157 shares and thus held 6.57% of the voting rights in Daimler Truck Holding AG as of December 31, 2021. The voting rights of Daimler Verwaltungsgesellschaft für Grundbesitz mbH are attributed to Mercedes-Benz Group AG pursuant to Section 34 of the German Securities Trading Act (WpHG), so that Mercedes-Benz Group AG directly and indirectly held a total of 288,033,159 shares and thus held 35.00% of the voting rights as of December 31, 2021 by way of attribution. At the end of January 2022, Mercedes-Benz Group AG transferred shares amounting to 4.99% of the share capital of the Company initially to Mercedes-Benz Group AG, which then transferred these shares to Daimler Pension Trust e.V. to secure pension liabilities of Mercedes-Benz AG. Other direct or indirect holdings of the Company's share capital 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 members of the Board of Management are appointed and dismissed on the basis of Sections 84 and 85 German Stock Corporation Act (AktG) and, as soon as the Supervisory Board is composed in accordance with the provisions of the German Codetermination Act (MitbestG) following completion of the status procedure, also on the basis of Section 31 of the German Codetermination Act. Pursuant to Section 84 of the German Stock Corporation Act, 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. Before Daimler Truck Holding AG was listed on the stock exchange, Martin Daum had already been appointed as a member of the Board of Management of Daimler Truck Holding AG until February 28, 2025, Jochen Götz had been appointed until June 30, 2026 and Jürgen Hartwig had been appointed until November 30, 2026.

This deviation from the Code was explained and justified in the declaration of compliance. The appointment of the other members of the Board of Management follows the recommendation. The rules of procedure of the Supervisory Board of Daimler Truck Holding AG, which were adopted on December 10, 2021, stipulate that the initial appointment of members of the Board of Management will be for a maximum of three years in the future. 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 of the German Codetermination Act (MitbestG), which is applicable as soon as the Supervisory Board is composed in accordance with the provisions of the Codetermination Act, 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, which is still to be established at Daimler Truck Holding AG as soon as the German Codetermination Act is applicable in this respect, 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 missing, in urgent cases pursuant to Section 85 Subsection 1 of the German Stock Corporation Act (AktG), the member will be appointed by the court at the request of one of the parties concerned. 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 3 of the German Stock Corporation Act 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 Shareholders' Meeting. Unless binding provisions of the German Stock Corporation Act or the articles of incorporation state otherwise, resolutions of the Shareholders' Meeting are adopted by a simple majority of the votes cast in accordance with Section 133 of the German Stock Corporation Act and article 15 paragraph 2 sentence 1 of the articles of incorporation. Insofar as the German Stock Corporation Act 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 paragraph 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, a change in the object 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, 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 shares acquired can also be used to service convertible bonds and/or bonds with warrants issued and to issue shares to employees of the Company and employees and boards of subsidiaries 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 the Company's own 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 the purchase of the shares in exercise of the derivative cannot be concluded after October 31, 2026.

No use was made of the authorization to acquire the Company's own shares during the period under review.

By resolution of the Extraordinary Shareholders' 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 €329,180,752.00 by issuing new no-par-value registered shares against cash contributions and/or contributions in kind 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.

No use has yet been made of Approved Capital 2021.

Significant agreements subject to the condition of a change of control

Daimler Truck Holding AG, respectively Daimler Truck AG, have entered into the following significant agreements which contain provisions in the event of a change of control, as may occur, among other things, as a result of a takeover bid:

- an undrawn syndicated credit line totaling €5 billion and a syndicated credit line of approximately €7 billion of which approximately €1.8 billion has been drawn; this drawn syndicated credit line was granted with an initial amount totaling €13 billion and was contractually reduced in December 2021 by 90.00% of the cash inflows from bond issuances to the amount of approximately €7 billion. The aforementioned 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 syndicated credit lines 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 Daimler Brand & IP Management GmbH & Co. KG, a 100% 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 spun-off or sold segment if a new license agreement is then concluded with Daimler Brand & IP Management GmbH & Co. KG. Daimler Brand & IP Management GmbH & Co. KG will in good faith offer this kind of license agreement to the spun-off or sold business unit if the latter ensures that the quality requirements agreed between Daimler Truck AG and Daimler Brand & IP Management 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. 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.

We are Daimler Truck.

For all who keep the world moving.

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.

B.25

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 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 considered with a time 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.

At the Group level, risks and opportunities below €150 million are classified as "low", between €150 million and € 300 million as "medium" and above € 300 million as "high". To quantify the risks and opportunities for each category in the 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.25 and takes place before planned measures.

For the first time, the descriptions of the risk and opportunity categories include an assessment for Daimler Truck Holding AG as well as for the Group after the demerger and spin-off from Daimler AG (today Mercedes-Benz Group AG).

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 environmental aspects, social affairs 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, as well as its financial and asset situation 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. This means that all identified risks enter the risk management process at the appropriate level.

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.

In addition, those persons responsible for risk management are tasked with defining measures and, if necessary, implementing them to avoid or reduce risks or to protect the Group against them. 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 probability of occurrence of all risks and opportunities from the individual segments as well as the respective measures introduced to further the opportunities and mitigate the risks are continually monitored. Control at the group takes place at segment level, based on the assessment of 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 takes place via the risk management organization established at the Group. The segments, corporate functions, organizational units and companies are responsible for operational risk management and the risk management processes. They regularly report on specific risks and opportunities to the respective superordinate level. Significant, unexpected risks must be reported immediately. Through the segments, the information for reporting to the Board of Management and the Supervisory Board and finally is passed on to Group Risk Management. The Group Risk Management Committee (GRMC) is responsible for continually improving the risk management system and for assessing its efficiency and effectiveness. The GRMC is composed of representatives from Accounting & Result Management, the Legal department, Legal & 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 members of the Board of Management of Daimler Truck Holding AG responsible for Finance & Controlling and Integrity and Legal Affairs. The Internal Auditing 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. Among other things, it regularly checks as to whether

- Group-wide recognition, measurement and accounting guidelines are continually updated and regularly trained and adhered to;
- transactions within the Group are recorded and properly eliminated;
- issues relevant for financial reporting and disclosure from agreements entered into are recognized and appropriately presented;
- processes are in place to ensure the completeness of financial reporting;
- processes are in place for the segregation of functions as well as the "four-eyes principle" in the context of preparing financial statements, and whether authorization and access regulations are in place for the relevant IT accounting systems.

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 any weaknesses in controls 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 Auditing department checks whether the statutory framework conditions and internal guidelines 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.

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.26**.

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 highly 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 2021 is described in the Economic Conditions and Business Development chapter of the combined management report. Growth assumptions and forecasts for the overall development in 2022 are discussed in the Outlook chapter 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. Most significant risks as a consequence of the Russia-Ukraine War are described in section "Risks relating to the legal and political framework".

The development of the global economy also continues to be dependent on the future worldwide development of the **COVID-19 pandemic**, and especially on the appearance of new COVID-19 variants and the availability of vaccines adapted to these variants, as well as treatment options in the Group's markets and at the global level. If the continuing spread of infections necessitates even more drastic and comprehensive containment measures as anticipated in the Outlook chapter of the combined management report, this would seriously impair the economic recovery and international trade relations and would have an impact on the Group's customers and suppliers and on the Group itself. Even after COVID-19 case numbers have gone down, the pandemic may still have a negative impact on the Group's profits.

Should the further development of the COVID-19 pandemic result in renewed severe restrictions, this could again place an undue burden on households, companies and governments. This in turn could lead to a deterioration in consumer sentiment and the business climate and thus to a decline in consumption and industrial activity. The already strained situation of many companies could worsen as a result. For the Daimler Truck Group, the risks arising from the ongoing pandemic could, on the one hand, have a negative impact on unit sales and sales processes and, on the other hand, severely hinder production and supply chains.

The rise in public and private **debt** as a result of the pandemic and the countermeasures necessary to combat it could lead to speculation in the capital market regarding whether some countries will be able to bear the burden of their debts. This in turn could further increase the uncertainty of consumers and investors. Moreover a stronger increase in **inflation** in the United States and Europe than expected in the Outlook chapter of the combined management report could cause the central banks to raise base interest rates more quickly and 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

B.26
Industry and business risks/opportunities

Risk category	Probability of occurrence	Impact	Opportunity category	Impact
General market risks	Medium	High	General market opportunities	High
Risks relating to the legal and political framework	Medium	High	Opportunities relating to the legal and political framework	Low
Risks on the procurement market	Medium	High	Opportunities on the procurement market	High

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 may have a negative effect on the Group's sales prospects.

The unresolved trade conflict between the United States and China, which has now lasted for several years, 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 arising from the ongoing COVID-19 pandemic, the impact on logistical hubs, the resulting **supply chain problems** 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. On the other hand, unforeseen trade facilitations could provide 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 November 2021, with a slight delay, the new administration in the **United States** passed its first partial financial package of the Build Back Better plan in the form of a trillion-dollar infrastructure program. This is creating opportunities for economic development in the construction and transport 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 United States, these developments would significantly benefit the Group. Furthermore, stronger economic growth in the United States would have spillover effects on the rest of the world. However, increasing domestic political tensions in the United States 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. Apart from the traditional cyclical construction and logistics sectors affecting Daimler Truck sales, passenger transportation in tourism and public transportation is still on a low level as a result of the COVID-19 pandemic and thus affecting Daimler Buses sales. Rising oil prices and volatile exchange rates can also lead to market uncertainty and thus to falling demand for vehicles. Moreover there is the risk that high demand cannot be fulfilled in a timely manner due to supply-chain problems. 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 sometimes-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 cancelled 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 less effective 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-boosting 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 and opportunities 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-car 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 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 United States, 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 that can only be achieved using battery-electric or fuel-cell based drive systems and only 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 fund – 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 result 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, automotive 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 potential interruptions of supply chains and shortages of commodities, automotive parts or components may result in sharp increases in energy and commodity prices and the prices of parts and components, which could result in higher costs. Such supply problems and price increases could weaken the ongoing economic recovery following the COVID-19 pandemic while at the same time increasing inflationary pressures throughout the global economy.

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 Daimler Truck Financial Services interest costs. The global decline in stock markets triggered by the Russia-Ukraine War and the widespread sanctions could negatively affect consumer sentiment and the investment climate and have a negative impact on the global economy. This would have significant adverse effects, in particular on the sales prospects of all segments and on the Group's profitability. This could result in turn in a negative investor sentiment and negatively impact Daimler Truck Group in its ability to maintain adequate liquidity to finance its operations and meet its financial obligations. Increased country and currency risks exist due to restrictions on cross-border payment transactions and limited convertibility of the Russian ruble. The specific country risks are described below in the section "Country risks". In addition, collaboration with partners and joint ventures is subject to higher risks due to sanctions and potential expropriation of the assets of our Russian joint venture.

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 to 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 attracting investments into a country 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 certification** 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, automotive 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 sources commodities, parts and components from several suppliers; however, for the majority of parts the Daimler Truck Group relies on one specific supplier (also termed "single sourcing") for each individual part. 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 **semi-conductors**, which must be purchased on the world 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 complete the manufacture of its trucks and buses. If the supply bottleneck for semi-conductors is resolved more quickly than expected, then this would result in significant 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. The Russia-Ukraine War is expected to influence Commodity markets negatively and may result in or intensify supply bottlenecks. 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 depressed market environment. The resulting possible production downtimes at suppliers may cause a supply-chain interruption 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 interruptions, 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 digitization throughout the industry has resulted and is expected to continue to result in long-term increases in demand for battery cells, semi-conductors and certain critical materials, such as lithium, necessary to manufacture them. Due to the limited pool of suppliers, price increases and bottlenecks in the supply of these materials have occurred and may continue to occur, which could limit the Daimler Truck Group's ability to meet demand for its current generation of vehicles (including its vehicles with conventional ICE powertrains) or commercialize its new zero-emission vehicles (ZEV) profitably (or at all).

B.27

Company-specific risks / opportunities

Risk category	Probability of occurrence	Impact	Opportunity category	Impact
Production and technology risks	Low	High	Production and technology opportunities	–
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.27.

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 ZEV's 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 and 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. To avoid such **bottleneck situations,** great importance is placed on ensuring that capacity constraints – with a special focus on possible uncertainties resulting from the procurement of semiconductors and the COVID-19 pandemic – can be compensated for by planning well ahead. 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 the Daimler Truck Group 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 Company's earnings. In addition, the loss or misuse of sensitive data may lead to a loss of reputation. In particular, stricter regulatory requirements – such as the EU General Data Protection Regulation – can justify claims by third parties and result in complex regulatory requirements as well as 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.

In accordance with the protection level needed for the information stored, secure IT systems and a reliable IT infrastructure must be used. Cyber threats must be identified over the entire life cycle of applications and IT systems and dealt with in line with their seriousness. 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 disruptions to operating processes in data centers through mirrored databases, decentralized data storage, outsourced data backup and IT systems designed for high availability. Emergency plans are in place, and employees are trained and regularly reminded of the contents of those emergency plans in order to remain able to act in a crisis. 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.

B.28
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	Medium	High	Commodity price opportunities	High
Credit risks	Low	Low	Credit opportunities	–
Country risks	Low	Medium	Country opportunities	–
Risks of limited capital market access	Low	Low	Opportunities of limited capital market access	–
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

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. In order to achieve a long-term reduction in personnel costs required for the transformation, the management and General Works Council of the former Daimler AG signed an agreement in 2019 that includes a staff-reduction program. Due to the COVID-19 pandemic and the fact that the staff-reduction program is voluntary for both parties, there is a risk that implementation may not occur to the full extent scheduled by 2023. Upcoming negotiations on wages in the metal and electronics industry and the associated possible production downtimes also pose a risk.

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.

Prior to the **Spin-off**, the Group had not operated as a standalone publicly listed entity. Following the Spin-off, the Group is responsible for managing, among other things, all of its administrative and employee arrangements, its legal affairs and its financial reporting requirements which may result in significant additional expenditures and/or expose the Group to an increased risk of legal, regulatory or civil costs or penalties. As a result, significant changes may occur in the Group's cost structure, management, financing and business operations as a result of operating as a stand-alone publicly listed entity separate from the former Daimler AG. The Group anticipates that its success in the endeavors to manage the aforesaid changes and, as a result, a successful implementation of its business strategy, will depend substantially upon the ability of the Group's Management Board, senior management and other key employees to implement or adapt the necessary structures, to supervise their functionality and to work in a cohesive manner.

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 emission-free 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 value 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.28**.

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, risks of limited access to the capital market 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 Japanese yen and other currencies, such as those of growth markets, 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 sales 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 and currency options) 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.

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 includes both the direct risk of default and the risk of a deterioration in 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 receivable. The higher country risks in connection with the Russia-Ukraine War mainly includes potential impairments of trade receivables as well as our Russian joint venture. Further information on country risks are provided in the context of the disclosure of subsequent events in Note 42 in 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 from limited capital market access
Liquidity risks arise when a company is unable to fully meet its financial obligations. In the normal course of business, Daimler Truck uses bonds, commercial paper and securitized transactions, as well as bank loans in various currencies – primarily with the aim of refinancing its leasing and sales financing business. An increase in the cost of refinancing would have a negative impact on the competitiveness and profitability of our financial services business if the higher refinancing costs cannot be passed on to customers. A limitation of the financial services business would also have negative sales consequences for the vehicle business. In certain countries, access to capital markets can be limited by state regulations or by a temporary lack of market capacity. In addition, ongoing legal proceedings and our own business policy considerations and developments may temporarily prevent the Group from covering any liquidity requirements by borrowing on the capital markets.

Risks and opportunities from changes in 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.

Additional information on the pension plans and their risks can be found in Note 24 in the consolidated financial statements. Additional information on financial risks, risk-limiting measures and the management of these risks is provided in Note 35 in the consolidated financial statements. Information on the Group's financial instruments can be found in Note 34 in 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 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.

In order 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. As commercial vehicles become increasingly complex, including as a result of digitalization of components and communications among such components, 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 electric vehicles powered by batteries, may increase the Group's exposure to vehicle defects and product liability. Applicable laws and governmental standards require manufacturers to take action to remedy defects related to vehicle safety and other standards, and a manufacturer may have to recall vehicles. 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.

In addition, in connection with the Group's worldwide business operations, it must comply with a broad range of legal and regulatory requirements relating to sanctions, anti-bribery and corruption, and anti-money laundering.

The Group's operations may be restricted by economic sanction programs imposed by multiple authorities, such as the United Nations, the EU and the United States through the Office of Foreign Assets Control ("OFAC"). Economic sanctions programs do and will continue to restrict the Group's ability to engage in business dealings with certain sanctioned countries, persons or companies. The Group's international operations are also subject to anti-corruption laws and regulations in the jurisdictions in which it operates, such as the U.S. Foreign Corrupt Practices Act of 1977 and the United Kingdom Bribery Act of 2010. In addition, the Group is subject to anti-money laundering laws and regulations, including the EU's 6th Anti-Money Laundering Directive, which went into force in 2020.

Export control law, sanctions, anti-bribery and corruption, and anti-money laundering regimes evolve over time and it is difficult for the Group to predict the interpretation, implementation or enforcement of governmental policies with respect to its activities. While the Group continuously reviews existing policies and procedures to ensure compliance with applicable laws and regulations, the Group may be challenged on whether (i) these policies and procedures are deemed to be followed at all times and (ii) the Group's internal controls are deemed to not effectively detect and prevent violations by the Group's employees, consultants, agents or partners. Violation of anti-corruption laws, export control, sanctions and anti-money laundering regulations are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts (and termination of existing contracts) and revocations or restrictions of licenses, as well as criminal fines and imprisonment. In addition, any violation could result in adverse media coverage, have an impact on the Group's reputation and consequently on its ability to generate future business and maintain long-term commercial relationships with its customers.

Risks from legal proceedings
The subsidiaries of Daimler Truck Holding AG (especially Daimler Truck AG) are confronted with various legal proceedings and 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 and antitrust matters (including actions 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.

In particular, vehicle manufacturers like 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 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 accounts 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 proceedings could damage 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 Daimler AG (now known as Mercedes-Benz Group AG) and four other European truck manufacturers for their participation in anticompetitive 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 the Daimler Truck Group's operations and financial condition.

In relation to the cartel infringement described above, 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 is taking appropriate legal remedies to defend itself.

As legal proceedings are fraught with a large degree of uncertainty, it is possible that after their final resolution, some of the provisions the Group has recognized for them could ultimately 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.

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, cash flows and financial position of the Group or any of its segments.

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 Note 32 in 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 net profit and cash flow.

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 and opportunity situation of the Daimler Truck Group has increased slightly compared with the previous year. Major drivers in this respect relate to the current condition of global supply chains, the effects from the Russia-Ukraine War as well as the ongoing transition to ZEV's compared to the previous year.

No ESG-related risks and opportunities that are very likely to 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 consolidated financial statements were prepared.

No risks have been identified that alone or in combination with other risks could jeopardize the Group's continued existence, neither on the balance sheet date nor at the time the consolidated financial statements were prepared.

Outlook

Our outlook for the 2022 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 the 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 have adjusted 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 2021 Combined Management Report was compiled.

Our forecasts have been made in accordance with the accounting principles applied in the consolidated financial statements and the adjustments described in the Management Report. The statements made in this Outlook chapter are based on the Daimler Truck Business Plan described above, which, in view of the complete separation of the commercial vehicle business and the related financial services business from the Mercedes-Benz Group, takes into account both the phase 1 and phase 2 transactions, as well as the start-up phase for the new Financial Services segment. A detailed description of the two phases and the start-up phase for the new Financial Services segment is provided in the Corporate Profile chapter of the combined management report.

For the forecasts made in the Outlook, we use the following intensities to describe the quality of changes:

EBIT and adjusted EBIT are considered to be at the previous year's level if they are within a range of -5.0% to +5.0%. If there is a change within a range between -5.0% and -15.0% or between +5.0% and +15.0%, we refer to a slight decrease or a slight increase compared to the previous year. If the change is more than +15.0% or less than -15.0% compared to the previous 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 previous year's level if it is within a range of -10.0% to +10.0%. If there is a change in a range between -10.0% and -25.0% or between +10.0% and +25.0%, we refer to a slight decrease or a slight increase compared to the previous year. If the change is more than +25.0% or less than -25.0% compared to the previous year, we classify this as a significant increase or a significant decrease.

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

The world economy

We assume that global economic growth will slow down somewhat in 2022 after the strong recovery in the previous year. Especially in the first few months of the year, developments are likely to continue to be shaped by the containment measures imposed in connection with the COVID-19 pandemic and the ongoing bottlenecks for upstream products and transport capacities. With a further increase in vaccination rates and a gradual normalization of global supply chains over the course of the year, growth should gain momentum. In addition, households in developed countries have accumulated unusually high savings during the pandemic; spending at least some of these savings should support private consumption. On the other hand, the worldwide increase in inflation is likely to have a negative impact.

In addition, the Russia-Ukraine War may further weaken economic growth and have far-reaching consequences, especially if it continues for a long time or spreads to other countries. As a result of the war, there may be significant negative effects from the sanctions already adopted as well as increased uncertainty on the financial and commodity markets and potential disruption of supply chains and bottlenecks (Risk And Opportunity Report in the combined management report). These potential unfavorable effects have not yet been taken into account in the outlook below.

In the euro zone, these developments should ensure that private consumption will become one of the main drivers in 2022. The anticipated opening-up should above all boost the recovery of the services sector. Furthermore, the European recovery plan should encourage investment activity. We expect inflation in the euro zone of approximately 4%, and thus probably significantly higher than last year. Overall, we anticipate economic growth of just under 4% in 2022, once again above the potential growth rate.

In 2022, the US economy should also benefit from the gradual improvement of the supply situation as well as a rising vaccination rate. For the inflation rate, we expect a high level similar to that of the previous year at around 4.5%, and anticipate economic growth of just under 4% this year.

In China, after the growth slowdown of the previous year, we expect a slight easing of economic policy in 2022, which should boost economic activity over the course of the year. Overall, however, growth of just over 5% is likely to be lower than in the previous year.

In view of these developments, the global economy is likely to grow more slowly in 2022 at a rate of about 4% – but this is still a pace that is significantly above average in a long-term comparison.

The commercial vehicle market

Macroeconomic conditions are likely to remain comparatively good in major truck sales markets in 2022. Accordingly, we expect the positive demand situation in the markets to continue. However, the bottlenecks caused by the global shortage of semiconductors are likely to have a noticeable impact on the development of the market again this year. From today's perspective, we anticipate a market volume for heavy-duty trucks (class 8) in North America of between 255,000 and 295,000 units. The market for heavy-duty trucks in the EU 30 region (European Union, United Kingdom, Switzerland and Norway) should have a volume of between 240,000 and 280,000 units.

Table ↗ **B.29** provides an overview of the development of our forecasted key figures, based on the Capital Market Day on November 11, 2021, target achievement in the 2021 financial year and a forecast for the 2022 financial year, which is explained below.

In addition, the table shows the forecasted key figures ratios that we stated in the context of the profit forecast.

Unit sales

Based on our general assumptions for the global economy and the commercial vehicle markets that are important to us, we expect sales for the industrial business of between 500,000 and 520,000 units.

At the **Trucks North America** segment, we assume that sales will be between 175,000 and 195,000 units. We expect the situation regarding supply-chain bottlenecks to improve this year, which will have a positive impact on production.

We expect sales of between 155,000 and 175,000 units at the **Mercedes-Benz** segment. Further market recoveries are anticipated for the segment, both in the EU 30 region and in Latin America. We also assume that the division's supply chains will improve.

At the **Trucks Asia** segment, we expect sales of between 140,000 and 160,000 units. This forecast is based in particular on positive expectations for the markets of India and Japan.

At the **Daimler Buses** segment, we expect unit sales to be between 20,000 and 25,000 units. This expectation results in particular from the improving order situation and our assumption that the worst of the decline in demand caused by the COVID 19 pandemic is behind us.

Revenue and EBIT

We expect the revenue of the Daimler Truck Group in the 2022 financial year to be between €45.5 and €47.5 billion. For the industrial business, we anticipate revenue of €44.0 to 46.0 billion and an adjusted return on sales of 7% to 9%.

Based on our expected market development, the aforementioned factors and the planning of our segments, we expect EBIT to slightly decrease in 2022. Group EBIT in 2021 included some special items, which are explained in detail in the Profitability, Liquidity and Capital Resources, Financial Position chapter of the combined management report. By contrast, we expect a significant increase in adjusted Group EBIT.

Our individual segments have the following forecasts for adjusted returns in 2022:

Trucks North America: adjusted return on sales of 10-12%
Mercedes-Benz: adjusted return on sales of 6-8%
Trucks Asia: adjusted return on sales of 3-5%
Daimler Buses: adjusted return on sales of more than 0%
Financial Services: adjusted return on equity of 5-7%

For the **Trucks North America** segment, we expect for the adjusted return on sales that a positive development of unit sales combined with fewer supply bottlenecks, a very strong after-sales business and good pricing will offset the negative impact of raw-material costs.

With regard to adjusted return on sales at the **Mercedes-Benz** segment, we expect rising unit sales in combination with a favorable development of the after-sales business and good pricing to offset the negative effects from raw materials. Furthermore, positive effects will result from the efficiency measures that have been initiated.

At the **Trucks Asia** segment, we expect the adjusted return on sales to decrease, mainly due to the absence of the positive impact from the reversal of impairment losses at the joint venture Beijing Foton Daimler Automotive Co., Ltd. (BFDA) as well as start-up costs for the H6 in China and the next generation of the FUSO eCanter. In addition, we assume that the sales structure will change compared to 2021.

For the **Daimler Buses** segment, we forecast an adjusted return on sales from increased unit sales, a very strong after-sales business and good pricing, which will offset the negative effects of raw-material costs.

The **Financial Services** segment expects new business between €8 to 9 billion in 2022, driven in particular by the United States and the inclusion of the new markets of the phase 2 transactions. As a result, we also anticipate an increase in contract volume. At the same time, we expect cost of credit risks to normalize, resulting in a stabilization of gross profit compared with the previous year. In addition, we expect a significant increase in project-related expenses in connection with “Project Focus”. This includes, in particular, costs for founding and separating the new companies of the phase 2 transactions, as well as non-recurring expenses for setting up and securing business operations in those markets. For this reason, we forecast for 2022 adjusted earnings and therefore also an adjusted return on equity below the level of the previous year. 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 nine percent.

Free cash flow and liquidity

High advance payments for new products and technologies will continue to have a negative impact on the free cash flow of the industrial business. In this context, investments are planned for the cellcentric fuel-cell joint venture, for the planned high-performance charging network joint venture with the TRATON GROUP and Volvo Group, and for automated driving. There will also be the absence of a positive effect from the proceeds from the sale of the fuel-cell joint venture cellcentric. We therefore expect free cash flow from the industrial business to be at the prior-year level.

For 2022, 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 2022. We intend to cover our financing requirements primarily through bonds, short-term debt instruments (commercial paper), bank loans and the securitization of receivables from the financial services business; however, the focus should be on bonds and loans from global and local banks. Thanks to our ongoing solid creditworthiness and in a situation of ongoing high liquidity in the international capital markets, we anticipate stable refinancing conditions. 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 (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 (HGB). In view of the fact that all new shares issued on the basis of the spin-off and hive-down agreement are only entitled to participate in profits from January 1, 2022 onwards, the management of the Daimler Truck Group does not propose to pay a dividend for the financial year ending December 31, 2021.

Investment and research activities

Investment in property, plant and equipment
In the 2022 financial year, we will continue to invest heavily in property, plant and equipment to make our product range fit for the future. This applies in particular to electric mobility, fuel efficiency and the expansion of sales networks. At the same time, we will continue the measures we have initiated to reduce costs. Against this background, we plan to slightly increase our investment in property, plant and equipment compared to 2021.

A major area of investment in property, plant and equipment at the **Trucks North America** segment will be the acquisition of new machine tools and the construction of production facilities.

At the **Mercedes-Benz** segment, the focus will be on further expanding the sales structure and optimizing powertrain production.

At the **Trucks Asia** segment, the focus will remain on new technologies (including electric mobility), digitalization, modernization of the sales centers and plant optimization.

For the **Daimler Buses** segment, investments are planned in the further development of the European EvoBus service and sales centers. Additional measures aim to increase the efficiency of the existing product portfolio in order to maintain competitiveness.

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 the further development of existing products. We therefore expect our research and development expenditure (including capitalization) in 2022 to be slightly higher than in the previous year.

At **Trucks North America,** future technologies such as emission-free vehicles, fuel efficiency and powertrain technologies continued to be key areas.

The focus at **Mercedes-Benz** will be on projects for emission-free vehicles such as the eActros and fuel-cell trucks, as well as future-oriented powertrain technologies (e.g., the electric axle and high-voltage batteries).

At **Trucks Asia,** the aim is to continue the development of future technologies and to further develop the existing portfolio.

The focus at **Daimler Buses** in 2022 will be on the further development of the eCitaro and upgrading the conventional combustion engines with consideration of the relevant exhaust emission standards, as well as on the changeover to alternative drive systems and on increasing the competitiveness of the existing product portfolio.

B.29

Forecast key figures for Daimler Truck

	2021 Forecast[1]	2021 Reported	2022 Forecast	2021 Profit Forecast[2]	2022 Profit Forecast[2]
Market for heavy-duty trucks					
North America (in thousands of units)	significant increase	+15%	255 to 295	significant increase	at prior-year level
EU 30 (in thousands of units)	significant increase	+19%	240 to 280	significant increase	at prior-year level
Group					
Revenue	€37 to 39 billion	€39.8 billion	€45.5 to 47.5 billion	€37 to 39 billion	significant increase
EBIT	€3.4 to 3.8 billion	€3.4 billion	slight decrease	€3.4 to 3.8 billion	slight decrease
EBIT (adjusted)	€2.3 to 2.7 billion	€2.6 billion	significant increase	€2.3 to 2.7 billion	significant increase
Investment in property, plant and equipment	€0.9 to 1.0 billion	€0.8 billion	slight increase	–	–
Research and development expenditure (including capitalized development costs)	€1.5 to 1.7 billion	€1.6 billion	slight increase	€1.5 to 1.7 billion	slight increase
Industrial business					
Unit sales (in thousands of units)	–	455.4	500 to 520	450 to 470	significant increase
Revenue	–	€38.6 billion	€44.0 to 46.0 billion	–	–
Return on sales (adjusted)	6% to 8%	6.1%	7% to 9%	6% to 8%	7% to 9%
Free cash flow	€1.5 to 2.0 billion	€1.6 billion	at prior-year level	–	
Trucks North America					
Unit sales (in thousands of units)	160 to 170	162.2	175 to 195	160 to 170	–
Return on sales (adjusted)	9% to 11%	9.2%	10% to 12%	9% to 11%	–
Mercedes-Benz					
Unit sales (in thousands of units)	140 to 150	141.3	155 to 175	140 to 150	–
Return on sales (adjusted)	4% to 6%	4.8%	6% to 8%	4% to 6%	–
Trucks Asia					
Unit sales (in thousands of units)	140 to 150	143.4	140 to 160	140 to 150	–
Return on sales (adjusted)	6% to 8%	7.2%	3% to 5%	6% to 8%	–
Daimler Buses					
Unit sales (in thousands of units)	17 to 18	18.7	20 to 25	17 to 18	–
Return on sales (adjusted)	-4% to -2%	-2.4%	> 0%	-4% to -2%	–
Financial Services					
New business	€5 to 6 billion	€5.8 billion	€8 to 9 billion	€5 to 6 billion	–
Return on equity (adjusted)	5% to 7%	12.4%	5% to 7%	5% to 7%	–

1 As reported on the capital market day on November 11, 2021
2 As published in the stock-exchange prospectus on November 26, 2021

Overall statement on future development

Uncertainties remain in connection with the Russia-Ukraine War, the future development of the COVID-19 pandemic as well as with regard to the difficult situation in global supply chains. At the same time, the necessary transformation to a CO_2-neutral future requires high investments and comprehensive structural adjustments.

Against this background and supported by the brand strength and innovative power of our Company, we are generally confident about the year 2022. For the industrial business, we anticipate revenue of €44.0 to 46.0 billion, and we expect that our unit sales in the industrial business significantly increase compared to the previous year. We anticipate an adjusted return on sales of between 7% and 9% for our industrial business. However, this is based on the assumption that the Russia-Ukraine War does not have a significant effect on the global truck market, that we succeed in further containing the COVID-19 pandemic, and that the tense situation in global supply chains recovers as the year progresses.

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.

Closing Statement of the Board of Management from the Dependent Company Report

In the period from March 25, 2021 to December 9, 2021, Daimler Truck Holding AG received appropriate consideration for each legal transaction with subsidiaries listed in the report pursuant to Section 312 of the German Stock Corporation Act (AktG) and was not disadvantaged by the measures specified, taken or omitted in the report. This assessment is based on the circumstances known at the time of the reportable transactions.

Leinfelden-Echterdingen, March 23 2022

The Board of Management

Martin Daum

Karl Deppen

Jochen Götz

Dr. Andreas Gorbach

Jürgen Hartwig

John O'Leary

Karin Rådström

Stephan Unger

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.

The Audit Committee was established by resolution of the Supervisory Board on December 10, 2021 and was given its own rules of procedure. By way of circular resolution, I, Michael Brosnan was elected as Chairman and Michael Brecht was elected as Deputy Chairman of the Audit Committee on December 23, 2021.

Tasks and responsibilities

On the basis of applicable law, the German Corporate Governance Code, and its rules of procedure adopted on December 10, 2021, as well as the rules of procedure of the Supervisory Board adopted on the same day, the Audit Committee deals primarily with questions of accounting, financial reporting and non-financial reporting. Its duties also include dealing with the annual audit and reviewing the qualifications and independence of the auditor. Furthermore, the Audit Committee deals with the effectiveness and functionality of the risk management system, the internal control system, the internal auditing system and the compliance management system. In addition, it receives information from the Board of Management about ongoing legal proceedings.

Furthermore, after the election of the external auditor by the Shareholders' Meeting, it is the Audit Committee's task to engage the external auditor to conduct the audit of the annual financial statements and the audit review of interim financial reports. In addition, the Audit Committee determines the main areas of the audit and negotiates audit fees with the auditor. The Audit Committee also engages the auditor to carry out a voluntary review of the non-financial report as part of a limited assurance engagement and to review the non-financial statement of the Group as part of the Management Report.

The tasks of the Audit Committee established on December 10, 2021 were essentially performed by the Company's Supervisory Board in the 2021 financial year due to the spin-off, which took effect on December 9, 2021.

Members of the Audit Committee

Since the establishment of the Audit Committee on December 10, 2021, Michael Brosnan, Michael Brecht, Akihiro Eto, Jörg Köhlinger, Harald Wilhelm and Thomas Zwick have been members of the Audit Committee. The Chairman of the Audit Committee is independent. The Chairman of the Audit Committee (Michael Brosnan), Harald Wilhelm and Akihiro Eto have expertise in the field of financial reporting as well as in the field of auditing.

Meetings and participants

The Audit Committee did not meet in the 2021 financial year following its establishment and composition on December 10, 2021 and, with the exception of the circular resolution mentioned at the beginning of this report, did not adopt any further resolutions. At its meeting on December 10, 2021, the entire Supervisory Board therefore also dealt with issues relating to the audit of the annual financial statements and, in this context, adopted resolutions in particular on the range of services to be provided by the auditor and on permissible non-audit services.

Company and consolidated financial statements 2021

At its meeting on March 23, 2022, the 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 external auditor), including the 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 Shareholders' Meeting for the use of profits, and the remuneration report. The representatives of the auditor reported on the results of the audit, focusing in particular on the key audit matters and the audit approach applied in each case, including the conclusions drawn, and were available to answer additional questions and provide information. The audit reports on the company and consolidated financial statements (including the key audit matters in the auditor's reports) and on the internal control system, as well as important accounting processes, were discussed together with the auditor. The Audit Committee also reviewed the Company's risk management system.

Following an in-depth review and discussion, the Audit Committee recommended that the Supervisory Board approve the prepared financial statements, the combined management report including the non-financial statement of the Group, the declaration on corporate governance and the Board of Management's proposal for the use of profits. The Audit Committee also examined the independence of the auditor. Furthermore, the Audit Committee approved the report of the Audit Committee on the 2021 financial year.

Dependent company report

Daimler Truck Holding AG was a dependent company of Mercedes-Benz Group AG (indirectly from March 25, 2021 to July 8, 2021 and directly from July 8, 2021 to December 9, 2021; former Daimler AG) within the meaning of Section 312 of the German Stock Corporation Act (AktG) in the 2021 financial year, commencing on March 25, 2021 and ending on December 9, 2021. For this reason, the Board of Management of Daimler Truck Holding AG compiled a report on relationships with parent company and subsidiaries (dependent company report), which includes the following statement by the Board of Management: “In the period from March 25, 2021 to December 9, 2021, Daimler Truck Holding AG received appropriate consideration for each legal transaction with subsidiaries listed in the report pursuant to Section 312 of the German Stock Corporation Act (AktG) and was not disadvantaged by the measures specified, taken or omitted in the report. This assessment is based on the circumstances known at the time of the transactions subject to reporting requirements.”

Pursuant to Section 313 of the German Stock Corporation Act (AktG), KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, is also engaged to audit the dependent company report and presented its audit report on March 23, 2022. Based on the audit, which was completed without any objections, the auditor issued the following audit opinion:

“Based on our audit performed with due professional care and our assessment, we confirm that

1. the factual information in the report is correct,

2. the consideration paid by the Company for the legal transactions described in the report was not unreasonably high,

3. with regard to the measures set out in the report, no circumstances point to a significantly different assessment than that of the Board of Management.”

The dependent company report and the related audit report were submitted to all members of the Audit Committee in good time and were discussed in detail in the presence of the responsible members of the Board of Management and two representatives of the auditor at the meeting on March 23, 2022. The auditor’s representatives reported on the main findings of their audit. Questions regarding individual legal transactions and measures mentioned in the report were answered comprehensively and satisfactorily. Based on its review, the Audit Committee has come to the conclusion that the report of the Board of Management on relations with subsidiaries complies with the legal requirements. The Audit Committee recommended that the Supervisory Board approve the dependent company report prepared by the Board of Management and the auditor’s report on this matter.

Leinfelden-Echterdingen, March 2022

The Audit Committee

Michael Brosnan, Chairman

We are Daimler Truck.

For all who keep the world moving.

Declaration on Corporate Governance

In this Declaration on Corporate Governance pursuant to Sections 289f and 315d of the German Commercial Code (HGB), the Board of Management and the Supervisory Board report on the corporate governance of the Company. Good corporate governance is a precondition for and reflection of the responsible management of a company. The Board of Management and the Supervisory Board aim to align the Group's management and supervision with nationally and internationally recognized standards in order to safeguard sustainable value creation over the long term. The Board of Management and the Supervisory Board jointly issue the Declaration on Corporate Governance, each being responsible for the parts of the report that pertain to them. The Declaration on Corporate Governance has been combined for Daimler Truck Holding AG and the Daimler Truck Group. 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 HGB, the auditor's review of the statements pursuant to Section 289f Subsections 2 and 5 and Section 315d of the HGB is limited to determining whether such statements have actually been provided. The Declaration on Corporate Governance can also be viewed on the Company's Website.

Declaration of the Board of Management and the Supervisory Board of Daimler Truck Holding AG pursuant to Section 161 of the German Stock Corporation Act (AktG) regarding the German Corporate Governance Code

Upon registration of the measures under transformation law in the commercial register of Daimler AG on 9 December 2021, Daimler Truck Holding AG has left the Daimler Group, which is managed by Daimler AG. Since that date, the shares of Daimler Truck Holding AG have been admitted to trading on the stock exchange. As a legally independent, listed stock corporation, the recommendations of the "Government Commission on the German Corporate Governance Code" in the version of 16 December 2019 ("Code") published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette apply to Daimler Truck Holding AG as of this date.

Against this background, the Board of Management and the Supervisory Board of Daimler Truck Holding AG in their first meetings after the transformation measures became effective dealt with the recommendations of the Code.

With the transformation measures having taken effect, Daimler Truck Holding AG has more than 20,000 employees in Germany on the basis of the attribution provision of § 5 (1) of the German Co- Determination Act (Mitbestimmungsgesetz), with the consequence that the Supervisory Board, pursuant to § 7 (1) sent. 1 no. 3 of the German Co-Determination Act, is to be composed of ten Supervisory Board members each representing the shareholders and the employees.

At present, the Supervisory Board of Daimler Truck Holding AG consists of 20 members, all of whom were elected by the Shareholders' Meeting of Daimler Truck Holding AG prior to the measures under transformation law. Ten of these members were elected upon consultation with the employees, but formally also as shareholder representatives. Therefore, in mid-December 2021 the Board of Management of Daimler Truck Holding AG will initiate so-called status proceedings pursuant to §§ 97 et seqq. German Stock Corporation Act (AktG). Upon conclusion of the Annual General Meeting in 2022, all mandates of the Supervisory Board members elected by the Shareholders' Meeting will expire in accordance with § 97 (2) sent. 3 German Stock Corporation Act (AktG). The ten shareholder representatives are therefore to be newly elected at the Annual General Meeting in 2022; the employee representatives will be appointed by court order upon request.

The Supervisory Board of Daimler Truck Holding AG will not be constituted in its composition as required by the German Co-Determination Act until after the conclusion of the 2022 Annual General Meeting; the first meeting of the Supervisory Board subject to co-determination is to take place following the Annual General Meeting 2022.

At the constituent meeting of the current Supervisory Board on 10 December 2021, in particular the Chairman of the Supervisory Board and his Deputy were elected, the Rules of Procedure for the Supervisory Board and its committees adopted and the Presidential, Audit and Nomination Committees of the Supervisory Board established. In addition, the Supervisory Board resolved on the remuneration system for the Board of Management, which will be submitted to the Annual General Meeting in 2022 for approval, and, with regard to the composition of the Board of Management, passed a resolution on the diversity concept (including an age limit) embedded in an overall requirements profile. Finally, resolutions were adopted on the independence of the shareholder representatives as well as on the competence profile embedded in an overall requirements profile with regard to the composition of the Supervisory Board and the diversity concept (including an age limit).

Daimler Truck Holding AG thus complies with all recommendations of the Code and will continue to do so in the future, with the following exceptions:

– Recommendation B. 3 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 Götz 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 holding company of Daimler Truck AG and that Martin Daum, Jochen Götz 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 is 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.

– According to Recommendation C. 4, 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, members of the management boards of listed companies shall not accept in total more than two supervisory board mandates in non-group listed companies or comparable functions and shall not accept the chairmanship of a supervisory board in 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, 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 of 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 will be 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.

Leinfelden-Echterdingen, in December 2021
Daimler Truck Holding AG

On behalf	On behalf
of the Supervisory Board	of the Board of Management
Joe Kaeser	Martin Daum
Chairman	Chairman

This declaration of compliance with the German Corporate Governance Code is available on the Company's Website. In addition to the most recent declaration of compliance, declarations of compliance issued for the Company that are no longer current will be made available there for at least the past five years.

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 the laws of the Federal Republic of Germany, with its registered office in Stuttgart and its business address at Fasanenweg 10, 70771 Leinfelden-Echterdingen. It has three governing bodies: the Board of Management, the Supervisory Board and the Shareholders' 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.

The German Corporate Governance Code
Beyond the legal requirements of German stock corporation, codetermination, and capital market legislation, Daimler Truck Holding AG follows the recommendations of the German Corporate Governance Code ("Code"), with the exceptions disclosed and justified in the declaration of compliance.

Daimler Truck Holding AG also voluntarily follows the suggestions of the Code with the following deviation: According to suggestion D. 8 Sentence 2, participation in the meetings of the Supervisory Board and the committees via telephone or video conference should not be standard procedure. Personal attendance at meetings is planned to be the standard procedure at Daimler Truck Holding AG. Participation by telephone and/or video conference should only take place in exceptional cases. Due to the COVID-19 pandemic, most of the initial meetings of the Supervisory Board and its committees were held as hybrid meetings (partial in-person attendance, as well as telephone or video conference).

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 German Corporate Governance Code. In order to achieve long-term and thus sustainable business success on this basis, our goal is to ensure that our activities are in harmony with the 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 Integrity Code, 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 Integrity Code

Our Integrity Code 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 Integrity Code 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 Integrity Code applies to all companies and employees of the Daimler Truck Group worldwide. It is available on the Website.

In addition, while still under the umbrella of Mercedes-Benz Group AG (formerly Daimler AG), we agreed with the international employee representative body IndustriALL Global Union on the "Declaration of Principles of Social Responsibility and Human Rights", which supplements and elaborates our Integrity Code with regard to human rights and good working conditions. This declaration applies at Daimler Truck Holding AG and throughout the Daimler Truck Group. We are committed to upholding human rights, respecting the rights of employees and their representative bodies, and protecting the environment. In this context, we are committed to respecting the following international standards:

- International Charter of Human Rights,
- International Covenant on Civil and Political Rights,
- International Covenant on Economic, Social and Cultural Rights,
- International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work,
- United Nations Guiding Principles on Business and Human Rights,
- Ten Principles of the UN Global Compact,
- OECD Guidelines for Multinational Enterprises (Chapter IV on Human Rights).

Expectations for our business partners

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 follow our business partner standards, and that they pay the same attention themselves to other partners in the supply chain. Furthermore, we summarize all the requirements we place on our suppliers for sustainable action and formulate our expectations with regard to working conditions, respect for human rights, the environment and safety, and compliance. In accordance with the United Nations Guiding Principles on Business and Human Rights, we work to ensure that business partners, especially direct suppliers, also respect human rights, we work to ensure that this is also the case for indirect suppliers, and we take appropriate measures. On our expectations for our business partners, please see also "Compliance of our business partners" on the Website.

Risk and compliance management at the Group

The Daimler Truck Group has a risk and compliance management system that is commensurate with the size and global presence of the Group and is designed to ensure the continuous and systematic management of business risks and opportunities.

The risk management system (RMS) is one component of the Group-wide planning, controlling and reporting process. Its goal is to enable the Group's management to recognize significant risks at an early stage and to initiate appropriate countermeasures in a timely manner (see also the Group's non-financial statement and risk and opportunity report in the combined management report).

Our compliance management system (CMS), which has its basis in our culture of integrity, is designed to support the adherence to the law and policies at the Group and by its employees, to prevent misconduct and to systematically minimize compliance risks. More detailed information on our compliance management system can be found in the Group's non-financial statement in the combined management report.

The Internal Auditing department supports the organization in achieving its objectives by using a systematic and targeted approach to evaluate and help improve the effectiveness of risk management, controls, and management and monitoring processes.

In accordance with its rules of procedure, the Audit Committee of the Supervisory Board of Daimler Truck Holding AG discusses with the Board of Management, at least once each year, the effectiveness and functionality of the internal control and auditing system, the risk management system and the compliance management system. The Chairman of the Audit Committee reports to the Supervisory Board on the committee's work at the latest in the next meeting of the Supervisory Board. The Supervisory Board also deals with the risk management system on the occasion of the audit of the annual company and consolidated financial statements. Between Supervisory Board meetings, the Chairman of the Supervisory Board has regular contact with the Board of Management, and 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 as a whole.

Accounting and the external audit

The consolidated financial statements and interim financial reports are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The annual financial statements of Daimler Truck

Holding AG are prepared in accordance with the accounting standards of the German Commercial Code (HGB). As of the 2022 financial year, quarterly financial reports will be compiled in addition to the half-yearly financial report. The consolidated financial statements and company financial statements of Daimler Truck Holding AG are audited by external auditors; interim financial reports will be reviewed by external auditors for the first time for the first quarter of 2022. The consolidated financial statements and the Group management reports will be 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.

In the context of the formation of Daimler Truck Holding AG, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, was appointed as the external auditor of the Company. As a supplement to this resolution, the Extraordinary Shareholders' Meeting held on November 5, 2021 also appointed KPMG AG Wirtschaftsprüfungsgesellschaft as auditors of the consolidated financial statements and as auditors for the review of interim financial reports for financial year 2022 in the period until the next Shareholders' Meeting in the 2022 financial year. Since the formation of the Audit Committee in December 2021, the Supervisory Board, based on the recommendation of the Audit Committee, will submit a proposal to the Shareholders' Meeting for the appointment of the auditors of the company financial statement, the auditors of the consolidated financial statements, and the auditors for the review of the interim financial reports. KPMG AG Wirtschaftsprüfungsgesellschaft has been conducting the audit of the company and consolidated financial statements of Daimler Truck Holding AG since the 2021 financial year; the responsible auditor commissioned to carry out the external audit since the 2021 financial year has been Mr. Michael Mokler.

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 and committees on the other hand, that could give rise to concerns of partiality was obtained by the Supervisory Board at its constituent meeting on December 10, 2021, and by the Audit Committee of the Supervisory Board in its meeting on March 23, 2022, also before submitting its recommendation for the election proposal to the 2022 Annual Shareholders' Meeting. 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 auditor was requested to inform the Supervisory Board without delay of all possible grounds for exclusion or bias arising during the audit or review and of all findings and events of importance for the duties of the Supervisory Board, in particular any suspected accounting irregularities. Furthermore, the Supervisory Board agreed with the auditor to inform it and to note in the audit report if, during the performance of the audit, the auditor ascertains facts which show that the declaration of compliance with the German Corporate Governance Code issued by the Board of Management and the Supervisory Board is incorrect.

Composition and mode of operation of the Board of Management

The German Stock Corporation Act (AktG) stipulates a dual management system – with strict separation between the Board of Management 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 the management of the Company, the Board of Management is bound by the interests of the Company and committed to increasing the sustainable value of the Company, taking into account the interests of shareholders, employees and other stakeholders.

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. At the time of the formation of Daimler Truck Holding AG in March 2021, the Board of Management consisted of two executives of Mercedes-Benz Group AG (formerly Daimler AG), who had been appointed in preparation for the spin-off and stepped down from their positions effective 24:00 hours on July 11, 2021. Martin Daum and Jochen Götz were appointed as members of the Board of Management effective as of July 12, 2021. Karl Deppen, Dr. Andreas Gorbach, Jürgen Hartwig, John O'Leary, Karin Rådström and Stephan Unger were also appointed as members of the Board of Management with effect from December 1, 2021. Pursuant to Section 33 of the German Codetermination Act (MitbestG), the member of the Board of Management for Human Resources is to be designated as labor relations director as soon as the Supervisory Board has been formed in accordance with the German Codetermination Act (MitbestG) – after conclusion of the status proceedings. As of December 31, 2021, the Board of Management of Daimler Truck Holding AG consisted of eight members.

The composition of the Board of Management reflects the participation requirement of Section 76 Subsection 3a of the German Stock Corporation Act (AktG), as amended, 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, FüPoG II), according to which at least one woman and one man must be a member of the management board of companies subject to this provision. The details are described in a separate section of this Declaration on Corporate Governance. In addition, at its meeting on December 10, 2021, the Supervisory Board adopted a diversity concept embedded in an overall requirements profile, including an age limit, with regard to the composition of the Board of Management, the details of which are also summarized 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 the Board of Management chapter in the Annual Report. Information on the areas of responsibility and the curricula vitae of the Board of Management members is posted on the Website.

Notwithstanding the overall responsibility of the Board of Management, the individual members of the Board of Management manage their areas 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 of Daimler Truck Holding AG, the consolidated financial statements and the combined management report of the Company and the Group, including the non-financial statement of the Group, and for preparing the Company's interim financial reports. Together with the Supervisory Board, the Board of Management issues the declaration of compliance with the German Corporate Governance Code 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). Until the date of separation from the Mercedes-Benz Group managed by Mercedes-Benz Group AG (formerly Daimler Group) on December 9, 2021, Daimler Truck Holding AG and the Daimler Truck Group companies were integrated into the monitoring systems, in particular internal control, risk management and compliance management systems, of Mercedes-Benz Group AG. Upon separation from the Mercedes-Benz Group managed by Mercedes-Benz Group AG, the Board of Management established an adequate and effective internal control and risk management system as well as a compliance management system; the basic features of these systems are presented in the Non-Financial Statement of the Group chapter in the combined management report. Such features include the BPO (Business Practices Office) whistleblower system, which operates throughout the Group, providing employees and external whistleblowers worldwide with the opportunity to report violations of regulations.

The Board of Management and the Supervisory Board work closely together for the benefit of the Company. The Board of Management reports to the Supervisory Board regularly, promptly and comprehensively on the strategy of the segments, corporate planning, profitability, business development and the situation of the Group, as well as on the internal control system, the risk management system and compliance issues. 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 interests of the Group and are subject to a comprehensive non-competition clause during their activity for the Company. This does not apply to other positions within the Daimler Truck Group and positions 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 positions outside the Daimler Truck Group, to a limited degree. The acceptance of such sideline activities requires the prior approval of the Presidential 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 also given itself rules of procedure, which can be seen 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 at Website.

Diversity

Inclusion and diversity management is an integral part of our corporate strategy. We value the diversity of our employees and the differences between them because such differences form the foundation for a strong and successful company. The aim of our activities is to bring together the right people to overcome our challenges, to create a working culture that promotes the performance, motivation and satisfaction of our employees and managers, and to help attract new target groups to our products and services. In doing so, our intention is to promote diversity in all its dimensions within the Company: age, ethnic origin and nationality, gender and gender identity, physical and mental abilities, religion and belief, sexual orientation and social origin. With our specific measures, activities and initiatives for everything from training formats for employees and managers to workshops, conferences, policies and target group-specific communication and awareness-raising measures, our inclusion and diversity management system makes a major contribution to the further development of our corporate culture.

The Board of Management pays close attention to diversity when filling management positions in the Company. Targeted support for women on the basis of the best-mix principle is a key element of inclusion and diversity management. Such support has also included and continues to include flexible working-time arrangements, company daycare centers and special mentoring programs. 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 reasons for this. The details of this are described in a separate section of this declaration on corporate governance. The proportion of women in senior management positions at Daimler Truck worldwide was 15.8% at the end of the year 2021. 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.

Composition and mode of operation of the Supervisory Board and its committees

Supervisory Board
The Supervisory Board of Daimler Truck Holding AG consisted of three members in the period from the establishment of the Company in March 2021 until the spin-off of the majority interest in Daimler Truck AG from Mercedes-Benz Group AG to Daimler Truck Holding AG became effective.

Since the measures related to the German Transformation Act (UmwG) took effect in December 2021, Daimler Truck Holding AG has had more than 20,000 employees in Germany due to the attribution provision of Section 5 Subsection 1 of the German Codetermination Act (MitbestG), which means that the Supervisory Board is to be composed of ten Supervisory Board members representing the shareholders and ten representing the employees pursuant to Section 7 Subsection 1 Sentence 1 No. 3 of the German Codetermination Act (MitbestG). The members representing the shareholders and the members representing the employees are equally required by law to act in the Company's best interests.

As of December 31, 2021, the Supervisory Board of Daimler Truck Holding AG consisting of 20 members, all of whom were elected by the Shareholders' Meeting of Daimler Truck Holding AG prior to the measures related to the German Transformation Act (UmwG). Ten of these members were elected in consultation with the employees and are therefore referred to as employee representatives, even though they were formally elected as shareholder representatives. In mid-December 2021, the Board of Management of Daimler Truck Holding AG initiated status proceedings pursuant to Sections 97 et seq. of the German Stock Corporation Act (AktG). All terms of office of the Supervisory Board members elected by the Shareholders' Meeting will expire at the conclusion of the 2022 Annual Shareholders' Meeting in accordance with Section 97 Subsection 2 Sentence 3 of the German Stock Corporation Act. The ten shareholder representatives are therefore to be newly elected at the 2022 Annual Shareholders' Meeting, with elections to the Supervisory Board regularly being held as individual elections; the employee representatives are to be appointed by court order on request until they are elected by the employees of the Group's German operations in the election procedure under the German Codetermination Act (MitbestG).

The Supervisory Board of Daimler Truck Holding AG will not be formed in the composition required by the German Codetermination Act (MitbestG) until after the conclusion of the Annual Shareholders' Meeting in 2022. The first meeting of the codetermined Supervisory Board is to be held following the 2022 Annual Shareholders' Meeting.

In the context of the separation of the commercial vehicle business from the Mercedes-Benz Group by way of the spin-off of a majority share ownership in Daimler Truck AG to Daimler Truck Holding AG, Mercedes-Benz Group AG, Daimler Verwaltungsgesellschaft für Grundbesitz mbH and Daimler Truck Holding AG entered into a so-called deconsolidation agreement on August 6, 2021, as a schedule to the spin-off and hive-down agreement. This is intended to ensure that a de-facto majority of Mercedes-Benz Group AG at the Shareholders' 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 the Mercedes-Benz Group AG. To this end, the deconsolidation agreement provides that, among other things, Mercedes-Benz Group AG and Daimler Verwaltungsgesellschaft für Grundbesitz mbH do not exercise their voting rights in the election of two out of ten shareholder representatives on the Supervisory Board of Daimler Truck Holding AG at the Shareholders' Meeting of Daimler Truck Holding AG. Furthermore, the agreement stipulates the obligation of Mercedes-Benz Group AG and Daimler Verwaltungsgesellschaft für Grundbesitz mbH not to exercise their voting rights in the event of an early (re-)election of individual shareholder representatives or in the event of the election of substitute members, insofar as a resolution is adopted on the (re-) appointment 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 Daimler Verwaltungsgesellschaft für Grundbesitz mbH are entitled to exercise their voting rights under the deconsolidation agreement, that agreement provides that Mercedes-Benz Group AG and Daimler Verwaltungsgesellschaft für Grundbesitz mbH will submit corresponding proposals to the Supervisory Board of the Company in due time prior to the adoption of the resolution on its election proposals. The deconsolidation agreement took effect upon the spin-off taking effect and has an initial term until the conclusion of the fifth Annual Shareholders' Meeting of Daimler Truck Holding AG following the Annual Shareholders' 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 (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.

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 Website.

The Supervisory Board is composed so that its members together 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. As soon as the Supervisory Board is composed in line with codetermination following the conclusion of the status proceedings, the Supervisory Board of Daimler Truck Holding AG must consist of at least 30% women and at least 30% men in accordance with Section 96 Subsection 2 of the German Stock Corporation Ac (AktG); the Supervisory Board has voluntarily established this requirement for the period until the conclusion of the status proceedings.

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. The details of this are summarized in a separate section of this Declaration on Corporate Governance. Proposals by the Supervisory Board for the election by the Shareholders' Meeting of shareholder representatives, for which the Nomination Committee submits recommendations, aim to fill the overall requirements profile of the Supervisory Board as a whole.

The members of the Supervisory Board attend in their own responsibility courses of training and further training that might be necessary for the performance of their tasks, and are supported by the Company in doing so. New members of the Supervisory Board have the opportunity to exchange views with members of the Board of Management and, if required, with other executives on current topics relating to the relevant areas of the Board of Management, business operations and the strategy of the Company at in-house workshops, thus gaining an overview of the relevant issues affecting the Group.

The Supervisory Board monitors and advises the Board of Management with regard to the management of the business. At regular intervals, the Board of Management reports to the Supervisory Board on the strategy of the Daimler Truck Group and its individual segments, corporate planning, revenue development, profitability, business development and the situation of the Group, as well as on the internal control system, the risk management system and compliance matters. The Supervisory Board has retained the right of approval for transactions of fundamental importance. Furthermore, 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 adopted in December 2021, initial appointments of members of the Board of Management shall be made for a maximum of three years in the future. The composition of the Board of Management reflects the participation requirement of Section 76 Subsection 3a of the German Stock Corporation Act (AktG), as amended, 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, FüPoG II), according to which at least one woman and one man must be a member of the management board of companies subject to this provision. 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. The details of the overall requirements profile are also summarized in a separate section in this declaration.

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 with consideration of suitable external and internal comparative groups, also with regard to development over time. For this comparison, the Supervisory Board includes the two senior management levels below the Board of Management and the workforce of Daimler Truck AG in Germany. The aforementioned comparison groups also include an industry-specific comparison group, among others. Variable compensation components generally have a multi-year, essentially forward-looking assessment basis. Multi-year variable remuneration components are not paid out in advance. The Supervisory Board has set upper limits for individual Board of Management remuneration in total and with regard to its variable components. The remuneration report for financial year 2021 to be submitted to the Shareholders' Meeting 2022 for approval, with additional information on the remuneration of the Board of Management and of the Supervisory Board, together with the auditor's report pursuant to Section 162 of the German Stock Corporation Act (AktG), is available on the Company's Website. The Shareholders' Meeting of Daimler Truck Holding AG will have the opportunity to pass a resolution on the approval of the remuneration system for the members of the Board of Management and, pursuant to Section 113 Subsection 3 of the German Stock Corporation Act (AktG), on the approval of the remuneration system for the Supervisory Board Members for the first time at the Annual Shareholders' Meeting in June 2022 (see also Website).

The Supervisory Board also reviews the company financial statement, the consolidated financial statements and the combined management report of the Company and the Group, including the non-financial statement of the Group (audited with limited assurance), as well as the proposal for 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 Annual Shareholders' 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 2021 financial year is available in this Annual Report and on the Website.

In its constituent meeting on December 10, 2021, the Supervisory Board has adopted rules of procedure that regulate not only its duties and responsibilities and the personal requirements placed upon its members, but above all the convening and preparation of its meetings and the procedure of 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 can be viewed on the Website.

Separate preparatory meetings of the shareholder representatives elected in consultation with the employee representatives and of the remaining shareholder representatives have been held to prepare the Supervisory Board meetings since the Supervisory Board was increased to 20 members in December 2021. Moreover, executive sessions have since then been scheduled on a regular basis to enable individual topics to be discussed also in the absence of the Board of Management. Supervisory Board members may also participate in meetings by telephone or video conference. In light of the COVID-19 pandemic, this option had to be utilized to a greater extent in financial year 2021.

The Supervisory Board and its committees will regularly review and assess, either internally or with the involvement of external consultants, how effectively the Supervisory Board as a whole and its committees are performing their tasks. Since a meaningful review of efficiency can only take place once the codetermined Supervisory Board has been formed and has commenced its work, and since the codetermined Supervisory Board of Daimler Truck Holding AG will not be formed until after the 2022 Annual Shareholders' Meeting, the first efficiency review will take place in the 2023 financial year.

The Presidential, Audit, and Nomination Committees of the Supervisory Board were formed at the constituent meeting of the Supervisory Board on December 10, 2021. As of December 31, 2021, there are three committees of the Supervisory Board, which perform the tasks assigned to them in the name of and on behalf of the full Supervisory Board to the extent 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 Website. Information on the current composition of these committees can be viewed at Website. Since the Supervisory Board of Daimler Truck Holding AG is not be formed in the composition required by the German Codetermination Act (MitbestG) until after the conclusion of the 2022 Annual Shareholders' Meeting, the Mediation Committee required by law pursuant to Section 27 Subsection 3 of the German Codetermination Act has not yet had to be formed.

Committees of the Supervisory Board

Presidential Committee

In accordance with its rules of procedure, the Presidential Committee prepares recommendations for the Supervisory Board on the appointment and reappointment of Board of Management members, taking into account the overall requirements profile defined by the Supervisory Board with the diversity concept. Furthermore, it submits proposals to the Supervisory Board on the design of the remuneration system for the Board of Management and on the appropriate 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 Committee consults and decides on questions 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, 2021, the members of the Presidential Committee were Supervisory Board Chairman Joe Kaeser (also Chairman of the Presidential Committee), Supervisory Board Deputy Chairman 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 suitable recommendations to the Supervisory Board for proposals to the Shareholders' Meeting on the election of shareholder representatives to the Supervisory Board, on which the Supervisory Board then passes a final resolution. In the process, it takes into account the requirements of the Act on the Equal Participation of Women and Men in Management Positions and strives to fulfill the overall requirements profile for the Supervisory Board as a whole. Furthermore, it also takes into account, without being bound by them, the proposals that Mercedes-Benz Group AG and Daimler Verwaltungsgesellschaft für Grundbesitz mbH submit to the Supervisory Board of the Company with regard to the shareholder representatives to be elected to the Supervisory Board on the basis of the deconsolidation agreement concluded with the Company.

The duties of the Supervisory Board's 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 candidates, the Nomination Committee can also avail itself of independent external human resources consulting services.

As of December 31, 2021, the Nomination Committee consisted of three members. In line with the rules of procedure, the Chairman of the Supervisory Board, Joe Kaeser, is a member of and Chairman of the Nomination Committee. The following two additional members were elected by a majority of the votes cast: Renata Jungo Brüngger and Marie Wieck. In the opinion of the shareholder representatives, two of the three members of the Nomination Committee are independent within the meaning of the German Corporate Governance Code. The Nomination Committee is the only committee of the Supervisory Board which – in accordance with the recommendation of the German Corporate Governance Code – 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 December 31, 2021, the members were Michael Brosnan (Chairman of the Audit Committee), Michael Brecht (Deputy Chairman), Akihiro Eto, Harald Wilhelm, Jörg Köhlinger and Thomas Zwick.

The Chairman of the Audit Committee, Michael Brosnan, has special knowledge and experience in the application of accounting standards and internal control procedures, is familiar with the auditing of financial statements and, in the opinion of the shareholder representatives, is independent within the meaning of the German Corporate Governance Code. Notwithstanding expertise based on many years of practical experience – for example, in comparable committees – which the majority of the members of the Audit Committee have, Michael Brosnan, Akihiro Eto and Harald Wilhelm all have expertise in the field of accounting as well as in the field of auditing.

The Audit Committee is responsible for monitoring the accounting and the accounting process, and for the audit of the financial statements. In accordance with its rules of procedure, it discusses with the Board of Management the effectiveness and functionality of the internal control and risk management system, the compliance management system and the internal auditing system at least once a year. In accordance with its rules of procedure, the Audit Committee is also responsible for granting approval for transactions of Daimler Truck Holding AG with related parties within the meaning of Section 111b of the German Stock Corporation Act (AktG) and for the regular evaluation of the internal procedure pursuant to Section 111a Subsection 2 of the German Stock Corporation Act (AktG) for transactions in the ordinary course of business and at usual market conditions. The Audit Committee regularly receives reports on the work of the Internal Auditing department and the Compliance organization. At least four times a year, the Audit Committee receives a report from the BPO whistleblower system on indications of any breaches of regulations or guidelines by high-level executives, as well as by other employees, in a defined catalog of breaches of regulations – and is informed regularly about how these indications are dealt with.

The responsibilities of the Audit Committee also include the discussion of the interim financial reports with the Board of Management prior to their publication. On the basis of the report of the external auditors, the Audit Committee also reviews the company financial statements and the consolidated financial statements, as well as the management report of the Company and the Group including the Group's non-financial statement, and discusses them with the external auditors. The Audit Committee makes a proposal to the Supervisory Board on the adoption of the annual company financial statements of Daimler Truck Holding AG, on the approval of the annual consolidated financial statements, and on the appropriation of profits. 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 Annual Shareholders' Meeting, engages them to audit the consolidated financial statements and the financial statements and to review interim financial reports. In the process, it agrees on the fee and determines the key areas of the audit. The external auditors report to the Audit Committee on all accounting matters that might be regarded as critical and on any material weaknesses of the internal control and risk management system with regard to accounting 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. In December 2021, by way of exception, the Supervisory Board instead of the Audit Committee adopted a resolution on this matter at its constituent meeting.

Mediation Committee

Since the Supervisory Board of Daimler Truck Holding AG is not composed as required by the German Codetermination Act (MitbestG) until after the conclusion of the 2022 Annual Shareholders' Meeting, the Mediation Committee required by law in accordance with the German Codetermination Act has not yet had to be formed. As prescribed by law, the Mediation Committee is composed of the Chairman of the Supervisory Board and his Deputy as well as one member of the Supervisory Board representing the employees and one member of the Supervisory Board representing the shareholders, each elected with a majority of the votes cast by the shareholders' and employees' representatives respectively. The Mediation Committee will be formed solely to perform the function laid down in Section 31 Subsection 3 of the German Codetermination Act.

German law on the equal participation of women and men in management positions

The composition of the Board of Management reflects the participation requirement of Section 76 Subsection 3a of the German Stock Corporation Act (AktG), as amended, 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, FüPoG II), according to which at least one woman and one man must be a member of the management board of companies subject to this provision. As of December 31, 2021, the Board of Management, which consists of a total of eight members, includes one woman, Karin Rådström.

The Board of Management of a listed or codetermined 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 of 0% for the proportion of women at the first and second management levels below the Board of Management and a deadline of December 31, 2025, because it is not reasonably possible to set targets for the proportion of women. The particular structure of the Company is to be taken into account when determining the target figure. Daimler Truck Holding AG is structured as a management 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 planned 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 as an exception. Furthermore, setting the target of 0% does not constitute a violation of the deterioration requirement.

Until the statutory gender quota is applied, the Supervisory Board has set a target of at least 30% women and 30% men by resolution of December 10, 2021. As soon as the Supervisory Board is codetermined upon completion of the status procedure, the Supervisory Board of the codetermined listed company must be composed of at least 30% women and 30% men in accordance with Section 96 Subsection 2 of the German Stock Corporation Act (AktG). The quota is to be fulfilled 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 is to be fulfilled overall in the upcoming Supervisory Board elections.

On the shareholder side of the Supervisory Board of Daimler Truck Holding AG, 30% are women (Renata Jungo Brüngger, Laura Ipsen and Marie Wieck) and 70% are men as of December 31, 2021. On the employee side, i.e., the employee representatives as elected in consultation with the employee side, 30% are women (Carmen Klitzsch-Müller, Claudia Peter and Andrea Reith) and 70% are men as of that date. In its meeting on March 23, 2022, the Supervisory Board dealt with the proposal for the 2022 Annual Shareholders' Meeting and on the recommendation of the Nomination Committee decided to propose to the 2022 Annual Shareholders' Meeting the election to the Supervisory Board the following persons: Michael Brosnan, Jacques Esculier, Akihiro Eto, Laura Ipsen, Renata Jungo Brüngger, Joe Kaeser, John Krafcik, Prof. Dr. Martin Richenhagen, Marie Wieck and Harald Wilhelm. In the event of the election of the proposed candidates, the statutory women's quota will continue to be met both on the shareholder side and for the Supervisory Board as a whole, provided there are no other changes.

In addition to Daimler Truck Holding AG itself, other companies of the Group such as Daimler Truck AG are subject to codetermination and have set their own targets for the proportion of women on their respective supervisory boards, management boards, and at the two levels below the management board, 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 the 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 requirements profiles are reviewed each year and also serve as the basis for long-term succession planning.

Board of Management

At its meeting on December 10, 2021, the Supervisory Board adopted the following overall requirements profile for the composition of the Board of Management for the first time.

The aim of the requirements profile for the Board of Management is to ensure that the composition of a management board 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 as a whole also embodies the desired management philosophy. Decisions regarding appointments to specific positions on the Board of Management are always governed by the Company's interests under consideration of all circumstances in each case.

The requirements profile for the Board of Management included the following aspects in particular, with the Supervisory Board also noting the status of implementation 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, 2021, the Board of Management comprises two graduate engineers: Dr. Andreas Gorbach and Karin Rådström.

- The composition of the Board of Management reflects the participation requirement of Section 76 Subsection 3a of the German Stock Corporation Act (AktG), as amended, 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, FüPoG II). Accordingly, at least one woman and one man must be a member of the management board of the company at companies subject to this regulation. As of December 31, 2021, the Board of Management, which consists of a total of eight members, includes one woman, Karin Rådström.

- For the age-related last possible appointment or reappointment of a member of the Board of Management, the 62nd year of life in relation to the date of commencement of the (new) term of office generally serves as a guideline. When it set this age limit, the Supervisory Board deliberately decided in favor of a flexible rule allowing the required scope for the appropriate assessment of the circumstances of each individual case. As of December 31, 2021, seven of the eight Board of Management members were younger than the retirement age limit. Martin Daum had also not yet exceeded the standard age limit at the start of his current term of office. The Supervisory Board decided to appoint him in order to ensure the necessary continuity at the top of the Company for sustainable success in the best interests of the Company.

- In addition, a sufficient generational mix among Board of Management members is to be taken into account in appointment decisions, whereby, if possible, at least three members of the Board of Management should be 57 years of age or younger at the beginning of their respective 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 varied cultural backgrounds or international experience through assignments abroad lasting several years, 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 of a large majority of members of the Board of Management, this target was achieved as of December 31, 2021 due to the international background of John O'Leary and Karin Rådström.

- As a general rule, and subject to disclosure of a deviation in the declaration of compliance pursuant to Section 161 of the German Stock Corporation Act (AktG), members of the Board of Management shall generally not accept more than two supervisory board memberships in listed companies or assume comparable positions, nor shall they accept a position as chairperson of the supervisory board of a listed company. The supervisory board memberships of Board of Management members in joint ventures that fall within their areas of responsibility are not considered comparable positions within the meaning of the requirements profile. This requirement was satisfied as of December 31, 2021.

The aspects described above are to be taken into consideration when making Board of Management appointments. On the basis of a target profile that takes specific qualification requirements and the aforementioned criteria into account, the Presidential Committee then creates a shortlist of available candidates whom it interviews. It then recommends a candidate to the Supervisory Board for its approval and provides an explanation of its recommendation. Decisions regarding appointments to the Board of Management are always governed by the Company's interests under 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 plan for the Board of Management, for which it takes the requirements profile and the individual circumstances into account. The duties of the Presidential Committee of the Supervisory Board also include holding discussions about the Group's talented and exceptional executives at regular intervals. 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. 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 requirements profile, and the next development steps are then to be discussed and defined together with the Board of Management. The successor 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 can also be evaluated and included in the selection process on a case-by-case basis, with the support of external human resources consultants.

Supervisory Board

At its meeting on December 10, 2021, the Supervisory Board adopted the following overall requirements profile consisting of a diversity concept and competence profile for the composition of the Supervisory Board for the first time.

The Supervisory Board is to be composed so that its members together are knowledgeable about the business sector in which the Company operates. The aim of the 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, in particular, specialized knowledge in the areas of finance, accounting, annual audits, internal control procedures, internal auditing, risk management, compliance, legal and corporate governance, and human resources. 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 body 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. The decision of the Supervisory Board on the election proposal to the Shareholders' Meeting shall always be based on the interests of the Company, taking any and all circumstances of the individual case into account.

The requirements profile for the Supervisory Board included the following aspects in particular, with the Supervisory Board also noting the status of implementation described in more detail below:

- The members of the Supervisory Board should have different educational and professional backgrounds. At least one member of the Supervisory Board must have expertise in the field of accounting and at least one other member of the Supervisory Board must have expertise in the field of external auditing. Furthermore, at least five members should have an education or profession with a technical background or specific technological knowledge, for example, from the fields of information technology (including digitalization), mechanical engineering or electrical engineering. Decisions related to the composition of the Supervisory Board should also take into account the fact that it may be necessary for members to obtain new skills and knowledge in order to be able to address product and market developments. Notwithstanding the specific knowledge in the aforementioned areas acquired by many members of the Supervisory Board in other functions, as of December 31, 2021, at least four members of the Supervisory Board – Joe Kaeser, Michael Brosnan, Akihiro Eto and Harald Wilhelm – have expertise in the areas of accounting and external auditing. With Jacques Esculier, John Krafcik, Marie Wieck and Harald Dorn, four members of the Supervisory Board have a relevant degree from a technical university, while six other employee representatives have completed relevant occupational training with a technical background.

- As soon as the Supervisory Board is codetermined following completion of the status procedure, at least 30% of the members of the Supervisory Board must, by law, be women and 30% must be men. The Supervisory Board set a target of at least 30% women and 30% men by resolution of December 10, 2021, until the statutory gender quota becomes applicable. As of December 31, 2021, the gender ratio in the Supervisory Board meets these requirements.

- Candidates for election to the Supervisory Board who are to hold the position for a full term of office should generally not be over the age of 72 at the time of the election. In specifying this age limit, the Supervisory Board has intentionally refrained from stipulating a strict upper age limit and instead decided in favor of a flexible general limit that leaves scope to appropriately assess each individual case, keeps the range of potential Supervisory Board candidates sufficiently broad and allows reelection. All members of the Supervisory Board during the reporting period, and the candidates who are to be proposed for election at the 2022 Shareholders' Meeting, will not have reached the age limit at the time of their election.

- A sufficient generational mix among Supervisory Board members is also to be taken into account in appointment decisions. 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, 2021, with the exception of Michael Brosnan, Joe Kaeser and Prof. Dr. Martin Richenhagen, all the others, i.e., 17 members, were 62 years old or younger at the time of their election for their current terms of office. Of the candidates proposed for election at the 2022 Shareholders' Meeting, three will be older than 62 at the time of the election resolution on June 22, 2022.

- 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 members representing the shareholders and the resulting proportion of at least 15% of the entire Supervisory Board. Notwithstanding the many years of international experience of a large majority of the shareholder representatives, this target was significantly exceeded by December 31, 2021 due to the international background of Michael Brosnan, Akihiro Eto, Jacques Esculier, Renata Jungo Brüngger, John Krafcik, Laura Ipsen and Marie Wieck on the shareholder side, with 70%, and with 35% for the Supervisory Board as a whole.

- According to the recommendations of the German Corporate Government Code 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 ownership structure. A member is to be considered independent in this sense if he or she is 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, Mercedes-Benz Group AG in particular is also not to be regarded as a controlling shareholder.

The Code recommends that more than half of the members of the Supervisory Board representing the shareholders 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 makes decisions regarding remuneration for the Board of Management. The Chairman of the Audit Committee is also to be independent of the controlling shareholder. Within the meaning of this recommendation, a Supervisory Board member is to be considered independent if he or she has 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 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 a 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 members of their immediate families). At the same time, the shareholder 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 justified 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, 2021 who were not elected in consultation with the employee representatives 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 Committee (which at Daimler Truck Holding AG addresses issues including those relating to remuneration of the Board of Management), and the Chairman of the Audit Committee.

Other than the exceptions mentioned, also taking into account the indicators of the Code, none of the shareholder representatives who were not elected in consultation with the employee representatives has a personal or business 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. With regard to the Supervisory Board members 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 the Company due to the extensive contractual interrelationships that exist between the two groups also since the spin-off became effective. Against this background, neither is currently considered to be independent of the Company within the meaning of recommendation C. 7 of the Code.

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, Prof. Dr. Martin Richenhagen and Marie Wieck.

- The requirements profile also includes a standard limit for the length 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 have sufficient time available to perform their duties. They must also be willing and able to dedicate themselves to their tasks and to participate in all courses of training and further training that might be necessary for the performance of their tasks. Prior to each nomination for election, the Supervisory Board satisfies itself that the candidates in question are able to devote the time required by the position.

- As a general rule and subject to the disclosure of a deviation in the declaration of compliance pursuant to Section 161 of the German Stock Corporation Act (AktG), a Supervisory Board member who is also a member of the management board of a listed company shall not hold more than two supervisory board positions in listed companies outside the Group or comparable functions (including his or her membership of the Supervisory Board of Daimler Truck Holding AG) and shall not chair the supervisory board of listed companies outside the Group. As a general rule and subject to the disclosure of a deviation in the declaration of compliance pursuant to Section 161 of the German Stock Corporation Act (AktG), Supervisory Board members who are not also members of the management board of a listed company may not serve on more than five supervisory boards of listed companies outside the Group or perform comparable functions (again including membership of the Supervisory Board of Daimler Truck Holding AG), with the chair of one supervisory board being counted twice. Dual positions of Supervisory Board members in other supervisory bodies of the same Group are to be disregarded for the purposes of the maximum number in accordance with the requirements profile. Due to the dual membership within the same Group, Renata Jungo Brüngger and Jörg Köhlinger therefore do not exceed the maximum number of positions set out in the requirements profile. In the reporting period, the maximum number of positions pursuant to the requirements profile was exceeded only by Joe Kaeser due to his acceptance of an additional position, and, from the mid-February 2022, by Prof. Martin Richenhagen, likewise due to his acceptance of an additional position. Nevertheless, the Supervisory Board is of the opinion that the requirements profile is met overall, since in the view of the Supervisory Board, there is no doubt that Joe Kaeser and Prof. Martin Richenhagen, on the basis of the many years of extensive experience each of them has, can carry out all the positions they have accepted, particularly in terms of time. With regard to recommendations C. 4 and C. 5 of the Code, deviations are explained and justified in the declaration of compliance.

Proposals by the Supervisory Board for the election of shareholder representatives by the Annual Shareholders' Meeting, for which the Nomination Committee submits recommendations, are to take into account the aspects outlined above and aim to satisfy the requirements profile for the Supervisory Board as a whole. The Nomination Committee is to draw up a shortlist of available candidates on the basis of a target profile, taking into account the specific qualification requirements and the aforementioned criteria, hold structured discussions with these candidates, and in the process also obtain assurance that the proposed candidate 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. The basis for resolutions of the Supervisory Board regarding proposals on candidates for election at the Shareholders' Meeting is always the Company's interests under consideration of all circumstances in each individual case.

The candidates proposed for election at the 2022 Shareholders' Meeting, Michael Brosnan, Jacques Esculier, Akihiro Eto, Laura Ipsen, Renata Jungo Brüngger, Joe Kaeser, John Krafcik, Prof. Martin Richenhagen, Marie Wieck and Harald Wilhelm, ensure that the requirements profile for the Supervisory Board will be met – as explained in more detail above – and ideally fulfill the profile. The proposed candidates have held or hold high-level positions at other companies. The Daimler Truck Group maintains relations with some of these companies as part of its usual business operations. With the exception explained above of Renata Jungo Brüngger and Harald Wilhelm, both as current members of the Board of Management of Mercedes-Benz Group AG (i.e., in a responsible position at a company outside the Group) maintain a material business relationship with the Company or a company dependent on the Company due to the extensive contractual interrelationships that exist between the two groups also since the spin-off took effect, all others and thus a clear majority of the proposed candidates are independent of the Company and its Board of Management in accordance with the requirements of the German Corporate Governance Code.

With the exception of Marie Wieck and John Krafcik, the election proposals of the Supervisory Board also correspond with the proposals which Mercedes-Benz Group AG and Daimler Verwaltungsgesellschaft für Grundbesitz mbH have submitted to the Supervisory Board of the Company, on the basis of the deconsolidation agreement concluded with the Company, regarding the shareholder representatives to be elected to the Supervisory Board.

The Supervisory Board has also determined that all of the candidates for membership of the Supervisory Board of Daimler Truck Holding AG have sufficient time available to perform their duties and are willing and able to dedicate themselves to their tasks and to participate in all courses of training and further training that might be necessary for the performance of their tasks.

Own transactions by members of the boards

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 the Shareholders' Meeting

The shareholders exercise their membership rights, in particular their voting rights, at the Shareholders' Meeting. Each share of Daimler Truck Holding AG entitles the holder to one vote. The Shareholders' Meeting passes resolutions on, among other things, the appropriation of profits, the election of the external auditors, and ratification of the actions of the members of the Board of Management and the Supervisory Board. Amendments to the articles of incorporation and certain capital measures are decided upon by the Shareholders' Meeting and implemented by the Board of Management (where necessary with the Supervisory Board's approval).

Shareholders who are entered in the Company's shareholder register on the day of the Shareholders' Meeting and who have registered in good time prior to the Shareholders' Meeting in accordance with the information provided in the notice calling the meeting will be admitted to attend the Shareholders' 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 Shareholders' 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 invitation to the Shareholders' 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 resolutions of the Shareholders' Meeting. The reports, documents and information required by law for the Shareholders' Meeting, including the Annual Report, are available on the Internet, as is the agenda for the Shareholders' Meeting and any countermotions or election proposals from shareholders that are to be made accessible. Documents and information on the Annual Shareholders' Meeting can be viewed on the Website.

As a result of the COVID-19 Measures Act of March 27, 2020 (COVMG – last amended on September 10, 2021), virtual shareholders' meetings may be held until the end of August 2022 without the physical presence of shareholders or their authorized proxies (with the exception of the Company's voting proxy). With regard to the first Annual Shareholders' Meeting of the listed Daimler Truck Holding AG in the 2022 financial year, the Board of Management on January 21, 2022 and the Supervisory Board of the Daimler Truck Holding AG on January 28, 2022, after consideration of all aspects in view of the risk situation and the legal uncertainties that continue to exist due to the pandemic situation, resolved to hold the first Annual Shareholders' Meeting of the listed Daimler Truck Holding AG on June 20, 2022 as a virtual Shareholders' Meeting.

We maintain close contact with our shareholders as part of our comprehensive investor relations and public relations activities. We provide shareholders, financial analysts, shareholder associations, the media and interested members of the public with comprehensive 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 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 financial year 2021, including financial reports, press releases, voting rights notifications of significant shareholders, presentations and audio recordings from analyst and investor events and conference calls, as well as the financial calendar, can be viewed at Website. The dates of major publications, such as the Annual Report and interim financial reports, as well as the dates of the Annual Shareholders' Meeting, the annual press 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/Loss

D.01

	Note	2021	2020
In millions of euros			
Revenue	6	39,764	36,013
Cost of sales	7	-32,519	-30,531
Gross profit		7,245	5,482
Selling expenses	7	-2,722	-2,625
General administrative expenses	7	-1,635	-1,472
Research and non-capitalized development costs	7	-1,398	-1,423
Other operating income	8	2,029	726
Other operating expense	8	-348	-200
Profit/loss on equity-method investments, net	15	106	47
Other financial income/expense, net	9	80	-44
Earnings before interest and taxes (EBIT)	36	3,357	491
Interest income	10	73	62
Interest expense	10	-156	-219
Profit before income taxes		3,274	334
Income taxes	11	-891	-465
Net profit/loss		2,383	-131
thereof profit attributable to non-controlling interests		36	12
thereof profit/loss attributable to shareholders		2,347	-143
Earnings per share (in euros) for profit attributable to shareholders[1]	38		
Basic and diluted		2.85	-0.17

1 For 2020, earnings per share information were based on the target capital structure of Daimler Truck Holding AG at the time of the spin-off. For further information, see Note 38. Earnings per share.

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income/Loss[1]

D.02

In millions of euros	2021	2020
Net profit/loss	2,383	-131
Currency translation adjustments	429	-813
Derivative financial instruments		
Unrealized gains/losses (pre-tax)	-28	122
Reclassifications to profit or loss (pre-tax)	19	-12
Taxes on unrealized gains/losses and on reclassifications	-1	-16
Derivative financial instruments (after tax)	-10	94
Items that may be reclassified to profit/loss	419	-719
Equity instruments		
Unrealized gains/losses (pre-tax)	-9	-1
Reclassification to retained earnings	–	-2
Taxes on unrealized gains/losses and on reclassifications	3	–
Equity instruments (after tax)	-6	-3
Actuarial gains/losses from pensions and similar obligations (pre-tax)	1,059	-459
Taxes on actuarial gains/losses from pensions and similar obligations	162	85
Actuarial gains/losses from pensions and similar obligations (after tax)	1,221	-374
Items that will not be reclassified to profit/loss	1,215	-377
Other comprehensive income/loss, net of taxes	1,634	-1,096
thereof income/loss attributable to non-controlling interests, after taxes	-4	-10
thereof income/loss attributable to shareholders, after taxes	1,638	-1,086
Total comprehensive income	4,017	-1,227
thereof income/loss attributable to non-controlling interests	32	2
thereof income/loss attributable to shareholders	3,985	-1,229

1 See Note 22. Equity for further information on the Consolidated Statement of Comprehensive Income/Loss.

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Financial Position

D.03

	Note	At December 31, 2021	At December 31, 2020	At January 1, 2020
In millions of euros				
Assets				
Intangible assets	12	**2,700**	1,682	1,839
Property, plant and equipment	13	**7,860**	7,879	8,619
Equipment on operating leases	14	**3,542**	3,746	4,143
Equity-method investments	15	**1,369**	534	547
Receivables from financial services	16	**8,943**	8,318	9,334
Marketable debt securities and similar investments	17	**34**	27	2
Other financial assets	18	**706**	804	827
Deferred tax assets	11	**1,388**	1,258	1,109
Other assets	19	**309**	328	529
Total non-current assets		**26,851**	24,576	26,949
Inventories	20	**7,793**	6,278	7,551
Trade receivables	21	**3,962**	3,487	4,061
Receivables from financial services	16	**7,155**	6,951	9,345
Cash and cash equivalents		**7,244**	1,663	1,094
Marketable debt securities and similar investments	17	**105**	5,814	4,727
Other financial assets	18	**654**	448	601
Other assets	19	**1,036**	772	1,039
Total current assets		**27,949**	25,413	28,418
Total assets		**54,800**	49,989	55,367
Equity and liabilities				
Share capital		**823**	–	–
Capital reserves		**14,277**	–	–
Retained earnings / Invested equity attributable to the Mercedes-Benz Group[1,2]		**1,886**	9,703	10,617
Other reserves		**-1,066**	-1,478	-766
Equity attributable to shareholders		**15,920**	8,225	9,851
Non-controlling interests[2]		**503**	483	494
Total equity	22	**16,423**	8,708	10,345
Provisions for pensions and similar obligations	24	**2,471**	3,530	3,178
Provisions for other risks	25	**2,645**	2,568	2,485
Financing liabilities	26	**11,120**	8,744	11,495
Other financial liabilities	27	**1,802**	2,030	2,169
Deferred tax liabilities	11	**68**	99	95
Deferred income	28	**1,111**	1,283	1,374
Contract and refund liabilities	29	**1,785**	1,639	1,790
Other liabilities	30	**31**	31	11
Total non-current liabilities		**21,033**	19,924	22,597
Trade payables		**4,359**	3,043	3,058
Provisions for other risks	25	**2,045**	1,719	1,781
Financing liabilities	26	**5,479**	11,805	11,801
Other financial liabilities	27	**2,498**	2,274	3,338
Deferred income	28	**664**	665	709
Contract and refund liabilities	29	**1,634**	1,295	1,253
Other liabilities	30	**665**	556	485
Total current liabilities		**17,344**	21,357	22,425
Total equity and liabilities		**54,800**	49,989	55,367

1 The Mercedes-Benz Group was formerly known as the Daimler Group.
2 As of December 31, 2020 and January 1, 2020, the Daimler Truck Group was not a subgroup for which consolidated financial statements had to be prepared according to IFRS 10 – Consolidated Financial Statements. Therefore, the net assets attributable to the Mercedes-Benz Group1 were presented as invested equity, and similarly for non-controlling interests. For further information, see Note 2. Basis of preparation.

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows[1]

D.04

	2021	2020
In millions of euros		
Profit before income taxes	3,274	334
Depreciation and amortization/impairments	1,160	1,335
Other non-cash expense and income	-737	-61
Gains (-)/losses (+) on disposals of assets	-624	-17
Change in operating assets and liabilities		
Inventories	-1,307	870
Trade receivables	-348	350
Trade payables	1,171	-138
Receivables from financial services	66	1,438
Vehicles on operating leases	186	339
Other operating assets and liabilities	-118	318
Dividends received from equity-method investments	12	9
Income taxes paid	-635	-607
Cash flows from operating activities	2,100	4,170
Additions to property, plant and equipment	-762	-796
Additions to intangible assets	-318	-139
Proceeds from disposals of property, plant and equipment and intangible assets	114	108
Acquisition of businesses	–	-64
Proceeds from the disposal of shares in Daimler Truck Fuel Cell GmbH & Co. KG	634	–
Proceeds from disposals of shareholdings	136	8
Investments in shareholdings	-302	-31
Acquisition of marketable debt securities and similar investments	-1,634	-2,593
Proceeds from sales of marketable debt securities and similar investments	6,296	1,152
Other	96	3
Cash flows from investing activities	4,260	-2,352
Change in short-term financing liabilities	529	921
Additions to long-term financing liabilities	13,304	6,986
Repayment of long-term financing liabilities	-7,418	-8,424
Dividends paid to non-controlling interests	-26	–
Transactions with the Mercedes-Benz Group[2] until the spin-off	-7,258	-604
Dividends paid to the Mercedes-Benz Group[2] until the spin-off	-6	-14
Cash flows from financing activities	-875	-1,135
Effect of foreign exchange rate changes on cash and cash equivalents	96	-114
Net increase in cash and cash equivalents	5,581	569
Cash and cash equivalents at beginning of period	1,663	1,094
Cash and cash equivalents at end of period	7,244	1,663

1 See Note 31. Consolidated Statement of Cash Flows for further information on the Consolidated Statement of Cash Flows.
2 The Mercedes-Benz Group was formerly known as the Daimler Group.

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[2,3]/ Retained earnings[4]	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, 2020	–	–	10,617	-722	22
Net profit	–	–	-143	–	–
Other comprehensive income/loss before taxes	–	–	-459	-803	-3
Deferred taxes on other comprehensive income	–	–	85	–	–
Total comprehensive income/loss	–	–	-517	-803	-3
Transactions with the Mercedes-Benz Group[5]	–	–	-416	–	–
Other	–	–	19	–	–
Balance at December 31, 2020	–	–	9,703	-1,525	19
Balance at January 1, 2021	**–**	**–**	**9,703**	**-1,525**	**19**
Net profit	**–**	**–**	**2,347**	**–**	**–**
Other comprehensive income/loss before taxes	**–**	**–**	**1,059**	**433**	**-9**
Deferred taxes on other comprehensive income	**–**	**–**	**162**	**–**	**3**
Total comprehensive income/loss	**–**	**–**	**3,568**	**433**	**-6**
Dividends to Non-controlling interests	**–**	**–**	**–**	**–**	**–**
Transactions with the Mercedes-Benz Group[5] until the spin-off	**–**	**–**	**3,672**	**–**	**–**
Allocation of invested equity according to the legal structure[3]	**823**	**14,277**	**-15,100**	**–**	**–**
Other	**–**	**–**	**43**	**–**	**–**
Balance at December 31, 2021	**823**	**14,277**	**1,886**	**-1,092**	**13**

1 See Note 22. Equity for further information on changes in equity.
2 The Mercedes-Benz Group was formerly known as the Daimler Group.
3 Until the spin-off, the Daimler Truck Group was not a subgroup for which consolidated Financial Statements had to be prepared according to IFRS 10 – Consolidated Financial Statements. Therefore, the net assets attributable to the Mercedes-Benz Group were presented as invested equity. After the spin-off, the invested equity was allocated according to the legal structure and articles of incorporation of Daimler Truck Holding AG. For further information, see Note 2. Basis of preparation.
4 Retained earnings also include items that will not be reclassified to the Consolidated Statement of Income.
5 For further information on Transactions with the Mercedes-Benz Group, see Note 22. Equity.

Derivative financial instruments	**Equity attributable to shareholders**	Non-controlling interests	**Total equity**	
				In millions of euros
-66	9,851	494	10,345	**Balance at January 1, 2020**
–	-143	12	-131	Net profit
110	-1,155	-10	-1,165	Other comprehensive income/loss before taxes
-16	69	–	69	Deferred taxes on other comprehensive income
94	-1,229	2	-1,227	Total comprehensive income/loss
–	-416	-21	-437	Transactions with the Mercedes-Benz Group[5]
–	19	8	27	Other
28	**8,225**	**483**	**8,708**	**Balance at December 31, 2020**
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/loss before taxes
-1	**164**	**–**	**164**	Deferred taxes on other comprehensive income
-10	**3,985**	**32**	**4,017**	Total comprehensive income/loss
–	**–**	**-26**	**-26**	Dividends to Non-controlling interests
–	**3,672**	**–**	**3,672**	Transactions with the Mercedes-Benz Group[5] until the spin-off
–	**–**	**–**	**–**	Allocation of invested equity according to the legal structure[3]
-5	**38**	**14**	**52**	Other
13	**15,920**	**503**	**16,423**	**Balance at December 31, 2021**

The accompanying notes are an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

1. 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 and its subsidiaries (also referred to as "Daimler Truck", the "Daimler Truck Group" or the "Group").

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.

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 shares of Daimler Truck Holding AG (hereafter also referred to as "DTH" or the "Company") have been admitted to trading on the regulated market segment (regulierter Markt) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse), Germany, with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange on December 9, 2021, immediately after the legal separation from Mercedes-Benz Group AG (formerly known as Daimler AG) on December 9, 2021. Stock exchange trading in the shares of Daimler Truck Holding AG commenced on December 10, 2021.

The legal separation on December 9, 2021 was affected by the execution of the demerger agreement, which was signed on August 6, 2021. The demerger agreement governs the spin-off and a hive-down of Mercedes-Benz Group AG's shareholding in Daimler Truck AG, Stuttgart (also referred as to "DTAG"), into DTH, and the contribution of the further shareholding in DTAG by Daimler Verwaltungsgesellschaft für Grundbesitz mbH, Schönefeld ("Daimler Grund") into DTH (Einbringung). Spin-off and hive-down (together also referred to as the "demerger") as well as the contribution, also became effective on December 9, 2021.

Since then, DTH has been the parent company of the Daimler Truck Group, with DTAG as a fully owned direct subsidiary and being the lead operating company for the commercial vehicle business, along with the related financial services activities.

As at December 31, 2021, Mercedes-Benz Group AG retains a direct and indirect shareholding in DTH of 35.00%.

The commercial vehicle business comprises of the four auto-motive segments (see Note 36. Segment reporting), that engage in the production and sale of trucks, buses, engines, and 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". Prior to the demerger the Industrial Business and the Financial Services together are also referred to as the "Daimler Truck Business".

The Industrial Business develops, manufactures and distributes trucks and buses. Trucks are distributed under the brand names Mercedes-Benz, Freightliner, FUSO, Western Star and BharatBenz. Furthermore, buses under the brands SETRA, Mercedes-Benz, Thomas Built Buses, FUSO and BharatBenz are included in the product range of the Industrial Business, which sells its buses either completely built-up or the bus chassis only.

Financial Services supports the sales of the Daimler Truck Group brands worldwide with tailored financial services. These services range from customized leasing, financing and insurance packages to flexible rental models and other dynamic customer solutions for business customers.

Activities of the Industrial Business and Financial Services have been conducted in a variety of legal entities, many of which also conducted other business activities than Daimler Truck Business operations (as follows, Daimler Truck Business operations are referred to as operations) and many of which have historically solely conducted Daimler Truck Business operations (such legal entities hereafter are also referred to as entities).

The completion of the new Group structure until the public listing of DTH has been achieved in a sequence of steps, including:

- the incorporation of DTH by Daimler Grund, a direct and wholly owned subsidiary of Mercedes-Benz Group AG, on March 25, 2021 and the transfer of the shareholding in DTH to Mercedes-Benz Group AG on July 8, 2021,
- the completion of the legal reorganization of substantial parts of the Industrial Business and dedicated parts of Financial Services to establish the Daimler Truck Group within the Mercedes-Benz Group until the spin-off,
- a cash injection of €5,380 million by Mercedes-Benz Group AG into the capital reserves of DTAG, which is the capital and liquidity funding measures as per the demerger agreement,
- as part of the legal reorganization, the contribution of its 89.9% participation in four commercial real-estate partnerships (the “Gamma OHGs”) by Daimler Grund, into DTAG in exchange for new shares in DTAG issued to Daimler Grund, then representing 6.57% of the share capital of DTAG, shortly before the spin-off in early December 2021; the remaining shareholdings of 10.1% in the Gamma OHGs are held by Daimler Grund Services GmbH, Schönefeld (DGS), after capital increases by cash contributions December 1, 2021; at the same time DGS also increased the shareholding in the Grundstücksverwaltungsgesellschaft Evobus GmbH & Co. OHG, Schönefeld (EvoBus OHG) to 10.1%, by the way of a capital increase by cash contributions.
- the spin-off of a majority shareholding of Mercedes-Benz Group AG in Daimler Truck AG representing 65.00% of the increased share capital of DTAG, with the issuance of new shares in DTH to the shareholders of Mercedes-Benz Group AG, and the spin-off of the control and profit-or-loss transfer agreement between Mercedes-Benz Group AG and DTAG, i.e. transfer of the agreement from Mercedes-Benz Group AG to DTH effective for the entire fiscal year ended December 31, 2021,
- the hive-down of the remaining minority shareholding of Mercedes-Benz Group AG in Daimler Truck AG representing 28.43% of the increased share capital of DTAG, with the issuance of new shares in DTH to Mercedes-Benz Group AG,
- the capital contribution in kind by Daimler Grund of its 6.57% shareholding in DTAG into DTH, with the issuance of new shares in DTH to Daimler Grund, as an integral part of the demerger agreement.

For further information on the share capital of DTH, see Note 22. Equity. For further information on the non-controlling interests 10.1% in the Gamma OHGs and in EvoBus OHG, see Note 26. Financing liabilities and Note 34. Financial instruments.

The demerger agreement, including the related spin-off, hive-down and capital contribution in kind, was approved by the shareholders’ meetings of Mercedes-Benz Group AG (formerly known as Daimler AG) on October 1, 2021 and of Daimler Truck Holding AG on November 5, 2021. Spin-off and hive-down were entered into the commercial register of Mercedes-Benz Group AG at the District Court of Stuttgart on December 9, 2021, and thereafter on the same day, the capital increase at DTH by way of contribution in kind by Daimler Grund was entered into the commercial register of Daimler Truck Holding AG at the District Court of Stuttgart.

The separation and formation of the two independently operating groups have been and will be executed in two phases.

i. Phase 1 included the reorganization and capital measures and transfers of legal entities and operations of the Industrial Business and Financial Services to the Daimler Truck Group that had been executed under common control of Mercedes-Benz Group AG until the execution of the demerger agreement, and accounted for respectively (see Note 2. Basis of preparation). By the finalization of the legal reorganization, the Daimler Truck Group constitutes a stand-alone group in accordance with IFRS 10 – Consolidated Financial Statements.

   At the same time the spin-off became effective, the Mercedes-Benz Group lost control of the Daimler Truck Group taking into account the obligations arising from the deconsolidation agreement, which Daimler Verwaltungsgesellschaft für Grundbesitz mbH and Daimler Truck Holding AG entered into on August 6, 2021 as an annex to the demerger agreement. This is intended to ensure that a de facto majority of Mercedes-Benz Group AG at the Annual Shareholders’ 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 Daimler Verwaltungsgesellschaft für Grundbesitz mbH undertake not to exercise their voting rights in the election of two out of ten shareholder representatives on the Supervisory Board of Daimler Truck Holding AG at the Annual Shareholders’ Meeting of Daimler Truck Holding AG. Furthermore, the agreement provides that Mercedes-Benz Group AG and Daimler 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 Daimler Verwaltungsgesellschaft für Grundbesitz mbH are entitled to exercise their voting rights under the deconsolidation agreement, the latter provides that Mercedes-Benz Group AG and Daimler 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 end of the fifth Annual Shareholders' Meeting of Daimler Truck Holding AG following the Annual Shareholders' Meeting of Daimler Truck Holding AG in 2022, and it shall be extended unless it is terminated ordinarily by either party. Subject to any approvals under merger and investment control legislation, the agreement shall end in accordance with Section 158 Subsection 2 of the German Civil Code (Bürgerliches Gesetzbuch or BGB) (condition subsequent) if the direct or indirect shareholding of Mercedes-Benz Group AG in Daimler Truck Holding AG falls below 20% of the shares.

Furthermore, relations between the two groups after the execution of the demerger agreement are governed by the group separation agreement.

ii. Phase 2 includes transfers of certain remaining legal entities and operations from the Mercedes-Benz Group to the Daimler Truck Group after the execution of the demerger agreement. These constitute transactions with third-parties for which IFRS 3 – Business Combinations has to be applied if the transfer concerns a business (see Note 3. Significant accounting policies).

Further details on the transactions under common control of Mercedes-Benz Group AG until the demerger (including management's elected choice of accounting policy) are provided in Note 2. Basis of preparation, in Note 22. Equity and in Note 43. Additional information. The respective measures are referred to as "Phase 1", whereas measures after the execution of the demerger agreement are referred to as "Phase 2".

The Consolidated Financial Statements comprise of the Consolidated Statement of Income/Loss, 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 and authorized for publication by the Board of Management of Daimler Truck Holding AG on March 23, 2022.

2. Basis of preparation

First-time Consolidated Financial Statements

Daimler Truck Holding AG has not previously prepared consolidated financial statements, as it was founded on March 25, 2021, and the group of entities which are included in the Daimler Truck Group has in the past neither been a group of entities as defined by Section 290 HGB nor a group of entities as defined by IFRS 10.

Since the spin-off became effective, all assets and liabilities of the Daimler Truck Group are now controlled by Daimler Truck Holding AG within the meaning of IFRS 10.

The Consolidated Financial Statements as of and for the fiscal year ended December 31, 2021 are the first IFRS consolidated financial statements of Daimler Truck Holding AG and its subsidiaries.

The first-time Consolidated Financial Statements have therefore been prepared in accordance with IFRS 1 – First-time adoption of International Financial Reporting Standards, for the reporting period ended December 31, 2021, under consideration of the IFRS effective for periods beginning on or after January 1, 2021, including comparative information for the period ended December 31, 2020 and an additional opening balance sheet as of January 1, 2020. Exceptions or exemptions provided by IFRS 1 to the application of certain IFRS are not utilized or relevant, respectively.

Since the Company has not previously prepared consolidated financial statements under German GAAP, no reconciliation of total comprehensive income and equity to IFRS has been included in these Consolidated Financial Statements.

However, Combined Financial Statements of the Daimler Truck Business as of and for the fiscal years ended December 31, 2020, 2019 and 2018, were prepared and published for the purpose of the Company's listing on the Frankfurt Stock Exchange. The comparative financial information in the Consolidated Financial Statements, as of and for the period ended December 31, 2020 and the opening balance as of January 1, 2020, correspond to those reported in the Combined Financial Statements of the Daimler Truck Business, as described hereafter.

Scope of consolidation

As stated above, the Phase 1 transfers constitute transactions under the common control of Mercedes-Benz Group AG. For such transfers which at the same time constitute business combinations under common control, accounting policy choice is available to not apply purchase accounting under IFRS 3 – Business Combinations, but to adopt and carry over predecessor book values (book-value method). Hence, transfers of legal entities and operations of the Industrial Business and Financial Services to the Daimler Truck Group that were executed until the execution of the demerger agreement are presented using the carrying amounts and historical costs that were also included in the IFRS consolidated financial statements of Mercedes-Benz Group AG. By applying this approach, the carrying amounts include historical amounts for acquired intangible assets, step ups from purchase price allocation and goodwill that are attributable to the Daimler Truck Business, hence to the Daimler Truck Group.

In addition, when applying the book-value method, it is generally accepted that there is an option to apply the method retrospectively for all periods presented (as there was common control) or prospectively from the date of the transaction. Management chose to apply the retrospective method, i.e. to present the Consolidated Financial Statements of DTH as if the new legal structure had always existed in the past. The comparative information in the Statement of Financial Position and the Statement of Comprehensive Income/Loss thus includes the carrying amounts as previously included in Mercedes-Benz Group AG's consolidated financial statements. Irrespective of the date of the formation of DTH and the execution of the Phase 1 transfers, income and expense, hence profit or loss, of the Industrial Business and Financial Services are thus shown for the entire fiscal year ended December 31, 2021 and the entire comparative fiscal year ended December 31, 2020.

Accordingly, the entities and operations, which constitute a business as defined in accordance with IFRS 3 and have been transferred to the Daimler Truck Group during Phase 1, are included with their respective assets and liabilities as well as income and expenses in the Consolidated Financial Statements for all reporting periods presented. This also applies to operations which, by the finalization of the legal reorganization, represent legal entities due to transfers of non-Daimler Truck Business operations to the Mercedes-Benz Group companies during Phase 1 ("Reverse Carve-out").

Since the earnings, income and expense of all entities and operations are included for all reporting periods presented, the Consolidated Financial Statements also reflect all costs attributable to the Daimler Truck Business that have been allocated accordingly. Such allocation of expenses or income result from, e.g. corporate costs, taxes calculated for the operations on a separate tax return basis, charges for usage of shared assets, etc. In particular, Mercedes-Benz Group AG as well as certain other Mercedes-Benz Group companies provided various central services such as but not limited to accounting, human resources, information technology, legal, tax, risk management and treasury services to the Daimler Truck Business which have either been transferred to the Daimler Truck Group through the demerger or are now provided as a service under transitional service agreements. Allocations are based on historical costs incurred using reasonable allocation keys, such as headcount key. The allocated amounts are deemed to be settled immediately by Mercedes-Benz Group companies and as such accounted for as a contribution or withdrawal, respectively. Accordingly, the impact of income and expense allocated through profit or loss, net of tax, is reflected directly in equity as "Transactions with the Mercedes-Benz Group".

However, there have been certain transfers and measures, that did not constitute a business combination (under common control), and hence need to be accounted for prospectively, i.e. included from the date of the respective transaction.

Accordingly, Phase 1 transfers of certain investments, of the agreement to use the Mercedes-Benz brand or the purchase of patents and intellectual property, that do not meet the definition of a business as defined by IFRS 3, are accounted for prospectively, i.e. included from the date of the respective transaction, at fair value at initial recognition. For further information on the agreement to use the Mercedes-Benz brand, see Note 12. Intangible assets.

The non-controlling interests of 10.1% in the Gamma OHGs and in EvoBus OHG, which were acquired by DGS, Schönefeld (see Note 1. General information), and which are accounted for as liabilities according to IAS 32 (see Note 34. Financial instruments), as well as the further capital and liquidity funding measures (see Note 1. General information and Note 22. Equity) in accordance with the demerger agreement, are also accounted for prospectively from the date of the respective transaction.

Businesses acquired from third-parties during the reporting periods of the Consolidated Financial Statements outside the legal reorganization are included from the date at which control was gained based on fair values in accordance with IFRS 3.

Transactions between the Daimler Truck Group entities (prior to finalization of the legal reorganization entities and operations of the Daimler Truck Business, and as such also referred to as subsidiaries) and the Mercedes-Benz Group entities and operations that are not in scope of the consolidation, are accounted for and classified as related party transactions, including lease transactions, in accordance with IFRS as further described in Note 39. Related party disclosures. Based on their characteristics, related party receivables and payables are included as a component in the respective line item in the Consolidated Statement of Financial Position.

As of December 31, and January 1, 2020, this especially affect Marketable debt securities and similar investments, Other financial assets and Financing liabilities resulting from cash pooling and intercompany loan agreements as well as from financing of Daimler Truck Financial Services operations with the Mercedes-Benz Group (for further information, see Note 17. Marketable debt securities and similar investments and Note 26. Financing liabilities).

All intercompany balances, income and expenses, and unrealized gains and losses resulting from transactions within the Daimler Truck Group (the “intra-Group” transactions), are generally eliminated, except for gains or losses from foreign currency translation.

Financial Services

The Consolidated Financial Statements reflect the Financial Services that were transferred during Phase 1 to the Daimler Truck Group via share deals in Japan (following a local demerger), Mexico and Brazil, and asset deals in the United States, Canada, Australia and South Africa. Except for the United States, the lease portfolio as well as the wholesale and retail loan portfolio were transferred to Daimler Truck Group as part of asset deals.

As of December 31, and January 1, 2020, liabilities for the asset deal entities are included in the statement of financial position as they were directly attributable and contemplated to legally transfer (e.g. liabilities connected to asset-backed securities). However, for the asset deal entities, the Financial Services refinancing (to external or related parties), such as bank financing, were not legally transferred to the Daimler Truck Group, as the terms of the financial services refinancing would typically not allow for a transfer to a new entity. Therefore, the Financial Services refinancing was allocated based on the economic link between the assets from financial services/operating leases and the respective entities’ financing to reflect a meaningful presentation of the financial services operations including its financing in the prior year’s comparative period. The allocation was based on a target equity ratio per jurisdiction that was applied on the actual historical equity of the respective legal entity of each year. The target equity ratio was calculated as of December 31, 2020 and considers the specific economic risks of the respective portfolios as well as regulatory and legal requirements, tax regulations and internal guidelines for the relevant entities as well as the contemplated future financing structure. The target equity ratios calculated in 2020 have also been applied for the allocation of equity and refinancing for the opening balance sheet as of January 1, 2020 and until the effective date of the asset deals in December 2021, as the risk structure of the respective underlying portfolio did not materially change over time.

Following the legal transfer of the Financial Services that have been conducted in asset deal entities, external financing of these entities has been ensured and newly set up on a stand-alone basis, thus liabilities previously allocated for the purpose of reflecting the financing structure as of December 31, and January 1, 2020 are released and fully replaced by the legally existing financing liabilities.

For Financial Services conducted in Japan and transferred via share deal to the Daimler Truck Group, refinancing has also been allocated to the Consolidated Financial Statements based on target equity ratio as of December 31, 2020 and January 1, 2020. Respective refinancing has been newly set up in the context of a local demerger of the portfolio into a newly established entity within the Mercedes-Benz Group, but prior to the transfer of the new entity to the Daimler Truck Group, whereas the new financing liabilities effectively also transferred.

For further information on the liabilities allocated based on target equity ratio and on the impact on equity and cash flows, see Note 26. Financing liabilities, Note 22. Equity, and Note 31. Consolidated Statement of Cash Flows.

With respect to the dedicated financing (e.g. liabilities connected to asset-backed securities), the interest charges and financing fees historically incurred are included in the Consolidated Statement of Income/Loss for all periods presented. In relation to the allocated financing liabilities, reasonable interest charges and financing fees have been allocated consistently to Financial Services refinancing, as described above, for the time periods prior to the transfer of Financial Services conducted in the United States, Canada, Australia, South Africa, and Japan in early December 2021. For the period after such transfers interest charges and financing fees are included in the Consolidated Statement of Income/Loss as incurred.

For the share deal entities, except Japan, all financing liabilities that in substance existed as of December 31, 2020 and January 1, 2020 have been transferred and therefore are included in the Consolidated Financial Statements with their historically reported amounts.

Applied IFRS

The Consolidated Financial Statements have been prepared in accordance with IFRS 1 for the reporting period ended December 31, 2021, under consideration of the IFRS effective for periods beginning on or after January 1, 2021, likewise also applied in preparing the opening balance sheet. 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, 2021 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, EU endorsed and initially adopted in the reporting period

In the second quarter of 2020, the International Accounting Standards Board published an amendment to **IFRS 16 – Leases (Covid-19-Related Rent Concessions)**, in which it provides an accounting policy choice to lessees to apply practical relief for rent concessions arising because of the COVID-19 pandemic. The Daimler Truck Group does not apply this practical expedient for lessees. Similarly, the Group has not applied the up-dated amendment to **IFRS 16 (Covid-19-Related Rent Concessions beyond 30 June 2021)**, as adopted by the EU in August 2021.

In addition, the International Accounting Standards Board published the amendments to IFRS 4 – Insurance Contracts, which will result in the extension of the temporary exemption from the application of IFRS 9 – Financial Instruments. The exemption from the application of IFRS 9 was extended from January 1, 2021 to January 1, 2023 in order to align the effective dates of IFRS 9 with IFRS 17 – Insurance Contracts. The EU adopted these amendments in December 2020. There is no significant impact for the Daimler Truck Group.

In August 2020, the IASB published amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16). The amendments address issues related to the application of the reform and its effects on financial reporting for lease contracts, hedges and other financial instruments caused by replacing existing interest-rate benchmarks with alternative benchmark rates. Application is mandatory for reporting periods beginning on or after January 1, 2021. There is no significant impact for the Daimler Truck Group.

IFRS issued, but not yet adopted

In May 2017, the IASB issued IFRS 17. The standard was endorsed in the EU in November 2021. IFRS 17 will replace the currently applicable IFRS 4. 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. Management of the Company currently does not expect any material impacts on the Group's profitability, liquidity and capital resources or 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.

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/Loss

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

Consolidated Statement of Changes in Equity

Until early December 2021, the Daimler Truck Business did not constitute a group with a parent company in accordance with IFRS 10. Therefore, “Invested equity attributable to the Mercedes-Benz Group” was presented in lieu of share capital, reserves and retained earnings. As of December 31, 2021, the Daimler Truck Group is a consolidated group for which share capital and the capital reserves pursuant to Section 272 Subsection 2 Nos. 1-4 of the German Commercial Code (HGB) of the parent company DTH are presented separately. Accordingly, “Invested equity attributable to the Mercedes-Benz Group” as recently reported has been allocated to share capital, capital reserves and retained earnings, all of which are attributable to the shareholders of Daimler Truck Holding AG, in the Consolidated Statement of Changes in Equity. Until then, the changes in “Invested equity attributable to the Mercedes-Benz Group” result from profit or loss of the respective time period and the actuarial gains and losses from remeasurement of post-employment benefits, as well as the “Transactions with the Mercedes-Benz Group”, net of tax, to the extent that the “Transactions with the Mercedes-Benz Group” are treated as contributions or withdrawals by shareholders. Those contributions or withdrawals relate to carve-out specific considerations, such as the allocation of corporate costs, tax expenses calculated on a separate tax return basis, the attribution of assets and liabilities (net assets) for operations that do not constitute an entire legal entity and the effects of purchase price payments for the Phase 1 transfers, any dividend distributions to Mercedes-Benz Group companies. For further information on equity, see Note 22. Equity and Note 39. Related party disclosures.

Consolidated Statement of Cash Flows

Until December 2021, DTH and its subsidiaries participated in the central cash and liquidity management through cash pooling agreements or loans within the Mercedes-Benz Group, which were terminated as of November 30, 2021. As of December 1, 2021, the Daimler Truck Group entities set up new agreements for a central cash and liquidity management within the Group, effectively in place shortly before the execution of the demerger agreement. Information on the respective financial receivables and liabilities with Mercedes-Benz Group companies as of December 31, 2020 and January 1, 2020, including information on the termination of the agreements, is described in Note 17. Marketable debt securities and similar investments, Note 26. Financing liabilities and Note 39. Related party disclosures. “Transactions with the Mercedes-Benz Group” that are treated as contributions or withdrawals by shareholders are presented as Cash flows from financing activities in the Consolidated Statement of Cash Flows.

For further information on the Consolidated Statement of Cash Flows, see Note 31. Consolidated Statement of Cash Flows.

Segment reporting

Daimler Truck Group has five reportable segments: Trucks North America, Mercedes-Benz, Trucks Asia, Daimler Buses and Financial Services, plus Reconciliation to the Group. In accordance with the management approach required by IFRS 8 – Operating Segments, the segment reporting presented in the Consolidated Financial Statements for all periods under consideration is based on the internal organizational and reporting structure of the Daimler Truck Group that was implemented in July 2021. For further information, see Note 36. Segment reporting.

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 generally 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.

Business combinations other than Phase 1 transfers are accounted for using the purchase method.

3. Significant accounting policies

Accounting policies

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/loss).

Assets and liabilities of foreign companies for which the functional currency is not the Euro are translated into Euros using period-end exchange rates. The translation adjustments are presented in other comprehensive income/loss. The components of equity are translated using historical rates. The Consolidated Statement of Income/Loss and the Consolidated Statement of Cash Flows are translated into Euros using the yearly average exchange rates during the period ended December 31, 2020 and the quarterly average exchange rates during the period ended December 31, 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, 2021			December 31, 2020			January 1, 2020		
	USD	BRL	JPY	USD	BRL	JPY	USD	BRL	JPY
	€1 =	€1 =	€1 =	€1 =	€1 =	€1 =	€1 =	€1 =	€1 =
Average exchange rate for the 12-month period ended[1]				1.1422	5.8943	121.85			
First quarter[2]	1.2048	6.5990	127.81						
Second quarter[2]	1.2058	6.3813	131.93						
Third quarter[2]	1.1788	6.1593	129.76						
Fourth quarter[2]	1.1435	6.3821	130.01						
Spot exchange rate	1.1326	6.3101	130.38	1.2271	6.3735	126.49	1.1234	4.5157	121.94

1 For the period ended December 31, 2020, a yearly average exchange rate was used for the translation of the Consolidated Statement of Income/Loss and the Consolidated Statement of Cash Flows.
2 Starting from the period ended December 31, 2021, a quarterly average exchange rate has been used for the translation of the Consolidated Statement of Income/Loss and the Consolidated Statement of Cash Flows.

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.

As a consequence of the assessment that Argentina is in hyperinflation, the Daimler Truck Group applies IAS 29 to its Argentinian business. This application does not have a material impact on the Group's profitability, liquidity and capital resources and financial position. 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 36. 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 16. 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

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.

Income taxes prior to the spin-off

The following accounting policies are applicable for periods prior to the spin-off:

Current income taxes and deferred taxes are determined on the assumption that the entities and business operations of the Daimler Truck Group (in its current structure) are separate taxable entities (separate tax return approach). This assumption implies that the current and deferred taxes of all companies and business operations within the Daimler Truck Group are calculated separately. If entities were historically part of a tax group and did not change their tax status as part of the carve-out, or if entities were deemed to be a tax group member of a Daimler Truck Group entity, current and deferred taxes are determined on the basis of a tax group under the separate tax return approach. This includes Daimler Truck AG, which, prior to the spin-off, used to be a tax group member of Mercedes-Benz Group AG (formerly known as Daimler AG) and, resulting from the spin-off, has become a tax group member of Daimler Truck Holding AG with retroactive economic effect starting January 1, 2021.

Current tax liabilities and assets are recognized in an entity that is legally enforced to claim the tax assets from or settle the tax liabilities to the taxation authorities. Current tax assets or tax liabilities which are settled by Mercedes-Benz Group entities are reflected as a contribution to or withdrawal from equity.

For fully dedicated truck and bus legal entities, current tax expense or income is calculated and recognized based on the taxable income of the legal entity. For companies which carved-out a truck and bus business in a traditional carve-out where the business carved-out did not historically constitute a separate income taxpayer, current tax expense or deferred tax income for the truck and bus business is recognized as contribution or withdrawal by the Mercedes-Benz Group in the year in which such tax effect arose. For companies which carved-out a cars and vans business in a reverse carve-out, income taxes from the business carved-out are recognized as contribution or withdrawal. Similarly, tax effects from common control transactions prior to the spin-off are recorded as contributions or withdrawals.

Tax loss carryforwards that are expected to expire or forfeit due to the change in ownership caused by the legal reorganization are not included in the tax positions of the Daimler Truck Group. Deferred tax assets resulting from tax losses from companies carving out the truck and bus business are not recognized but treated as withdrawals from the Mercedes-Benz Group, because the future tax deductions will remain with the Mercedes-Benz Group. Deferred tax assets resulting from tax losses of the cars and vans business in a company carving out the cars and vans business are recognized as a contribution from the Mercedes-Benz Group.

Cash flow effects from the above-mentioned contributions or withdrawals in equity are presented within the Cash flows from financing activities in the Consolidated Statement of Cash Flows. Payments attributable to current tax expense are included in Cash flows from operating activities in the Consolidated Statement of Cash Flows.

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. The weighted number of shares after the spin-off has been applied retrospectively to periods prior to the spin-off. There were no dilutive effects after the spin-off and therefore diluted earnings per share were the same as basic earnings per share in 2020 and 2021.

Intangible assets

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

In 2021, Daimler Truck AG 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. The license agreement has been capitalized as an intangible asset with indefinite useful life as a contribution (from the Mercedes-Benz Group) at fair value of €932 million. The intangible asset additions for the right-to-use of the Mercedes-Benz brand have been allocated by segment as follows: €853 million to the Mercedes-Benz segment and €79 million to the Daimler Buses segment. For further information, see Note 12. Intangible assets.

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. 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.

The Daimler Truck Group has been confronted with worldwide competitive pressure and technological changes. Our continuous efforts to increase efficiency include improving the utilization of our production facilities. Within the context of the regular review of useful lives, the useful lives for scheduled depreciation of property, plant and equipment were reassessed and partially extended at the end of 2020. This change in estimates has been applied from January 1, 2021 and had a positive impact on earnings before interest and taxes (EBIT) of €119 million in 2021. The impact is primarily included in the cost of sales and primarily relates to the Mercedes-Benz segment. On an equivalent basis, the positive EBIT impact in 2022 is expected to be €70 million.

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.

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 2021, additions to leased equipment from these vehicles at Financial Services amounted to €109 million (2020: €101 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

Within the context of the spin-off of the Daimler Truck Business, the Daimler Truck Group will acquire the truck and bus 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), see Note 1. General information.

Before the business combinations take place, a pre-existing relationship between the Daimler Truck Group as the acquirer and Financial Services entities as acquirees exists in the context of the financing of truck and bus sales, which are structured as a head-sublease transaction. The head-lease between the Daimler Truck Group and Financial Services entities represents the financing of the Industrial Business, whereas the sublease is the financing to external customers by Financial Services. These pre-existing relationships, resulting from the head-lease, have to be accounted for separately from the business combination. The settlement of the pre-existing relationship gives rise to a gain or loss (depending on favorable or unfavorable conditions) that is recognized by the Daimler Truck Group at the date of the acquisition.

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 of non-current non-financial assets

At December 31, 2021, 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).

In fiscal year 2020, goodwill was tested for impairment based on the cash-generating unit structure used at the time by Mercedes-Benz Group AG to monitor goodwill, as the new reporting structure had not existed in the past. The Daimler Truck and Buses segment was previously made up of the two cash-generating units Daimler Trucks and Daimler Buses within the Mercedes-Benz Group.

With the formation of the new designated Daimler Truck Board of Management, the new management reporting and the respective planning, an extraordinary impairment test was triggered for the Financial Services CGU in Q3 2021.

Goodwill and other intangible assets with indefinite useful lives were tested for impairment based on the cash-generating unit structure to monitor goodwill and other intangible assets with indefinite useful lives.

- At December 31, 2020, the cash-generating units tested for impairment were Daimler Trucks, Daimler Buses and Mercedes-Benz Mobility (formerly known as Daimler Mobility).
- After July 2021 and after setting up the new management reporting, 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), see Note 15. Equity-method investments. A further CGU for the start-up TORC Robotics, Inc. ("TORC"), is presented under Reconciliation in the segment reporting.

The allocation of goodwill for the Group was made separately for the automotive segments (Trucks North America, Mercedes-Benz, Trucks Asia and Daimler Buses), TORC and the Financial Services segment. Carrying amount of goodwill was based on the goodwill attributable to the Daimler Truck Group that were also included in the IFRS consolidated financial statements of the Mercedes-Benz Group and transferred to the Daimler Truck Group during the legal reorganization. For the Financial Services segment, goodwill formerly part of the Mercedes-Benz Mobility CGU of Mercedes-Benz Group AG, was been partially allocated to the Financial Services CGU in the Daimler Truck Group, using the relative fair value approach. Before the reorganization in 2021, goodwill was tested for impairment as per the CGU structure used by the Mercedes-Benz Group (to monitor the recoverable value of the goodwill at the time). Due to the reorganization in fiscal year 2021, the designated Board of Management of Daimler Truck Holding AG started to monitor the goodwill on the level of the new segment structure that was established in July 2021 (as described above) for the Daimler Truck Group. At the same time, the goodwill resulting from the acquisition of TORC was allocated to Reconciliation within the segment reporting. The goodwill of the former Daimler Trucks CGU of the Mercedes-Benz Group (excluding TORC) was reallocated to the new Daimler Truck Group automotive segments Trucks North America, Mercedes-Benz and Trucks Asia based on the relative fair value approach. For the former Daimler Buses CGU of the Mercedes-Benz Group, the historical goodwill transferred to the new Daimler Buses segment of the Daimler Truck Group.

The carrying amounts, prior to July 2021, were determined in accordance with the new reporting structure for comparative purposes. With the implementation of the new reporting structure, the goodwill allocated to the new Financial Services CGU was fully impaired to zero (see Note 12. Intangible assets).

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. As of autumn 2021, the segment Mercedes-Benz has started series production of its fully battery-electric heavy-duty truck, the eActros. With the eCitaro, Daimler Buses has a fully battery-electric already in series production. 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 impairment test of the CGUs reflects this transformation targets within the forecasted planning periods as well as within calculation of the terminal value. Respectively, the assumption of the shift of revenues, cost and respective investments from Combustion-Engines towards Zero-Emission-Vehicles are mainly included in the terminal value and are reflected in the annual impairment test of our automotive CGUs.

The Daimler Truck Group's sustainable business strategy includes the vision of accident-free driving as a potential major contribution to society. The 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 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 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 8.0% after taxes (December 31, 2020: 8.0% under Mercedes-Benz Group AG). 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 (previously part of Mercedes-Benz Mobility), a risk-adjusted interest rate of 9% after taxes is applied (December 31, 2020: 9.0% under Mercedes-Benz Group AG). 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 CGU, a separate risk-adjusted rate of 17.5% is applied, representing the CGU as a start-up enterprise.

The discount rate for the Financial Services CGU (previously part of Mercedes-Benz Mobility) represents the cost of equity, whereas the risk-adjusted interest rate for the cash-generating units of the automotive business and TORC 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, 2021, the estimated recoverable amount of the Trucks Asia CGU exceeded its carrying amount by 16%. 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 9.5%.

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

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, interest rate risks and commodity price 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/Loss 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.

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/Loss. 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/Loss. 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.

Presentation of Cash Flow from financing activities in Consolidated Statement of Cash Flows

Besides the product portfolio provided by Financial Services, financing of the Industrial Business historically was made available externally with banks and through financing vehicles (e.g. asset-backed security structures), and also by cash pooling agreements and loans within the Mercedes-Benz Group. Information on the respective financial receivables and liabilities to Mercedes-Benz Group companies are disclosed in Note 39. Related party disclosures. In the Consolidated Statement of Cash Flows, changes in receivables or liabilities from cash pooling as well as proceeds from and repayments of loans with remaining Mercedes-Benz Group companies are presented as cash flows from investing or financing activities within "Proceeds from sales of marketable debt securities and similar investments" and "Transactions with the Mercedes-Benz Group", respectively. The complete settlement of these balances shortly before the execution of the demerger agreement is presented as cash flows from investing activities or financing activities accordingly, as discussed in Note 17. Marketable debt securities and similar investments and Note 31. Consolidated Statement of Cash Flows.

Interest income and expense on cash pooling deposits and borrowings and on loans were typically based on country-specific market interest rates that, when taken together, reflect interest rates that management believes are comparable to the rates charged by third-party banks. For further information, see Note 39. Related party disclosures.

4. 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.

Daimler Truck Group's right-to-use of the Mercedes-Benz brand

With an effective date of December 1, 2021, Daimler Truck AG executed the license agreement with the Mercedes-Benz Group for the right-to-use of the Mercedes-Benz brand in exchange for no consideration.

The valuation of the brand requires management judgement and assumptions regarding the expected financial performance of the Daimler Trucks products using the Mercedes-Benz brand over an initial five-year period, the applied royalty rates and future growth rates beyond the initial five-year planning period. The Mercedes-Benz brand is used within the Mercedes-Benz and Daimler Buses segments.

The indicative valuation of the Mercedes-Benz brand was determined by applying the relief-from-royalty method. The fair value has been calculated based on the following parameters: (1) brand-related revenues derived from the business plan for fiscal years 2021 to 2026, (2) the analysis regarding brand-specific royalty rates based on brand contribution factors and operating margins, (3) asset specific discount rates (WAAC) and (4) a future stable growth rate beyond the detailed planning period after fiscal year 2026. The valuation has been ascertained within a certain bandwidth by calculating a base case and by sensitizing the valuation parameters. For more details, see Note 12. Intangible assets.

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.

In 2021, with the formation of the new Daimler Truck Board of Management, the new management reporting and the respective planning, an extraordinary impairment test was triggered for the Financial Services cash-generating unit (CGU) in Q3 2021. The recoverable amount of the CGU was determined based on forecasts for its value-in-use calculations, which require the use of assumptions and management judgements. In accordance with IAS 36.105(a), goodwill from the Financial Services segment was impaired by €40 million, bringing its carrying value down to zero.

In 2020, the recoverable amounts of the Daimler Truck Group CGUs were substantially higher, as part of more aggregated CGUs whilst part of the Mercedes-Benz Group. For example, Financial Services was part of a much larger Mercedes-Benz Mobility, and the current Trucks North America, Mercedes-Benz and Trucks Asia primarily belonged to the single Daimler Trucks CGU (part of the Daimler Trucks and Buses segment under the Mercedes-Benz Group). For more details, see section Impairment of non-current non-financial assets in Note 3. Significant accounting policies.

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. See Note 15. 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, e.g. in connection with the COVID-19 pandemic, 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. See also Note 16. Receivables from financial services and Note 35. 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 25. 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, it 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 32. 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. See Note 24. 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 may be 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 judgement of expenses and income. To account for deferred taxes, assumptions have to be made regarding future taxable income and the timing of future 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 sometimes beyond the Daimler Truck Group's control, the assumptions made for the accounting of income taxes may include a substantial degree of uncertainty.

On each balance sheet date, the Daimler Truck Group carries out an impairment test 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.

5. 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, see Note 43. 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.

D.08
Composition of the Group

	At December 31, 2021
Consolidated subsidiaries	114
Germany	14
International	100
Unconsolidated subsidiaries	20
Germany	5
International	15
Joint operations accounted for using the equity method	1
Germany	–
International	1
Joint ventures accounted for using the equity method	7
Germany	1
International	6
Associated companies accounted for using the equity method	6
Germany	1
International	5
Joint operations, joint ventures, associated companies and material other investments accounted for at (amortized) cost	14
Germany	6
International	8
Total	162

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 3 controlled structured entities. In addition, the Daimler Truck Group has relationships with 6 non-controlled structured entities.

Assets and liabilities held for sale

Joint venture between the Volvo Group and Daimler Truck AG (cellcentric GmbH & Co. KG)

In November 2020, the Volvo Group and Daimler Truck AG signed a binding agreement on the establishment of a joint venture for fuel-cell activities. Therefore, in 2020, the Mercedes-Benz Group placed the assets and liabilities of fuel-cell activities in the company Daimler Truck Fuel Cell GmbH & Co. KG, a wholly owned subsidiary of Daimler Truck AG. In the first quarter of 2021, the Volvo Group acquired 50% of the shares in Daimler Truck Fuel Cell GmbH & Co. KG and the two parties agreed to rename the company as cellcentric GmbH & Co. KG ("cellcentric") with its principal place of business in Kirchheim unter Teck, Germany.

At December 31, 2020, the assets classified as held for sale and the liabilities classified as held for sale of Daimler Truck Fuel Cell GmbH & Co. KG each totaled less than €0.1 billion. Due to its minor importance for the financial position of the Daimler Truck Group, the assets and liabilities held for sale were not presented separately in the Consolidated Statement of Financial Position.

6. Revenue

Revenue disclosed in the Consolidated Statement of Income/Loss 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.09**. The category type of products and services corresponds to the reportable segments as further described in the Note 36. Segment reporting.

Other revenue primarily comprises revenue from the rental and leasing business of €994 million (2020: €1,012 million), interest from the Financial Services business of €888 million (2020: €971 million) and effects from currency hedging. Interest from the financial services business includes financial income on the net investment in leases of €142 million (2020: €133 million).

Revenue according to IFRS 15 includes, revenue that was previously included in contract liabilities at December 31, 2020 that amounted to €814 million in 2021 (revenue in 2020 that was previously included in contract liabilities at January 1, 2020: €747 million), and revenue from performance obligations fully (or partially) satisfied in previous periods amounted to €132 million (2020: €69 million).

Revenue that is expected to be recognized within three years related to performance obligations that are unsatisfied (or partially unsatisfied) amounted to €2,991 million in 2021 (2020:€2,708 million). This revenue is mainly derived from long-term service and maintenance contracts and extended warranties. It does not include performance obligations from customer contracts that have initial expected durations of one year or less. Long-term performance obligations of minor importance to the overall contract value of a bundled contract are not considered in assessing the initial duration of the bundled contract.

As a result of the COVID-19 pandemic, the Daimler Truck Group's revenue in the year 2020 was significantly below the level of 2021.

Revenue by segment ↗ **D.89** and region ↗ **D.91** is presented in tables in Note 36. Segment reporting.

D.09
Revenue

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	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

In millions of euros	Trucks North America	Mercedes-Benz	Trucks Asia	Daimler Buses	Financial Services	Total segments	Reconciliation	Daimler Truck Group
2020								
Revenue according to IFRS 15	13,788	13,193	5,550	3,210	101	35,842	-1,830	34,012
Europe	71	8,977	224	2,502	–	11,774	-533	11,241
North America	13,482	703	91	129	43	14,448	-713	13,735
Asia	40	1,313	4,870	106	5	6,334	-424	5,910
Latin America	77	1,452	91	322	10	1,952	-114	1,838
Other markets	118	748	274	151	43	1,334	-46	1,288
Other revenue	59	597	29	228	1,106	2,019	-18	2,001
Total revenue	13,847	13,790	5,579	3,438	1,207	37,861	-1,848	36,013

7. Functional costs

Cost of sales

Items included in cost of sales are shown in table ↗ D.10.

D.10
Cost of sales

	2021	2020
In millions of euros		
Expense of goods sold	-30,528	-27,759
Depreciation of equipment on operating leases	-670	-859
Refinancing costs at Financial Services	-409	-555
Impairment losses on receivables from Financial Services	-103	-194
Other cost of sales	-809	-1,164
	-32,519	-30,531

As a result of the COVID-19 pandemic, the Group's cost of sales in 2020 was lower than in 2021, primarily caused by a decrease in revenue and related direct expenses.

Amortization expense of capitalized development costs in the amount of €183 million (2020: €225 million) is presented in expense of goods sold.

The expense of goods sold includes, among other expenses, cost optimization programs to reduce fixed costs (see table ↗ D.11).

Cost of sales in 2020 was affected at the Financial Services segment by increased expenses for credit-risk provisions.

Selling expenses

In 2021, selling expenses amounted to €2,722 million (2020: €2,625 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

General administrative expenses amounted to €1,635 million in 2021 (2020: €1,472 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

Research and non-capitalized development costs were €1,398 million in 2021 (2020: €1,423 million) and primarily comprise personnel expenses and material costs.

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 reduce costs and reduce jobs in a socially responsible manner. The expenses were mainly attributable to the Mercedes-Benz segment. Table ↗ D.11 provides an overview of the composition of these expenses.

D.11
Expenses associated with cost optimization programs

	2021	2020
In millions of euros		
Cost of sales	67	85
Selling expenses	18	31
General administrative expenses	39	27
Research and non-capitalized development costs	17	23
	141	166

Personnel expenses and average number of employees

Personnel expenses included in the Consolidated Statement of Income/Loss amounted to €7,093 million in 2021 (2020: €6,554 million). Personnel expenses comprise wages and salaries in the amount of €5,404 million (2020: €4,954 million), social-security contributions in the amount of €1,298 million (2020: €1,288 million) and expenses from pension obligations in the amount of €391 million (2020: €312 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.12.

D.12
Average number of employees

	2021
Trucks North America	25,392
Mercedes-Benz	42,985
Trucks Asia	16,255
Daimler Buses	16,491
Financial Services	1,281
Central Functions & Services[1]	1,137
	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 40. Remuneration of the members of the Board of Management and the Supervisory Board.

8. Other operating income and expense

The composition of other operating income is shown in table ↗ D.13.

D.13
Other operating income

In millions of euros	2021	2020
Gain from the loss of control of cellcentric	1,215	–
Income from costs recharged	382	353
Government grants and subsidies	61	79
Gain on disposal of property, plant and equipment	48	44
Rental income not relating to sales financing	34	31
Miscellaneous other operating income	289	219
	2,029	726

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 2020, the use of short-time work in Germany led to claims for the reimbursement of social-security contributions, which are included in other operating income.

In March 2021, other operating income includes the gain from the loss of control of cellcentric GmbH & Co. KG (“cellcentric”) resulting in a positive effect on earnings of €1,215 million, of which €624 million is accounted for in particular by the remeasurement of the 50% interest in cellcentric that is held by the Daimler Truck Group.

The composition of other operating expense is shown in table ↗ D.14.

D.14
Other operating expense

In millions of euros	2021	2020
Goodwill impairment loss	-40	–
Loss on disposal of property, plant and equipment	-22	-27
Miscellaneous other operating expense	-286	-173
	-348	-200

In 2021, goodwill impairment loss of €40 million relates to the Financial Services segment.

Miscellaneous other operating expense also includes provisions for liability and litigation risks and regulatory proceedings.

9. Other financial income/expense, net

Table ↗ D.15 shows the components of other financial income/expense, net.

D.15
Other financial income/expense, net

In millions of euros	2021	2020
Income and expense from compounding and effects from changes in discount rates of provisions for other risks	26	-51
Miscellaneous other financial income/expense, net	54	7
	80	-44

10. Interest income and interest expense

Table ↗ D.16 shows the components of interest income and interest expense.

D.16
Interest income and interest expense

In millions of euros	2021	2020
Interest income		
Interest and similar income	73	62
	73	62
Interest expense		
Net interest expense on the net obligation from defined benefit pension plans	-48	-77
Interest and similar expense	-108	-142
	-156	-219

11. Income taxes

Table ↗ **D.17** shows the components of income taxes.

D.17
Components of income taxes

In millions of euros	2021	2020
Current taxes	-777	-661
Deferred taxes	-114	196
	-891	-465

The current tax expense includes tax expenses recognized for prior periods at German and non-German subsidiaries of €12 million (2020: expense of €5 million).

The deferred tax income or expense is comprised of the components shown in table ↗ **D.18**.

D.18
Components of deferred tax income (+) or expense (-)

In millions of euros	2021	2020
Deferred taxes due to temporary differences	**-139**	182
Deferred taxes due to tax loss carryforwards and tax credits	**25**	14
	-114	196

Daimler Truck Holding AG is domiciled in Germany with an applicable income tax rate of 29.8% in 2021 and 2020, 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.

As of the spin-off date, the profit-or-loss transfer agreement between Daimler Truck AG and Mercedes-Benz Group AG was transferred to Daimler Truck Holding AG with retrospective tax effects as of January 1, 2021. For accounting purposes, Daimler Truck AG was treated as a tax group member of Daimler Truck Holding AG in 2020, based on the separate return approach, and is treated as a tax group member based on the legal structure in 2021.

Table ↗ **D.19** 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.19
Reconciliation of expected income tax expense to actual income tax expense

In millions of euros	2021	2020
Expected income tax expense	**-976**	-100
Foreign tax rate differential	**71**	68
Trade tax rate differential	**18**	3
Tax law changes	**20**	2
Change in unrecognized deferred tax assets	**32**	-405
Tax-free income and non-deductible expenses	**15**	-1
Other	**-71**	-32
	-891	-465

The change in unrecognized deferred tax assets in 2021 predominantly result from companies forming part of the German tax group of Daimler Truck Holding AG and also from the loss of control of cellcentric GmbH & Co. KG in Q1 2021, thereafter recognized at-equity.

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 effect in table ↗ **D.19** primarily relate to foreign currency effects.

No deferred taxes were recognized for temporary differences upon the initial recognition of the right-to-use of the Mercedes-Benz brand because the initial recognition exemption applies for these temporary differences.

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.20**.

D.20
Deferred tax assets and liabilities

	At December 31,		At January 1,
In millions of euros	2021	2020	2020
Deferred tax assets	**1,388**	1,258	1,109
Deferred tax liabilities	**-68**	-99	-95
Deferred tax assets, net	**1,320**	1,159	1,014

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.21.

D.21
Split of deferred tax assets and liabilities before offset

	At December 31, 2021	At December 31, 2020	At January 1, 2020
In millions of euros			
Intangible assets	**67**	396	18
Property, plant and equipment	**28**	5	12
Equipment on operating leases	**47**	79	107
Inventories	**173**	154	198
Receivables from financial services	**183**	122	82
Miscellaneous assets, mainly other financial assets	**1,213**	1,064	1,052
Tax loss carryforwards and unused tax credits	**521**	485	641
Provisions for pensions and similar obligations	**227**	266	320
Other provisions	**800**	727	721
Liabilities	**1,056**	1,188	1,338
Deferred income	**729**	739	764
Miscellaneous liabilities	**11**	10	13
	5,055	5,235	5,266
Unrecognized deferred tax assets	**-1,349**	-1,902	-1,727
thereof on temporary differences	-858	-1,434	-1,090
thereof on tax loss carryforwards	-491	-468	-637
Deferred tax assets, gross	**3,706**	3,333	3,539
Development costs	**-214**	-216	-253
Other intangible assets	**-52**	-57	-62
Property, plant and equipment	**-856**	-769	-818
Equipment on operating leases	**-782**	-897	-993
Inventories	**-30**	-28	-25
Receivables from financial services	**-2**	-25	-47
Miscellaneous assets	**-47**	-43	-66
Provisions for pensions and similar obligations	**-374**	-98	-211
Other provisions	**-16**	-9	-11
Miscellaneous liabilities	**-13**	-32	-39
Deferred tax liabilities, gross	**-2,386**	-2,174	-2,525
Deferred tax assets, net	**1,320**	1,159	1,014

The development of deferred tax assets, net, is shown in table ↗ D.22.

D.22
Change of deferred tax assets, net

	2021	2020
In millions of euros		
Deferred tax assets, net as of January 1	**1,159**	1,014
Deferred tax benefit/expense in the Consolidated Statement of Income/Loss	**-114**	196
Change of deferred tax assets/liabilities on equity instruments / debt instruments included in other comprehensive income/loss	**3**	–
Change of deferred tax assets/liabilities on derivative financial instruments included in other comprehensive income/loss	**-1**	-16
Change of deferred tax assets/liabilities on actuarial gains/losses from defined benefit pension plans included in other comprehensive income/loss	**162**	85
Other changes[1]	**111**	-120
Deferred tax assets, net as of December 31	**1,320**	1,159

1 Other changes primarily relate to effects from currency translation.

The tax expense that was recognized in total comprehensive income is as shown in table ↗ D.23.

D.23
Total comprehensive income

	2021	2020
In millions of euros		
Income tax expense in the Consolidated Statement of Income/Loss	**-891**	-465
Income tax expense or benefit recognized in other reserves	**164**	69
	-727	-396

Unrecognized deferred tax assets decreased by €553 million during 2021 (2020: increase of €175 million). Unrecognized deferred tax assets decreased in 2021 by €108 million and increased in 2020 by €405 million in the Consolidated Statement of Income/Loss. Outside of profit or loss, unrecognized deferred tax assets decreased in 2021 by €445 million (2020: decrease of €230 million). The changes recognized outside profit or loss primarily result from the recognition or reversal of write-downs in other comprehensive income/loss.

At December 31, 2021, deductible temporary differences for which no deferred tax asset is recognized are €2,823 million (December 31, 2020: €5,457 million, January 1, 2020: €3,600 million).

Furthermore, at December 31, 2021, unused corporate income tax losses for which no deferred tax asset is recognized amounts to €1,667 million (December 31, 2020: €1,410 million, January 1, 2020: €1,801million), of which €1,388 million of unused tax losses can be carried forward indefinitely (December 31, 2020: €1,288 million, January 1, 2020: €1,751 million). At December 31, 2021, €42 million of unused corporate income tax losses for which no deferred tax asset is recognized are expected to expire within the next five years (December 31, 2020: €17 million, January 1, 2020: €14 million); €14 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, 2020: €57 million, January 1, 2020: €33 million); and €223 million of unused corporate income tax losses for which no deferred tax asset is recognized are expected to expire after more than ten years (December 31, 2020: €47 million, January 1, 2020: €3 million).

At December 31, 2021, unused capital losses for which no deferred tax asset is recognized are €76 million (December 31, 2020: €103 million, January 1, 2020: €140 million). Moreover, €173 million relate to unused trade tax losses for which no deferred tax asset is recognized that can be carried forward indefinitely, and unused state tax losses with expiry dates up to 20 years (December 31, 2020: €136 million, January 1, 2020: €102 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 2021 or 2020 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 amounted to €388 million at December 31, 2021 (December 31, 2020: €96 million, January 1, 2020: €48 million), thereof €194 million relates to the German tax group of Daimler Truck Holding AG, which were recognized based on positive effects from already initiated restructuring measures. 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 €8,411 million (December 31, 2020: €7,448 million, January 1, 2020: €6,529 million), which are intended to be reinvested. If those earnings were paid out as dividends, an amount of 5% 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 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.

12. Intangible assets

Intangible assets developed as shown in table ↗ **D.26**.

Intangible assets include assets with indefinite lives, such as goodwill, distribution rights and trademarks. The Group intends to continue to use these assets. Table ↗ **D.24** shows goodwill by segment and within Reconciliation in the segment reporting. Intangible assets with indefinite lives, excluding goodwill, are €1,083 million at December 31, 2021 (December 31, 2020: €154 million, January 1, 2020: €159 million).

D.24
Goodwill by segment

	At December 31, 2021	2020	At January 1, 2020
In millions of euros			
Trucks North America[1]	**240**	198	230
Mercedes-Benz	**195**	195	148
Trucks Asia[1]	**80**	81	82
Daimler Buses[1]	**4**	6	6
Financial Services	**–**	40	40
Reconciliation[2]	**115**	106	116
	634	626	622

1 Primarily changes from currency translation.
2 Goodwill within Reconciliation relates to the TORC cash-generating unit.

During 2021, goodwill decreased by €40 million due to an impairment loss of the Financial Services cash-generating unit (CGU) (2020: €0 million), bringing the carrying amount of goodwill for this CGU down to zero.

Daimler Truck AG 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 agreement was signed on September 27, 2021 and the effective starting date was December 1, 2021. The license agreements have been recognized as additions to Other intangible assets of €990 million, of which €932 million relates to the right-to-use of the Mercedes-Benz brand, which has been recognized as a contribution at fair value from the Mercedes-Benz Group. The additions to intangible assets for the right-to-use of the Mercedes-Benz brand have been allocated by segment as follows: €853 million to the Mercedes-Benz segment and €79 million to the Daimler Buses.

The valuation of the Mercedes-Benz brand was determined by applying the relief-from-royalty method. For further details regarding valuation methodology, see Note 4. Accounting estimates and management judgments. The useful life of the brand is indefinite, as for the foreseeable future it is expected to continue to generate net cash inflows for the Group and the brand itself is well-established and has demonstrated its ability to survive change. There are no ordinary termination rights by the Mercedes-Benz Group unless for extraordinary reasons. The license agreement for the brand is valid worldwide except for the United States, Canada and Mexico and countries with international governmental sanctions.

The brand will be subject to an annual impairment test on a CGU level.

Table ↗ **D.25** shows the line items of the Consolidated Statement of Income/Loss in which the total amortization expense for intangible assets is included.

D.25
Amortization expense for intangible assets in the Consolidated Statement of Income/Loss

	2021	2020
In millions of euros		
Cost of sales	**213**	255
Selling expenses	**7**	7
General administrative expenses	**7**	15
Research and non-capitalized development costs	**17**	6
Other operating expense	**40**	–
	284	283

D.26
Intangible assets

	Goodwill (acquired)	Development costs (internally generated)	Other intangible assets[3]	Total
In millions of euros				
Acquisition/manufacturing costs				
Balance at January 1, 2020	767	2,667	1,059	4,493
Additions due to business combinations	45	–	–	45
Other additions	–	107	33	140
Reclassifications	–	–	–	–
Disposals	–	-91	-22	-113
Other changes[1]	-52	-12	-42	-106
Balance at December 31, 2020	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**
Depreciation/impairment				
Balance at January 1, 2020	145	1,825	684	2,654
Additions	–	225	58	283
Reclassifications	–	–	–	–
Disposals	–	-89	-21	-110
Other changes[1]	-11	-11	-28	-50
Balance at December 31, 2020	134	1,950	693	2,777
Additions[2]	**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**
Carrying amount at January 1, 2020	622	842	375	1,839
Carrying amount at December 31, 2020	626	721	335	1,682
Carrying amount at December 31, 2021	**634**	**714**	**1,352**	**2,700**

1 Primarily changes from currency translation.
2 Includes a goodwill impairment of €40 million related to the Financial Services segment.
3 Other intangible assets include assets subject to amortization and assets with indefinite useful lives not subject to amortization. The right-to-use of the Mercedes-Benz brand, as described above, is subject to annual impairment tests within the Mercedes-Benz and Daimler Buses CGUs.

13. Property, plant and equipment

Property, plant and equipment as shown in the Consolidated Statement of Financial Position with a carrying amount of €7,860 million at December 31, 2021 (December 31, 2020: €7,879 million, January 1, 2020: €8,619 million) includes right-of-use assets from lessee accounting.

Property, plant and equipment, excluding right-of-use assets, developed as shown in table ↗ D.27.

In 2021, government grants of €9 million (December 31, 2020: €10 million) were deducted from other additions within property, plant and equipment.

D.27

Property, plant and equipment (excluding right-of-use assets)

In millions of euros	Land, buildings and leasehold improvements	Technical equipment and machinery	Other equipment, factory and office equipment	Advance payments and construction in progress	Total
Acquisition or manufacturing costs					
Balance at January 1, 2020	4,821	6,851	7,032	834	19,538
Additions due to business combinations	15	38	–	4	57
Other additions	93	99	152	451	795
Reclassifications	153	155	240	-526	22
Disposals	-73	-135	-163	-25	-396
Other changes[1]	-229	-260	-396	-70	-955
Balance at December 31, 2020	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**
Depreciation/impairment					
Balance at January 1, 2020	2,363	4,796	5,297	–	12,456
Additions	110	325	411	9	855
Reclassifications	–	1	-1	–	–
Disposals	-32	-124	-146	–	-302
Other changes[1]	-98	-149	-268	-2	-517
Balance at December 31, 2020	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**
Carrying amount at January 1, 2020	2,458	2,055	1,735	834	7,082
Carrying amount at December 31, 2020	2,437	1,899	1,572	661	6,569
Carrying amount at December 31, 2021	**2,590**	**1,873**	**1,607**	**581**	**6,651**

1 Primarily changes from currency translation.

Table ↗ D.28 shows the composition of the right-of-use assets.

D.28
Right-of-use assets

		At December 31,	At January 1,
	2021	2020	2020
In millions of euros			
Land, leasehold improvements and buildings	**1,166**	1,272	1,493
Technical equipment and machinery	**3**	2	1
Other equipment, factory and office equipment	**40**	36	43
	1,209	1,310	1,537

The tables ↗ D.29 and ↗ D.30 show additional information related to lessee accounting.

D.29
Additions and depreciations for right-of-use assets

	2021	2020
In millions of euros		
Additions to right-of-use assets	**201**	156
Depreciation for		
Land, leasehold improvements and buildings	**175**	180
Technical equipment and machinery	**1**	1
Other equipment, factory and office equipment	**17**	16
	193	197

D.30
Expenses related to lessee accounting

	2021	2020
In millions of euros		
Interest expense from lease transactions	**28**	31
Expenses from short-term leases	**18**	19
Expenses from leases of low-value assets	**5**	6
Expenses from variable lease payments	**6**	5

Table ↗ D.31 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.30. Future cash outflows that are not yet reflected in the lease liabilities relate to potential extension options, which are exercisable by the Group.

D.31
Cash outflows related to lessee accounting

	2021	2020
In millions of euros		
Total cash outflow for lease contracts	**251**	277
Future cash outflows that are not reflected in the lease liabilities	**953**	1,076

Further information on lessee accounting is provided in Note 3. Significant accounting policies, Note 26. Financing liabilities and Note 35. Management of financial risks.

14. Equipment on operating leases

The development of equipment on operating leases is shown in table ↗ D.32.

D.32
Equipment on operating leases

	2021	2020
In millions of euros		
Acquisition/manufacturing costs		
Balance at January 1	**5,655**	5,919
Additions	**1,077**	1,131
Disposals	**-1,341**	-1,322
Other changes[1]	**-4**	-73
Balance at December 31	**5,387**	5,655
Depreciation/impairment		
Balance at January 1	**1,909**	1,776
Additions	670	859
Disposals	-725	-706
Other changes[1]	-9	-20
Balance at December 31	1,845	1,909
Carrying amount at January 1	3,746	4,143
Carrying amount at December 31	**3,542**	**3,746**

1 Primarily changes from currency translation.

Lease payments

Non-cancelable future lease payments to the Daimler Truck Group for equipment on operating leases are due as presented in table ↗ D.33.

D.33

Maturity of undiscounted lease payments for equipment on operating leases

	At December 31, 2021	At December 31, 2020	At January 1, 2020
In millions of euros			
Mature			
Within one year	**742**	614	670
Between one and two years	**480**	512	602
Between two and three years	**367**	409	444
Between three and four years	**255**	248	261
Between four and five years	**155**	63	63
Later than five years	**82**	49	49
	2,081	1,895	2,089

15. Equity-method investments

Table ↗ D.34 shows the carrying amounts of and gains/losses on equity-method investments.

Table ↗ D.35 presents key figures on interests in joint ventures accounted for using the equity method in the Daimler Truck Group's Consolidated Financial Statements.

D.34

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

	Associated companies[2]	Joint ventures	Joint operations	Total
In millions of euros				
At December 31, 2021				
Equity investment[1]	**120**	**1,233**	**16**	**1,369**
Equity earnings[1]	**-28**	**129**	**5**	**106**
At December 31, 2020				
Equity investment[1]	169	352	13	534
Equity earnings[1]	-7	50	4	47
At January 1, 2020				
Equity investment[1]	200	329	18	547

1 Including investor-level adjustments.
2 In September 2021, DTAG disposed of its 15% holding in KAMAZ. See "KAMAZ" section below for further information.

D.35

Key figures on interests in joint ventures accounted for using the equity method

	Cellcentric[2,3]	BFDA2	Others	Total
In millions of euros				
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**
At December 31, 2020				
Equity interest (in %)	–	50.0		
Equity investment[1]	–	281	71	352
Equity earnings[1]	–	43	7	50
At January 1, 2020				
Equity interest (in %)	–	50.0		
Equity investment[1]	–	245	84	329

1 Including investor-level adjustments.
2 No dividends were paid to the Daimler Truck Group in any of the presented periods.
3 The figures for equity earnings relate to the period of March 1 to December 31, 2021.

BFDA
Beijing Foton Daimler Automotive Co. Ltd (BFDA) is a joint venture between the Daimler Truck Group (50%) and Beiqi Foton Motor Co. Ltd (50%). The entity was founded in December 2011 and started its operations in July 2012. The main activities of BFDA 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 2021, the gains/losses on equity-method investments for BFDA includes an impairment loss reversal of €75 million (2020: €0 million) triggered by the confirmation of the production and distribution of Mercedes-Benz branded heavy-duty trucks in China from Q4 2022 onwards.

Cellcentric
In November 2020, the Volvo Group and Daimler Truck AG signed a binding agreement on the establishment of a joint venture for fuel-cell activities. Daimler Truck Fuel Cell GmbH & Co. KG was a wholly owned subsidiary of Daimler Truck AG, which concentrates the assets and liabilities of the fuel-cell activities. The Volvo Group acquired 50% of the shares in Daimler Truck Fuel Cell GmbH & Co. KG for €639 million. The two parties agreed to rename the company cellcentric GmbH & Co. KG ("cellcentric") with its principal place of business in Kirchheim unter Teck, Germany.

Upon completion of the transaction in March 2021, income before taxes of €1,215 million, of which €624 million represents the remeasurement of the interest in cellcentric that is held by the Daimler Truck Group, and a cash inflow of €634 million were recognized. Cellcentric related activities are not allocated to reportable segments and presented under Reconciliation within the Segment reporting.

Following the transaction and until December 31, 2021, the Daimler Truck Group and the Volvo Group made capital contributions in a total amount of €132 million to cellcentric, resulting in an increase in the Daimler Truck Group's equity investment of €66 million.

Others

KAMAZ
In September 2021, Daimler Truck AG transferred its 15% holding in KAMAZ PAO ("KAMAZ") to Mercedes-Benz Group AG for cash consideration of €132 million, presented within Proceeds from disposals of shareholdings in the Consolidated Statement of Cash Flows. At December 31, 2021, the Daimler Truck Group holds 0% equity interest in KAMAZ. The carrying value of the investment was €131 million at the date of disposal, after including equity earnings and the reversal of previous impairment losses.

The equity earnings for KAMAZ until the date of disposal were €-40 million, which is presented within the Mercedes-Benz segment. This amount is comprised of: (1) a positive effect from the impairment loss reversal of €58 million (due to the increased share price); (2) the positive effect from the share of the nine-month equity earnings of €11 million; (3) the €1 million gain on disposal of cash consideration against carrying value; and (4) a loss on disposal related to recycling of cumulative foreign exchange effects of €110 million from Other Comprehensive Income.

European high-performance charging network joint venture
In December 2021, the Daimler Truck Group signed a binding agreement with the TRATON Group and the Volvo Group to establish a joint venture in 2022 to install and operate a European high-performance charging network for use by battery electric, heavy-duty long-haul trucks and coaches. The joint venture will be equally owned by the three parties and is scheduled to start operations in 2022, whereupon the Daimler Truck Group, the TRATON Group and the Volvo Group are each committed to provide a capital contribution of €167 million.

Table ↗ D.36 shows summarized IFRS financial information after purchase price allocation for the significant joint ventures which were the basis for equity-method accounting in the Daimler Truck Group's Consolidated Financial Statements.

Table ↗ D.37 shows summarized aggregated financial information for the other minor equity-method investments after purchase price allocation and on a pro-rata basis.

Further information on equity-method investments is provided in Note 39. Related party disclosures.

D.36

Summarized IFRS financial information on significant joint ventures accounted for using the equity-method

	Cellcentric			BFDA
	At December 31,		At December 31,	At January 1,
	2021	**2021**	2020	2020
In millions of euros				
Information on the Consolidated Statement of Income/Loss				
Revenue	**9**	**4,245**	5,153	
Depreciation and amortization	**-37**	**-54**	-55	
Interest expense	**–**	**-1**	-10	
Income taxes	**–**	**-36**	-12	
Profit/loss after taxes	**-103**	**152**	98	
Total comprehensive income/loss	**-103**	**152**	98	
Information on the Consolidated Statement of Financial Position[1]				
Non-current assets	**1,271**	**1,368**	1,220	1,175
Current assets	**64**	**1,075**	1,391	1,079
Non-current liabilities	**21**	**324**	185	327
Current liabilities	**26**	**1,239**	1,763	1,336
Equity (including non-controlling interests)	**1,288**	**880**	663	591
Reconciliation of share of IFRS equity[1] to the Group's equity-method carrying amounts				
Equity (excluding non-controlling interests) attributable to the Group	**654**	**440**	332	295
Other reconciling items including investor level adjustments such as equity-method oodwill, impairments and impairment reversals on the investment	**–**	**34**	-51	-50
Carrying amount of equity-method investment	**654**	**474**	281	245

1 Excluding investor-level adjustments.

D.37

Summarized aggregated financial information on minor equity-method investments

	Associated companies		Joint ventures	
	2021	2020	**2021**	2020
In millions of euros				
Summarized aggregated financial information (pro rata)				
Profit/loss after taxes	**-28**	-4	**29**	8
Other comprehensive income/loss	**–**	1	**–**	–
Total comprehensive income/loss	**-28**	-3	**29**	8

16. Receivables from financial services

Table ↗ **D.39** 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 floor 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 incidental to the leasing objects 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.38** 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.38
Development of finance lease contracts

	At December 31,		At January 1,
	2021	2020	2020
In millions of euros			
Contractual future lease payments	**2,650**	2,553	2,652
thereof due			
within one year	**1,024**	995	954
between one and two years	**672**	614	653
between two and three years	**456**	448	478
between three and four years	**309**	316	348
between four and five years	**142**	157	189
later than five years	**47**	23	30
Unguaranteed residual-values	**56**	5	7
Gross investment	**2,706**	2,558	2,659
Unearned finance income	**-261**	-252	-288
Gross carrying amount	**2,445**	2,306	2,371
Loss allowances	**-79**	-54	-32
Net carrying amount	**2,366**	2,252	2,339

Loss allowances
The development of loss allowances for receivables from financial services due to expected credit losses is shown in table ↗ **D.40.**

In 2021, loss allowances of €0.1 billion were charged to the Consolidated Statement of Income in the Financial Services segment (2020: €0.2 billion). Loss allowances were driven by the continued uncertainty of the COVID-19 pandemic, but to a lower extent than in 2020. In addition, the calculation of the allowance for credit losses considers, among other things, that customers' current financial solvency in 2020 was positively affected by offered national programs and programs of Financial Services. In 2021, these programs were offered to a lesser extent compared to 2020.

The carrying amounts of receivables from financial services based on modified contracts that are shown in stages 2 and 3 amounted to €165 million at December 31, 2021 (December 31, 2020: €511 million). In addition, carrying amounts of €129 million (December 31, 2020: €87 million) in connection with contractual modifications were reclassified from stages 2 and 3 into stage 1.

Credit risks
Information on credit risks included in receivables from financial services is shown in table ↗ **D.41.**

Longer overdue periods regularly lead to higher allowances.

The carrying amounts are backed by the vehicles based on the underlying contracts, which generally almost completely cover the net carrying amounts of the receivables. 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 risks and the nature of risks is provided in Note 35. Management of financial risks.

At December 31, 2021, receivables from financial services with a carrying amount of €1,072 million (December 31, 2020: €1,303 million) were pledged mostly as collateral for liabilities from ABS transactions (see also Note 26. Financing liabilities).

D.39

Receivables from financial services

	At December 31, 2021			At December 31, 2020			At January 1, 2020		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
In millions of euros									
Gross carrying amount	**7,278**	**9,218**	**16,496**	7,063	8,577	15,640	9,465	9,505	18,970
Sales financing with customers	**3,481**	**6,989**	**10,470**	3,457	6,624	10,081	3,989	7,332	11,321
Sales financing with dealers	**2,858**	**722**	**3,580**	2,702	550	3,252	4,618	659	5,277
Finance lease contracts	**939**	**1,507**	**2,446**	904	1,403	2,307	858	1,514	2,372
Loss allowances	**-123**	**-275**	**-398**	-112	-259	-371	-120	-171	-291
Net carrying amount	**7,155**	**8,943**	**16,098**	6,951	8,318	15,269	9,345	9,334	18,679

D.40

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, 2020	95	49	147	291
Additions	41	16	90	147
Change in remeasurement	3	21	129	153
Utilization	-1	-7	-39	-47
Reversals	-41	-12	-71	-124
Transfer to stage 1	16	-13	-3	–
Transfer to stage 2	-4	6	-2	–
Transfer to stage 3	-3	-9	12	–
Currency translation and other changes	-13	-4	-32	-49
Balance at December 31, 2020	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**

D.41

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, 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**
At December 31, 2020				
Gross carrying amount	14,580	593	467	15,640
thereof				
not past due	14,353	182	141	14,676
past due 30 days and less	227	186	40	453
past due 31 to 60 days	–	164	31	195
past due 61 to 90 days	–	60	43	103
past due 91 to 180 days	–	1	92	93
past due more than 180 days	–	–	120	120
At January 1, 2020				
Gross carrying amount	17,763	794	413	18,970
thereof				
not past due	17,409	253	113	17,775
past due 30 days and less	354	189	52	595
past due 31 to 60 days	–	269	13	282
past due 61 to 90 days	–	81	20	101
past due 91 to 180 days	–	2	129	131
past due more than 180 days	–	–	86	86

17. Marketable debt securities and similar investments

The marketable debt securities and similar investments with a carrying amount of €139 million as at December 31, 2021 (December 31, 2020: €5,841 million, January 1, 2020: €4,729 million) are part of the Daimler Truck Group's liquidity management, which on a stand-alone basis was established with the separation in early December 2021, and comprise of financial instruments recognized at fair value through other comprehensive income, at fair value through profit or loss, or at amortized cost.

The significant decrease in marketable debt securities and similar investments from 2020 to 2021 primarily relates to the termination of cash pooling arrangements with the Mercedes-Benz Group. See below for further information.

Cash pooling

At December 31, 2020, cash pool receivables from the Mercedes-Benz Group that were held at amortized cost were included in Marketable debt securities and similar investments in the amount of €5,734 million (January 1, 2020: €4,569 million). On termination of the cash pooling agreements, refer to Note 31. Consolidated Statement of Cash Flows.

With respect to cash pool receivables, see also Note 39. Related party disclosures.

When a short-term liquidity requirement is covered with quoted securities, those securities are presented as current assets.

Further information on marketable debt securities and similar investments is provided in Note 34. Financial instruments.

18. Other financial assets

Other financial assets presented in the Consolidated Statement of Financial Position is comprised as shown in table ↗ **D.42**.

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 non-consolidated companies, and, at December 31, 2021, receivables from the subsequent purchase price adjustments of Phase 1 entities, which are recognized at amortized cost.

At December 31, 2021, assets with a carrying amount of €71 million (December 31, 2020: €57 million, January 2020: €63 million) were pledged as collateral for liabilities (see also Note 26. Financing liabilities).

Further information on other financial assets is provided in Note 34. Financial instruments.

D.42
Other financial assets

	At December 31, 2021			At December 31, 2020			At January 1, 2020		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
In millions of euros									
Equity instruments and debt instruments	–	482	482	–	241	241	–	224	224
Recognized at fair value through other comprehensive income	–	85	85	–	96	96	–	104	104
Recognized at fair value through profit or loss	–	244	244	–	95	95	–	77	77
Measured at amortized cost	–	153	153	–	50	50	–	43	43
Derivative financial instruments used in hedge accounting	42	21	63	142	55	197	54	22	76
Other financial assets recognized at fair value through profit or loss	3	2	5	19	9	28	1	11	12
Other financial receivables and miscellaneous other financial assets	609	201	810	287	499	786	546	570	1,116
	654	706	1,360	448	804	1,252	601	827	1,428

19. Other assets

Non-financial other assets are comprised as shown in table ↗ D.43.

Other expected reimbursements predominantly relate to recovery claims against our 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.43
Other assets

	At December 31, 2021			At December 31, 2020			At January 1, 2020		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
In millions of euros									
Income tax refunds/ reimbursements	111	58	169	60	79	139	110	87	197
Sales tax and other tax refunds/reimbursements	470	24	494	334	50	384	470	223	693
Other expected reimbursements	82	52	134	67	52	119	103	55	158
Prepaid expenses	178	13	191	152	12	164	172	9	181
Miscellaneous other assets	195	162	357	159	135	294	184	155	339
	1,036	309	1,345	772	328	1,100	1,039	529	1,568

20. Inventories

Inventories are comprised as shown in table ↗ D.44.

D.44
Inventories

	At December 31, 2021	At December 31, 2020	At January 1, 2020
In millions of euros			
Raw materials and manufacturing supplies	**1,314**	1,095	1,380
Work in progress	**2,642**	1,530	1,690
Finished goods, parts and products held for resale	**3,832**	3,651	4,475
Advance payments to suppliers	**5**	2	6
	7,793	6,278	7,551

The amount of write-down of inventories to net realizable value recognized as an expense in cost of sales was €103 million in 2021 (2020: €95 million). Inventories that are expected to be recovered or settled after more than twelve months amounted to €244 million at December 31, 2021 (December 31, 2020: €226 million, January 1, 2020: €314 million) and are primarily spare parts.

During 2021, Work in progress increased by €1,112 million primarily due to semiconductor supply shortages, leading to a significant number of trucks awaiting completion.

As collateral for certain vested employee benefits in Germany, the value of vehicles included in inventories is pledged as collateral to the Daimler Truck Pension Trust e.V. in an amount of €384 million at December 31, 2021. No inventory was held as collateral prior to the spin-off.

21. Trade receivables

Trade receivables are comprised as shown in table ↗ D.45.

D.45
Trade receivables

	At December 31, 2021	At December 31, 2020	At January 1, 2020
In millions of euros			
Gross carrying amount	**4,014**	3,549	4,136
Loss allowances	**-52**	-62	-75
Net carrying amount	**3,962**	3,487	4,061

At December 31, 2021, €21 million of the trade receivables mature after more than one year (December 31, 2020: €27 million, January 1, 2020: €27 million).

Trade receivables are receivables from contracts with customers within the scope of IFRS 15.

Loss allowances

The development of loss allowances due to expected credit losses for trade receivables is shown in table ↗ D.46.

D.46

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

In millions of euros	Lifetime expected credit loss: not credit impaired (Stage 2)	Lifetime expected credit loss: credit impaired (Stage 3)	Total
Balance at January 1, 2020	24	51	75
Additions	10	8	18
Change in remeasurement	5	-4	1
Utilization	-2	-4	-6
Reversals	-5	-11	-16
Transfer to stage 2	–	–	–
Transfer to stage 3	–	–	–
Currency translation and other changes	–	-10	-10
Balance at December 31, 2020	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**

Credit risks

Information on credit risks included in trade receivables is shown in table ↗ D.47.

Further information on financial risk and types of risk is provided in Note 35. Management of financial risks.

D.47

Credit risks included in trade receivables

In millions of euros	Lifetime expected credit loss: not credit impaired (Stage 2)	Lifetime expected credit loss: credit impaired (Stage 3)	Total
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**
At December 31, 2020			
Gross carrying amount	3,490	59	3,549
thereof			
not past due	3,005	14	3,019
past due 30 days and less	291	7	298
past due 31 to 60 days	69	4	73
past due 61 to 90 days	29	1	30
past due 91 to 180 days	35	1	36
past due more than 180 days	61	32	93
At January 1, 2020			
Gross carrying amount	4,048	88	4,136
thereof			
not past due	3,389	20	3,409
past due 30 days and less	399	11	410
past due 31 to 60 days	56	4	60
past due 61 to 90 days	39	2	41
past due 91 to 180 days	69	2	71
past due more than 180 days	96	49	145

22. Equity

See also the Consolidated Statement of Changes in Equity ↗ **D.05**.

The individual components of equity and their development in the years 2021 and 2020 are presented in the Consolidated Statement of Changes in Equity of the Daimler Truck Group.

As stated further above, in the past, the Daimler Truck Business was not a legal group for purposes of consolidated financial reporting in accordance with IFRS 10. The respective special considerations with respect to the presentation of the individual components of equity are discussed in Note 2. Basis of preparation. Additionally, see below for more details regarding the "Transactions with the Mercedes-Benz Group".

Share capital

The share capital is divided into 822,951,882 no-par-value shares. In the context of the foundation of Daimler Truck Holding AG, 50,000 of the shares were fully paid up. Effective on December 9, 2021, another 822,901,882 new shares were issued with the execution of the spin-off, hive-down and capital increase by way of contribution in kind (see Note 1. General information), and were allotted as follows: 534,918,723 shares were issued to the shareholders of Mercedes-Benz Group AG, 233,936,002 shares were issued to Daimler AG (now named Mercedes-Benz Group AG) and 54,047,157 shares were issued to Daimler Grund. Trading in the shares of Daimler Truck Holding AG on the Frankfurt Stock Exchange commenced on December 10, 2021. The new shares are entitled to profit distribution from January 1, 2022.

The capital increases by issuing new shares were resolved in the extraordinary general meeting of Daimler Truck Holding AG on November 5, 2021, which at the same time approved the demerger agreement.

The number of shares remained unchanged at December 31, 2021.

In general, each share confers the right to one vote at the Annual Shareholders' Meeting of Daimler Truck Holding AG and, if applicable, to an equal portion of the profits as defined by the dividend distribution decided upon at the Annual Shareholders' Meeting. Each share represents a proportionate amount of €1.00 of the share capital.

However, the shares created with the incorporation of the Company in March 2021 are entitled to profit distribution for fiscal year 2021, while all new shares of the company issued with the execution of the demerger agreement are only eligible for dividends for fiscal years starting January 1, 2022.

As of December 31, 2021, the Company did not hold any treasury shares.

See Note 38. Earnings per share, for a presentation of earnings per share in accordance with IAS 33 – Earnings per Share.

Capital reserve

The capital reserve represents the capital reserves pursuant to Section 272 Subsection 2 No. 1 of the German Commercial Code (HGB) of Daimler Truck Holding AG, which comprise premiums arising on the issue of the new shares.

Retained earnings

Retained earnings comprise the accumulated net profits and losses of DTH and all subsidiaries included in the Consolidated Financial Statements, less any profits distributed and the effects of remeasuring defined benefit plans, net of tax, as well as the capital injection by Mercedes-Benz Group AG in the context of the capital and liquidity funding measures pursuant to the demerger agreement, which have been attributed to the capital reserve of Daimler Truck AG pursuant to Section 272 Subsection 2 No. 4 of the German Commercial Code (HGB), and the remaining invested equity (i.e. to the extent it did not result from accumulated net profits and losses and remeasuring defined benefit plans and was not allocated to any reserves).

Dividend

Under the German Stock Corporation Act (Aktiengesetz or AktG), the dividend is paid out of the unappropriated retained earnings reported in the annual statutory financial statements of Daimler Truck Holding AG (parent company only) in accordance with the German Commercial Code (HGB). As the first statutory balance sheet of Daimler Truck Holding AG as of December 31, 2021 was prepared prior to, i.e. accounted for excluding the appropriation of net income or loss for the year, no unappropriated retained earnings has been reported to date. It will be proposed in the Annual General Meeting that the net income for the year be appropriated in full to the other reserves at Daimler Truck Holding AG and that no dividend distribution be resolved.

Other reserves

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-method investments.

Table ↗ **D.02** shows the details of changes in other reserves in other comprehensive income or loss.

Invested equity attributable to the Mercedes-Benz Group

The invested equity attributable to the Mercedes-Benz Group was derived by aggregating the net assets of the Daimler Truck Business operating activities that were conducted by direct or indirect subsidiaries of Mercedes-Benz Group AG at the time of execution of the Phase 1 transfers or the demerger, respectively.

"Transactions with the Mercedes-Benz Group" as presented in the Consolidated Statement of Changes in Equity

During the fiscal year ended December 31, 2021, transactions with the Mercedes-Benz Group were €3,672 million (2020: €-416 million).

The "Transactions with the Mercedes-Benz Group" mainly comprises of the cash injection by Mercedes-Benz Group AG in the context of the capital and liquidity funding measures pursuant to the demerger agreement (see Note 1. General information), the purchase price payments for Phase 1 transfers of entities for which assets and liabilities have been already attributed, or allocated based on target equity ratio for periods prior to the legal transfer (see Note 2. Basis of preparation and Note 26. Financing liabilities), the contribution of the right-to-use of the Mercedes-Benz brand (see Note 3. Significant accounting policies and Note 12. Intangible assets), as well as other effects, such as cost allocation (see Note 2. Basis of preparation), dividend distribution and other transactions directly recognized through equity.

For further information, see table ↗ **D.48**.

D.48
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

23. Share-based payment

The pre-tax effects of the share-based payment transactions on the Consolidated Statement of Income/Loss and the Consolidated Statement of Financial Position are shown in table ↗ **D.49**.

Performance Phantom Share Plan

The Mercedes-Benz Group implemented a Performance Phantom Share Plan (PPSP) for employees and members of the Board of Management. The PPSP is a cash-settled share-based payment transaction and is measured at its respective fair value at the balance sheet date. It is paid out at the end of a four-year holding period.

The terms and conditions of the PPSP contain specific provisions in the event that a plan participant is no longer employed by a company of the Mercedes-Benz Group. This also applies if the participant's employing company leaves the Mercedes-Benz Group. In principle, the PPSP is paid out on a pro rata temporis basis in this case.

For the spin-off, however, the terms and conditions have been amended. With the consent of the participants, the PPSP will not be paid out on a pro rata temporis basis but continued by the Daimler Truck Group.

At the spin-off, the PPSP for the years 2018 to 2021 were outstanding. The amended terms and conditions are described below in detail.

In the case that participants have been transferred from a company of the Mercedes-Benz Group to a company of the Daimler Truck Group or vice versa, the provision was transferred as well to the extent possible against payment of an amount equal to the provision. The PPSP is ultimately paid out by the new employing company. In case that the provision could not be transferred, a reimbursement agreement is in place for the portion of the PPSP that was earned in a company of the respective other group prior to the spin-off.

Original terms of the PPSP

Participants are granted a number of preliminary performance phantom shares which entitle them to receive a cash payment after a four-year holding period. The cash payment is based on the final number of performance phantom shares multiplied by the price of ordinary shares of Mercedes-Benz Group AG. The price is calculated as an average over a specified period at the end of the holding period and limited to 2.5 times the price at the beginning of the holding period. During the holding period, the performance phantom shares earn a dividend equivalent to the amount of the actual dividend paid on ordinary shares of Mercedes-Benz Group AG.

The final number of performance phantom shares depends on the performance over a three-year performance period. The performance comprises two components. First, the relative share performance, which measures the development of the price of a share-price index based on a competitor group including Mercedes-Benz Group AG, and second, the return on sales (RoS) compared with the average RoS of a competitor group. The average RoS of the competitor group is revenue-weighted.

Special rules apply for the Board of Management. The RoS must be not equal to but higher than that of the competitors in order to achieve the same target achievement as employees. In addition, a limit on target achievement was agreed upon for the RoS. In the case of target achievement between 195% and 200%, a comparison is made on the basis of the RoS achieved in absolute terms. If the RoS for the automotive business of the Mercedes-Benz Group is below the strategic target (currently 9%) in the third year of the performance period, target achievement is limited to 195%. The cash payment for the Board of Management is limited to 2.5 times the allotment value used to determine the preliminary number of performance phantom shares. This limitation includes the dividend equivalent.

Amended terms of the PPSP 2018

For the PPSP 2018, the performance period ended in 2020. Thus, the final number of performance phantom shares has already been determined.

Different to the original terms of the PPSP, the price with which the final number of performance phantom shares is multiplied is calculated on the basis of the average prices of the ordinary shares of Mercedes-Benz Group AG and the ordinary shares of Daimler Truck Holding AG over a specified period at the beginning of 2022, and the allocation ratio defined for the shareholders.

Amended terms of the PPSP 2019 to 2021

For the PPSP 2019 to 2021, the amendments relate in particular to the preliminary number of performance phantom shares, the applied price at the end of the holding period, the determination of the relevant dividend equivalents and the performance relevant for determining the final number of performance phantom shares.

The preliminary number of performance phantom shares was adjusted using a conversion factor. The conversion factor represents on the one hand, an allocation of shares in Daimler Truck Holding AG on the basis of the allocation ratio defined for the shareholders, and on the other hand, the exchange of performance phantom shares based on the ordinary shares of Mercedes-Benz Group AG for performance phantom shares based on the ordinary shares of Daimler Truck Holding AG.

The payment of a dividend equivalent is based on the adjusted number of performance phantom shares and the actual dividend paid on ordinary shares of Daimler Truck Holding AG.

The cash payment at the end of the holding period will be determined on the basis of the ordinary shares of Daimler Truck Holding AG.

For the PPSP 2019, the performance period ended in 2021. The RoS is determined using the original terms of the PPSP, i.e. financial years 2019 to 2021 of Mercedes-Benz Group AG. For the relative share performance, the average of the price of the ordinary shares of Mercedes-Benz Group AG and Daimler Truck Holding AG from the first trading day until December 31, 2021 is used as the value at the end of the performance period.

For the PPSP 2020 and 2021, the relative share performance and the RoS is determined based on the Mercedes-Benz Group AG and the Mercedes-Benz Group for periods until the spin-off and based on Daimler Truck Holding AG and the Daimler Truck Group for periods after the spin-off.

The special rules for the Board of Management described above only apply to those members of the Board of Management of Daimler Truck Holding AG who have formerly been members of the Board of Management of Mercedes-Benz Group AG.

Deferral of the annual bonus

The Board of Management of Mercedes-Benz Group AG is classified as key management personnel of the Daimler Truck Group before the spin-off. Thus, until the spin-off, a proportionate share of their service is charged or allocated to the Daimler Truck Group.

The Board of Management of Mercedes-Benz Group AG receives an annual bonus of which 50% is paid out after a waiting period of one year. The amount is based on the development of the ordinary shares of Mercedes-Benz Group AG compared with an automotive index (STOXX Europe Auto Index).

This medium-term component of the annual bonus is a cash-settled share-based payment transaction. It is measured by using the intrinsic value at the reporting date.

Starting in December 2021, the Board of Management of Daimler Truck Holding AG receives an annual bonus of which 50% is paid out after a waiting period of one year. The amount is based on the development of the ordinary shares of Daimler Truck Holding AG compared with an automotive index (STOXX Europe Auto Index). Only for those members of the Board of Management of Daimler Truck Holding AG who have formerly been members of the Board of Management of Mercedes-Benz Group AG, the deferral of the annual bonus 2021 is still based on the development of the ordinary shares of Mercedes-Benz Group AG.

D.49

Effects of share-based payment transactions

	Expense		Provision		
			At December 31,		At January 1,
	2021	2020	**2021**	2020	2020
In millions of euros					
PPSP[1]	**-174**	-30	**223**	59	38
Medium-term component of the annual bonus of the Board of Management of Mercedes-Benz Group AG and Daimler Truck Holding AG[2]	-2	-2	1	1	1
	-176	-32	**224**	60	39

1 The increase in the PPSP is due to the updated expectation regarding the overall target achievement as a result of the spin-off.
2 Prior to the spin-off, the expense of the Board of Management of Mercedes-Benz Group AG is included based on the proportional share that was charged or allocated to Daimler Truck AG.

24. Pensions and similar obligations

Table ↗ **D.50** shows the composition of provisions for pension benefit plans 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.50

Composition of provisions for pensions and similar obligations

	At December 31,		At January 1,
	2021	2020	2020
In millions of euros			
Provision for pension benefits	**1,850**	2,915	2,505
Provision for other post-employment benefits	**621**	615	673
	2,471	3,530	3,178

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) between the 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., 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.51.

D.51

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

				2021				2020
	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	8,555	6,064	1,961	530	7,793	5,275	1,956	562
Current service cost	222	165	47	10	214	155	47	12
Interest cost	96	29	60	7	137	55	73	9
Contributions by plan participants	7	5	–	2	9	8	–	1
Actuarial gains (-)/losses	-765	-677	-80	-8	775	631	137	7
Actuarial gains (-)/losses from changes in demographic assumptions	-3	–	–	-3	-52	2	-51	-3
Actuarial gains (-)/losses from changes in financial assumptions	-751	-670	-73	-8	811	619	189	3
Actuarial gains (-)/losses from experience adjustments	-11	-7	-7	3	16	10	-1	7
Past service cost, curtailments and settlements	-1	–	–	-1	1	–	–	1
Pension benefits paid	-189	-79	-79	-31	-166	-62	-74	-30
Currency exchange-rate changes and other changes	26	-106	160	-28	-208	2	-178	-32
Present value of the defined benefit obligation at December 31	7,951	5,401	2,069	481	8,555	6,064	1,961	530
Fair value of plan assets at January 1	5,644	3,822	1,554	268	5,293	3,579	1,456	258
Actual result on plan assets	325	178	125	22	416	152	256	8
Interest income from plan assets	64	18	43	3	88	37	48	3
Actuarial gains/losses (-)	261	160	82	19	328	115	208	5
Contributions by the employer	225	140	61	24	226	143	46	37
Contributions by plan participants	6	5	–	1	9	8	–	1
Settlements	–	–	–	–	–	–	–	–
Pension benefits paid	-171	-78	-69	-24	-151	-62	-65	-24
Currency exchange-rate changes and other changes	80	-43	134	-11	-149	2	-139	-12
Fair value of plan assets at December 31	6,109	4,024	1,805	280	5,644	3,822	1,554	268
Funded status at December 31	-1,842	-1,377	-264	-201	-2,911	-2,242	-407	-262
Net defined benefit liability	-1,842	-1,377	-264	-201	-2,911	-2,242	-407	-262
thereof recognized in other assets	8	1	–	7	4	–	–	4
thereof recognized in provisions for pensions and similar obligations	-1,850	-1,378	-264	-208	-2,915	-2,242	-407	-266

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.52.

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 Mercedes-Benz Group AG before the spin-off and are now 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.

D.52
Composition of plan assets

	At December 31, 2021				At December 31, 2020				At January 1, 2020			
	Total	German Plans	US Plans	Other	Total	German Plans	US Plans	Other	Total	German Plans	US Plans	Other
In millions of euros												
Equities	1,758	1,230	445	83	1,905	1,267	552	86	1,723	1,132	508	83
Bonds	3,669	2,387	1,098	184	2,892	1,969	782	141	2,863	1,997	727	139
Government bonds	955	485	384	86	576	416	103	57	752	382	304	66
Corporate bonds	2,705	1,901	714	90	2,302	1,541	679	82	2,099	1,607	423	69
Securitized bonds	9	1	–	8	14	12	–	2	12	8	–	4
Other exchange-traded instruments	1	–	–	1	2	1	–	1	–	–	–	–
Exchange-traded instruments	5,428	3,617	1,543	268	4,799	3,237	1,334	228	4,586	3,129	1,235	222
Alternative investments	175	–	173	2	161	24	136	1	155	21	134	–
Real-estate	57	–	46	11	61	14	41	6	66	14	44	8
Other non-exchange-traded instruments	122	132	–	-10	187	165	–	22	142	122	–	20
Cash and cash equivalents	327	275	43	9	436	382	43	11	344	293	43	8
Non-exchange-traded instruments	681	407	262	12	845	585	220	40	707	450	221	36
Fair value of plan assets	6,109	4,024	1,805	280	5,644	3,822	1,554	268	5,293	3,579	1,456	258

Pension cost

The components of pension cost included in the Consolidated Statement of Income/Loss are shown in table ↗ D.53.

D.53
Pension cost

	2021				2020			
	Total	German Plans	US Plans	Other	Total	German Plans	US Plans	Other
In millions of euros								
Current service cost	-222	-165	-47	-10	-214	-155	-47	-12
Past service cost, curtailments and settlements	1	–	–	1	-1	–	–	-1
Net interest expense	-32	-11	-17	-4	-49	-18	-25	-6
	-253	-176	-64	-13	-264	-173	-72	-19

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.54 shows the significant weighted-average measurement factors used to calculate pension benefit obligations.

D.54
Significant factors for the calculation of pension benefit obligations

	At December 31,		At January 1,	At December 31,		At January 1,	At December 31,		At January 1,
	2021	2020	2020	2021	2020	2020	2021	2020	2020
	German Plans	German Plans	German Plans	US Plans	US Plans	US Plans	Other	Other	Other
In percent									
Discount rates	1.2	0.5	1.1	2.9	2.7	3.3	2.0	2.1	1.9
Expected increase in cost of living[1]	1.8	1.8	1.7	–	–	–	–	–	–

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.

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.55.

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.55

Sensitivity analysis for the present value of defined benefit pension obligations

		At December 31, 2021				At December 31, 2020				At January 1, 2020			
		Total	German Plans	US Plans	Other	Total	German Plans	US Plans	Other	Total	German Plans	US Plans	Other
In millions of euros													
Sensitivity for discount rates	0.25%	-308	-224	-73	-11	-361	-275	-72	-14	-324	-232	-79	-13
Sensitivity for discount rates	-0.25%	330	239	78	13	387	295	77	15	333	249	69	15
Sensitivity for expected increases in cost of living	0.10%	10	7	–	3	10	10	–	–	8	8	–	–
Sensitivity for expected increases in cost of living	-0.10%	-8	-7	–	-1	-10	-10	–	–	-8	-8	–	–
Sensitivity for life expectancy	+ 1 year	99	26	69	4	99	28	67	4	72	21	47	4
Sensitivity for life expectancy	- 1 year	-95	-23	-69	-3	-97	-25	-68	-4	-87	-18	-65	-4

Effect on future cash flows

The Daimler Truck Group currently plans to make contributions of €401 million to its pension plans for the year 2022. Thereof, €250 million relate to a special contribution under the capital and liquidity financing measures pursuant to Section 17.4 of the demerger agreement and €151 million to regular contributions; the final amount is usually set in the fourth quarter of a financial year. The Daimler Truck Group expects to make pension benefit payments of €213 million in 2022.

The weighted-average durations of the defined benefit obligations are shown in table ↗ D.56.

D.56

Weighted-average duration of the defined benefit obligations

	At December 31,		At January 1,
	2021	2020	2020
In years			
German plans	**18**	19	19
US plans	**15**	16	16
Other plans	**12**	12	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 2021, the total cost from defined contribution plans amounted to €609 million (2020: €515 million). Of those payments, €456 million (2020: €426 million) was related to governmental 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 €621 million (December 31, 2020: €615 million, January 1, 2020: €673 million). The net periodic cost is €23 million (2020: €36 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.

25. Provisions for other risks

The development of provisions for other risks is summarized in table ↗ D.57.

Product warranties

The Daimler Truck Group grants 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 for non-current 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 to the provisions for profit sharing and management bonuses recognized in the reporting year usually result in cash outflows in the following year. The cash outflows for non-current provisions for personnel and social costs are primarily expected within a period until 2032.

Liability and litigation risks and regulatory proceedings

Provisions for liability and litigation risks and regulatory proceedings comprise costs for various legal proceedings, claims and governmental investigations, which can lead in particular to payments of compensation, punitive damages or other costly actions. The cash outflows in relation to non-current provisions are primarily expected within a period until 2024.

Further information on liability and litigation risks and regulatory proceedings is provided in Note 32. Legal proceedings.

Other

Provisions for other risks primarily comprise expected costs for environmental protection, 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.57
Provisions for other risks

In millions of euros	Product warranties	Personnel and social costs	Liability and litigation risks and regulatory proceedings	Other	Total
Balance at January 1, 2020	1,627	1,116	1,066	457	4,266
thereof current	775	466	200	340	1,781
thereof non-current	852	650	866	117	2,485
Additions	1,145	513	150	191	1,999
Utilizations	-879	-410	-113	-135	-1,537
Reversals	-131	-76	-37	-44	-288
Compounding and effects from changes in discount rates	14	30	6	1	51
Currency translation and other changes	-83	-30	-53	-38	-204
Balance at December 31, 2020	1,693	1,143	1,019	432	4,287
thereof current	816	436	145	322	1,719
thereof non-current	877	707	874	110	2,568
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**

26. Financing liabilities

The composition of financing liabilities is shown in table ↗ **D.59**.

Information on the maturities of lease liabilities is provided in Note 35. Management of financial risks.

Financial liabilities include non-controlling interests held in the Gamma OHGs and in EvoBus OHG of €209 million as of December 31, 2021. For further information, see Note 34. Financial instruments.

As of December 31, 2020, cash pooling liabilities and loan payables from the Mercedes-Benz Group have been included in Financing liabilities in the amount of €3,322 million (January 1, 2020: €1,969 million). These amounts exclude Financing liabilities allocated based on target equity ratio and pertaining to Financial Services as further discussed below.

As the related cash pool and loan agreements have been terminated as of November 30, 2021, in the context of the demerger, the respective cash pool and loan payables to the Mercedes-Benz Group (excluding Financing liabilities allocated based on target equity ratio) have been, for each cash pool dependent on currency, offset against cash pool and loan receivables (see Note 17. Marketable debt securities and similar investments) and settled. With respect to cash pool and loan receivables and payables, see also Note 39. Related party disclosures.

Financial Services

As of December 31, 2020 (and January 1, 2020 accordingly), the Financial Services refinancing (towards external parties as well as the Mercedes-Benz Group) for which the terms of the refinancing did not allow for a transfer to the Daimler Truck Group has been allocated based on target equity ratio (see Note 2. Basis of preparation). With the execution of the Phase 1 transfers of the Financial Services, these allocated liabilities have been replaced by actual financing liabilities as described in the following.

In early December 2021, all assets and certain liabilities (e.g. liabilities connected to asset-backed securities) pertaining to Financial Services portfolios in the United States, Canada, Australia and South Africa, i.e. excluding debt for which financing liabilities have been allocated, were effectively transferred to the Daimler Truck Group. The respective purchase price was determined on a fair value basis and did not consider the allocated liabilities, accordingly. The purchase price was partially funded from cash as well through debt financing.

For Financial Services that have been conducted in the United States and Canada, the debt financing of the purchase price has been provided by interim loans from the Mercedes-Benz Group until December 14, 2021. Thereafter, external refinancing has been used to replace and settle these interim loans. The external financing has been achieved by issuing bonds as private placements in the United States and Canada, as well as additionally utilizing the syndicated credit facility agreed on with several banks on August 6, 2021.

The debt financing of the purchase price with respect to the Financial Services conducted in South Africa and Australia has been refinanced through external bank loans, not subject of the syndicated credit facility. For refinancing of Financial Services conducted in Japan refer to Note 2. Basis of preparation.

The respective liabilities as of December 31, 2021 are included in Notes/bonds and Liabilities to financial institutions. The liabilities allocated based on target equity ratio are included in Notes/bonds, Liabilities to financial institutions, as well Loans/liabilities from cash pooling as of December 31, 2020 and January 1, 2020. The changes in fiscal year 2021 are reflected in the Consolidated Statement of Cash Flows in the respective line items, net of currency translation effects, and discussed, as either cash or non-cash transactions, in Note 31. Consolidated Statement of Cash Flows.

The impact on equity is discussed with respect to the "Transactions with the Mercedes-Benz Group" in Note 22. Equity.

Further details on the liabilities allocated based on a target equity ratio in 2020 are provided in table ↗ D.58.

D.58
Financing liabilities allocated based on a target equity ratio

In millions of euros	At December 31, 2020	At January 1, 2020
Non-current		
Liabilities to external financial institutions	699	753
Liabilities to the Mercedes-Benz Group	4,523	5,328
Current		
Liabilities to external financial institutions	575	539
Liabilities to the Mercedes-Benz Group	4,918	6,009

D.59
Financing liabilities

	At December 31, 2021			At December 31, 2020			At January 1, 2020		
In millions of euros	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Notes/bonds	470	6,837	7,307	574	685	1,259	334	665	999
Commercial paper	–	–	–	82	–	82	105	–	105
Liabilities to financial institutions	4,016	2,225	6,241	2,334	1,324	3,658	2,612	2,984	5,596
Deposits in the direct banking business	191	361	552	28	236	264	15	180	195
Liabilities from ABS transactions	501	250	751	501	370	871	636	355	991
Lease liabilities[1]	174	1,061	1,235	177	1,163	1,340	193	1,355	1,548
Loans/liabilities from cash pooling[1,2]	127	177	304	8,109	4,966	13,075	7,906	5,956	13,862
Non-controlling shareholdings (puttable shares) in accordance with IAS 321	–	209	209	–	–	–	–	–	–
	5,479	11,120	16,599	11,805	8,744	20,549	11,801	11,495	23,296

1 For further details on the Mercedes-Benz Group's liabilities, see Note 39. Related party disclosures.
2 Liabilities at December 31, 2021, include amounts due to external parties only. Liabilities at December 31, 2020 and January 1, 2020, include amounts due to external parties and to the Mercedes-Benz Group, including cash pooling.

27. Other financial liabilities

The composition of other financial liabilities is shown in table ↗ D.60.

Financial liabilities measured at fair value through profit or loss relate to derivative financial instruments which are not used in hedge accounting.

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 34. Financial instruments.

D.60
Other financial liabilities

	At December 31, 2021			At December 31, 2020			At January 1, 2020		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
In millions of euros									
Derivative financial instruments used in hedge accounting	–	17	17	31	26	57	70	35	105
Financial liabilities recognized at fair value through profit or loss	3	–	3	2	–	2	5	1	6
Miscellaneous other financial liabilities	2,495	1,785	4,280	2,241	2,004	4,245	3,263	2,133	5,396
Liabilities from residual-value guarantees	874	1,574	2,448	900	1,791	2,691	1,000	1,964	2,964
Liabilities from wages and salaries	554	40	594	518	32	550	475	25	500
Accrued interest expenses	138	–	138	163	–	163	251	–	251
Deposits received	289	26	315	205	30	235	228	32	260
Other	640	145	785	455	151	606	1,309	112	1,421
	2,498	1,802	4,300	2,274	2,030	4,304	3,338	2,169	5,507

28. Deferred income

The composition of deferred income is shown in table ↗ D.61.

D.61
Deferred income

	At December 31, 2021			At December 31, 2020			At January 1, 2020		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
In millions of euros									
Deferral of sales revenue received from sales with residual-value guarantees	**623**	**1,085**	**1,708**	617	1,238	1,855	683	1,332	2,015
Deferral of advance rental payments received from operating lease arrangements	**6**	**3**	**9**	2	11	13	2	12	14
Other deferred income	**35**	**23**	**58**	46	34	80	24	30	54
	664	**1,111**	**1,775**	665	1,283	1,948	709	1,374	2,083

29. Contract and refund liabilities

Table ↗ D.62 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.62
Contract and refund liabilities

	At December 31,		At January 1,
	2021	2020	2020
In millions of euros			
Contract liabilities	**2,909**	2,425	2,518
Service and maintenance contracts and extended warranties	**2,423**	2,181	2,310
Other contract liabilities	**486**	244	208
Refund liabilities	**510**	509	525
Obligations from sales transactions	**353**	363	366
Other refund liabilities	**157**	146	159
Contract and refund liabilities	**3,419**	2,934	3,043
thereof non-current	**1,785**	1,639	1,790
thereof current	**1,634**	1,295	1,253

30. Other liabilities

Table ↗ **D.63** shows the composition of other liabilities.

D.63
Other liabilities

	At December 31, 2021			At December 31, 2020			At January 1, 2020		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
In millions of euros									
Income tax liabilities	**243**	**15**	**258**	104	12	116	135	11	146
Sales tax and other tax liabilities	**352**	**–**	**352**	416	–	416	303	–	303
Miscellaneous other liabilities	**70**	**16**	**86**	36	19	55	47	–	47
	665	**31**	**696**	556	31	587	485	11	496

31. Consolidated Statement of Cash Flows

Calculation of funds

At December 31, 2021, cash and cash equivalents included restricted funds of €123 million (December 31, 2020: €70 million, January 1, 2020: €0 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 increase in cash and cash equivalents by €5,581 million resulted from the equity and liquidity funding measures pursuant to the demerger agreement (see Note 22. Equity) as well as the further Transactions with the Mercedes-Benz Group along with the related cash inflow arising from financing activities with third-parties, the settlement of the terminated cash pooling accounts and loans with the Mercedes-Benz Group, and the net cash inflow provided by operating activities.

Cash provided by operating activities

Changes in other operating assets and liabilities are shown in table ↗ **D.64**.

Table ↗ **D.65** shows cash flows included in cash provided by operating activities.

D.64
Changes in other operating assets and liabilities

	2021	2020
In millions of euros		
Provisions	**304**	219
Financial instruments	**-30**	-14
Miscellaneous other assets and liabilities	**-392**	113
	-118	318

D.65
Cash flows included in cash provided by operating activities

	2021	2020
In millions of euros		
Interest paid	**-117**	-159
Interest received	**66**	62
Dividends received from equity-method investments	**12**	9
Dividends received from other shareholdings	**18**	9

Cash flows from investing activities

Cash flows from investing activities includes cash inflows of €634 million in March 2021 in connection with the sale of 50% of the shares in Daimler Truck Fuel Cell GmbH & Co. KG to the Volvo Group.

The cash pooling accounts and loans with the Mercedes-Benz Group, and its termination are discussed in Note 17. Marketable debt securities and similar investments and Note 26. Financing liabilities. In the context of the termination, the settlement in early December 2021 has been executed after offsetting receivables and payables related to each cash pool holding entity, either a Mercedes-Benz Group entity or a Daimler Truck Group entity. The settlement of the net amount (receivable or payable) and effects are included in either the Cash flows from investing activities or the Cash flows from financing activities, accordingly.

Cash flows from financing activities

Cash flows from financing activities includes cash flows from hedging the currency risks of financial liabilities. In 2021, cash used for financing activities included payments for the reduction of outstanding leasing liabilities of €193 million (2020: €200 million).

Moreover, Cash flows from financing activities includes the effects of the transfers of Financial Services and subsequent refinancing as discussed in Note 26. Financing liabilities.

For further information on the effects of the transactions with the Mercedes-Benz Group see table ↗ D.66.

Table ↗ D.67 includes changes in liabilities arising from financing activities, divided into cash and non-cash components.

D.66
Transactions with the Mercedes-Benz Group

	2021
In millions of euros	
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	-50
	-7,258

D.67
Changes in liabilities arising from financing activities[1]

	2021	2020
In millionsof euros		
Cash flows	6,415	-517
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	–
Changes in foreign exchange rates	818	-2,137
Fair value changes	-2	-211
Other changes	64	63

1 Changes in liabilities arising from financing activities includes movements from hedging activities related to financing transac-tions. In 2021, these amounted to €92 million increase (2020: €55 million decrease).

32. 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 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 Consolidated 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, 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 Daimler AG (now known as Mercedes-Benz Group AG) and four other European truck manufacturers for their participation in anticompetitive 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 condition.

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 outflows. 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.

33. Contingent liabilities and other financial obligations

Contingent liabilities

At December 31, 2021, the best estimate for obligations from **contingent liabilities** was €612 million (December 31, 2020: €589 million, January 1, 2020: €574 million). The contingent liabilities mainly comprise of legal proceedings.

Other financial obligations

At December 31, 2021, other financial obligations from the acquisition of intangible assets, property, plant and equipment and lease property are €290 million (December 31, 2020: €165 million, January 1, 2020: €291 million).

In addition, the Daimler Truck Group had issued irrevocable loan commitments at December 31, 2021 and 2020. These loan commitments had not been utilized as of that date. Further information with respect to these commitments is provided in Note 35. Management of financial risks.

As part of the demerger agreement, the Daimler Truck Group has committed to purchase the business of certain “Phase 2” entities from the Mercedes-Benz Group in order to complete the reorganizational measures. The transactions will be either transferred as share deals or asset deals, at fair value or market value, with an expected total purchase price of €1.3 billion. For a list of Phase 2 entities and expected transfer dates, see table ↗ **D.68**.

D.68

Phase 2 – Reorganizational measures

Phase 2 entity	Country	Transaction type	Expected acquisition date
Mercedes-Benz Roma S.p.A.	Italy	Share Deal	Q2 2022
Mercedes-Benz Broker Argentina S.A.	Argentina	Share Deal	Q2 2022
Mercedes-Benz Financial Services BeLux SA/NV1	Belgium	Share Deal	Q2 2022
Mercedes-Benz Financial Services España, E.F.C., S.A.U.[1]	Spain	Share Deal	Q2 2022
Mercedes-Benz Financial Services Italia S.p.A.[1]	Italy	Share Deal	Q2 2022
Mercedes-Benz Financial Services Nederland B.V[1]	Netherlands	Share Deal	Q2 2022
Mercedes-Benz Financial Services UK Ltd	United Kingdom	Asset Deal	Q3 2022
Mercedes-Benz Finansman Türk A.S.1	Turkey	Share Deal	Q4 2022
Mercedes-Benz Renting, S.A.U.	Spain	Asset Deal	Q2 2022
Mercedes-Benz Retail S.A.	Spain	Share Deal	Q4 2022
Mercedes-Benz Retail, Unipessoal Lda.	Portugal	Asset Deal	Q2 2022
Mercedes-Benz Servicios S.A.U (incl. Mercedes-Benz Compañía Financiera Argentina S.A.)	Argentina	Share Deal	Q2 2022
Mercedes-Benz Slovakia s.r.o.	Slovakia	Asset Deal	Q1 2023
Mercedes-Benz Sosnowiec Sp. z o.o.	Poland	Asset Deal	Q1 2023
Mercedes-Benz Taiwan Ltd.	Taiwan	Asset Deal	Q1 2022
Mercedes-Benz Warszawa Sp. z o.o.	Poland	Asset Deal	Q1 2023
Sandown Motor Holdings (Pty) Ltd	South Africa	Share Deal	Q3 2022

1 The Financial Services business operations of the legal entities will be locally demerged by the Mercedes-Benz Group, to newly established entities, which will be subject to acquisition via share deals by the Daimler Truck Group.

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.

DTAG 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, DTAG 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 demerger

In December 2021, Mercedes-Benz Group AG spun off and hived down all shares of Daimler Truck AG to Daimler Truck Holding AG. Pursuant to Section 133 UmwG, DTH 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.

DTH will be liable for those liabilities that existed before the demerger 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, DTH does not consider the obligations resulting from the demerger to be a contingent liability and expects any related cash outflows to be unlikely. Pension commitments are covered by planned assets (see Note 24. 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 demerger amount to €54,138 million as of December 31, 2021 (due in 2022: €30,303 million) (December 31, 2020: €37,725 million, thereafter due in 2021: €9,765 million, January 1, 2020: €65,883 million, thereafter due in 2020: €28,985 million).

34. Financial instruments

Carrying amounts and fair values of financial instruments

Table ↗ D.69 shows the carrying amounts and fair values of the respective classes of the Daimler Truck Group's financial instruments, excluding equity instruments held 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.69
Carrying amounts and fair values of financial instruments

	At December 31, 2021		At December 31, 2020		At January 1, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
In millions of euros						
Financial assets						
Receivables from financial services	**16,098**	**16,173**	15,269	15,466	18,679	18,878
Trade receivables	**3,962**	**3,962**	3,487	3,487	4,061	4,061
Cash and cash equivalents	**7,244**	**7,244**	1,663	1,663	1,094	1,094
Marketable debt securities and similar investments	**139**	**139**	5,841	5,841	4,729	4,729
Recognized at fair value through other comprehensive income	**116**	**116**	108	108	146	146
Recognized at fair value through profit or loss	**14**	**14**	–	–	–	–
Measured at amortized cost	**9**	**9**	5,733	5,733	4,583	4,583
Other financial assets						
Equity instruments and debt instruments	**329**	**329**	191	191	181	181
Recognized at fair value through other comprehensive income	**85**	**85**	96	96	104	104
Recognized at fair value through profit or loss	**244**	**244**	95	95	77	77
Other financial assets recognized at fair value through profit or loss	**5**	**5**	28	28	12	12
Derivative financial instruments used in hedge accounting	**63**	**63**	197	197	76	76
Other financial receivables and miscellaneous other financial assets	**810**	**810**	787	787	1,116	1,116
	28,650	**28,725**	27,463	27,660	29,948	30,147
Financial liabilities						
Financing liabilities	**15,364**	**15,445**	19,209	19,246	21,748	21,765
Trade payables	**4,359**	**4,359**	3,043	3,043	3,058	3,058
Other financial liabilities						
Financial liabilities recognized at fair value through profit or loss	**3**	**3**	2	2	6	6
Derivative financial instruments used in hedge accounting	**17**	**17**	57	57	105	105
Miscellaneous other financial liabilities	**4,280**	**4,280**	4,245	4,245	5,396	5,396
Contract and refund liabilities						
Obligations from sales transactions	**353**	**353**	363	363	366	366
	24,376	**24,457**	26,919	26,956	30,679	30,696

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, 2021, December 31, 2020 and January 1, 2020.

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* (including cash pool receivables from the Mercedes-Benz Group in 2020) 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 lower credit risk.

Equity Instruments are recognized at fair value through other comprehensive income or fair value through profit or loss.

Equity instruments recognized through other comprehensive income are included in table ↗ **D.69** 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, 2021. Equity instruments held 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 *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.

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

Other financial receivables and 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 the Gamma OHGs and in EvoBus OHG. The non-controlling interests are classified as puttable instruments since the non-controlling partner, DGS (see Note 1. General information), has the right to terminate and return their 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 DGS'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 the carrying amounts.

At December 31, 2021, Trade payables of €163 million are subject to reverse factoring arrangements (December 31, 2020: €98 million, January 1, 2020: €79 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, see the notes above under marketable debt securities and similar investments, other financial assets.

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

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.

Prior to the spin-off, the Mercedes-Benz Group, on behalf of the Daimler Truck Group, concluded derivative transactions in accordance with the master netting arrangements.

Table ↗ D.70 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. This table is only applicable for December 31, 2021, as prior to the spin-off, the Daimler Truck Group was not an independent group.

Measurement hierarchy

Table ↗ D.71 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 Daimler Truck Group reviews the necessity of reclassification between the measurement hierarchies. Due to an IPO, the investment in Proterra Inc. was reclassified from Level 3 to Level 1 in Q2 2021.

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. Table ↗ D.72 shows into which measurement hierarchies (according to IFRS 13) the fair values of the financial assets and liabilities are classified which are not recognized at fair value in the Consolidated Statement of Financial Position.

D.70

Disclosure for recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement[1]

	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
In millions of euros			
Other financial assets[2]	63	-4	59
Other financial liabilities[3]	15	-4	11

1 This table is only applicable for December 31, 2021, as prior to the spin-off, the Daimler Truck Group was not an independent group.
2 The other financial assets which are subject to a master netting arrangement comprise derivative financial instruments that are included in hedge accounting and financial assets recognized at fair value through profit or loss (see Note 18. Other financial assets).
3 The other financial liabilities which are subject to a master netting arrangement comprise derivative financial instruments that are included in hedge accounting and financial liabilities recognized at fair value through profit or loss (see Note 27. Other financial liabilities).

D.71

Measurement hierarchy of financial assets and liabilities recognized at fair value

	At December 31, 2021				At December 31, 2020				At January 1, 2020			
	Total	Level 1[1]	Level 2[2]	Level 3[3]	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	130	33	96	1	108	26	82	–	146	–	146	–
Recognized at fair value through other comprehensive income	116	33	83	–	108	26	82	–	146	–	146	–
Recognized at fair value through profit or loss	14	–	13	1	–	–	–	–	–	–	–	–
Equity instruments and debt instruments	329	185	20	124	191	108	77	6	181	109	66	6
Recognized at fair value through other comprehensive income	85	76	–	9	96	90	–	6	104	98	–	6
Recognized at fair value through profit or loss	244	109	20	115	95	18	77	–	77	11	66	–
Other financial assets recognized at fair value through profit or loss	5	–	5	–	28	–	28	–	12	–	12	–
Derivative financial instruments used in hedge accounting	63	–	63	–	197	–	197	–	76	–	76	–
	527	218	184	125	524	134	384	6	415	109	300	6
Financial liabilities recognized at fair value												
Financial liabilities recognized at fair value through profit or loss	3	–	3	–	2	–	2	–	6	–	6	–
Derivative financial instruments used in hedge accounting	17	–	17	–	57	–	57	–	105	–	105	–
	20	–	20	–	59	–	59	–	111	–	111	–

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 is based on inputs for which no observable market data is available.

D.72
Measurement hierarchy of financial assets and liabilities not recognized at fair value

	At December 31, 2021				At December 31, 2020				At January 1, 2020			
	Total	Level 1[1]	Level 2[2]	Level 3[3]	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	**16,173**	**–**	**16,173**	**–**	15,466	–	15,466	–	18,878	–	18,878	–
Fair values of financial liabilities measured at cost												
Financing liabilities	**15,236**	**6,712**	**8,524**	**–**	19,246	–	19,246	–	21,765	–	21,765	–
thereof bonds	**7,377**	**6,712**	**665**	**–**	1,275	–	1,275	–	1,002	–	1,002	–
thereof liabilities from ABS transactions	**755**	**–**	**755**	**–**	883	–	883	–	999	–	999	–
thereof other financing liabilities	**7,104**	**–**	**7,104**	**–**	17,088	–	17,088	–	19,764	–	19,764	–
Miscellaneous other financial liabilities	**4,280**	**–**	**4,200**	**80**	4,245	–	4,164	81	5,396	–	5,307	89

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 is 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.73.

Table ↗ D.73 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.73

Carrying amounts of financial instruments according to measurement categories

	At December 31, 2021	At December 31, 2020	At January 1, 2020
In millions of euros			
Assets			
Financial assets measured at (amortized) cost	**25,757**	24,687	27,194
Receivables from financial services[1]	**13,732**	13,017	16,340
Trade receivables	**3,962**	3,487	4,061
Cash and cash equivalents	**7,244**	1,663	1,094
Marketable debt securities and similar investments	**9**	5,733	4,583
Other receivables and miscellaneous other financial assets	**810**	787	1,116
Financial assets recognized at fair value through other comprehensive income	**201**	204	250
Marketable debt securities and similar investments	**116**	108	146
Equity and debt instruments	**85**	96	104
Financial assets recognized at fair value through profit or loss	**263**	123	89
Marketable debt securities and similar investments	**14**	–	–
Equity and debt instruments	**244**	95	77
Other financial assets recognized at fair value through profit or loss[2]	**5**	28	12
Liabilities			
Financial liabilities measured at (amortized) cost	**24,318**	26,812	30,537
Trade payables	**4,359**	3,043	3,058
Financing liabilities[3]	**15,364**	19,209	21,748
Miscellaneous other financial liabilities[4]	**4,242**	4,197	5,365
Obligations from sales transactions	**353**	363	366
Financial liabilities recognized at fair value through profit or loss[2]	**3**	2	6

1 This does not include lease receivables of €2,366 million (December 31, 2020: €2,252 million, January 1, 2020: €2,339 million) as these are not assigned to a measurement category.
2 Financial instruments classified as held for trading purposes. These items comprise financial instruments that are not used in hedge accounting.
3 This does not include liabilities from lease transactions of €1,235 million (December 31, 2020: €1,340 million, January 1, 2020: €1,548 million) as these are not assigned to a measurement category.
4 This does not include liabilities from financial guarantees of €38 million (December 31, 2020:€48 million, January 1, 2020:€31 million) as these are not assigned to a measurement category.

Net gains or losses

Table ↗ D.74 shows the net gains/losses on financial instruments included in the Consolidated Statement of Income/Loss (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 €104 million (2020: €211 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.74
Net gains/losses

In millions of euros	2021	2020
Equity and debt instruments recognized at fair value through profit or loss	28	12
Other financial assets and financial liabilities recognized at fair value through profit or loss[1]	-32	40
Equity instruments recognized at fair value through other comprehensive income	–	–
Other financial assets recognized at fair value through other comprehensive income	–	-1
Financial assets measured at (amortized) cost	-38	-306
Financial liabilities measured at (amortized) cost	-89	41

1 Financial instruments classified as held for trading; these amounts relate to financial instruments that are 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.75.

See Note 3. Significant accounting policies for qualitative descriptions of accounting for and presentation of financial instruments (including derivative financial instruments).

D.75
Total interest income and total interest expense

In millions of euros	2021	2020
Total interest income	933	1,027
thereof from financial assets and liabilities measured at (amortized) costs	929	1,023
thereof from financial assets recognized at fair value through other comprehensive income	4	4
Total interest expense	-453	-637
thereof from financial assets and liabilities measured at (amortized) costs	-453	-637

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 mainly 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.76** shows the amounts for the transactions designated as hedging instruments.

D.76

Amounts for the transactions designated as hedging instruments

	Foreign currency risk	Interest rate risk		Commodity risk
	Cash flow hedges[1]	Cash flow hedges[2]	Fair value hedges[2]	Cash flow hedges[1]
In millions of euros				
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**
At December 31, 2020				
Carrying amount of the hedging instruments				
Other financial assets current	52	8	79	4
Other financial assets non-current	31	4	19	1
Other financial liabilities current	20	3	7	–
Other financial liabilities non-current	2	24	–	–
Fair value changes[3]	107	3	190	-3
At January 1, 2020				
Carrying amount of the hedging instruments				
Other financial assets current	3	–	49	2
Other financial assets non-current	10	–	9	3
Other financial liabilities current	68	1	–	1
Other financial liabilities non-current	13	19	3	–
Fair value changes[3]	-154	-19	42	17

1 Includes the following instrument types: currency forwards, currency options, currency swaps, commodity forwards.
2 Includes the following instrument types: interest rate swaps, 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.77.

The amounts relating to hedge ineffectiveness for items designated as fair value hedges are shown in table ↗ D.78.

D.77
Fair value hedges

	Interest rate risk		
	At December 31,		At January 1,
	2021	2020	2020
In millions of euros			
Carrying amounts of the hedged items			
Financing liabilities current	**221**	312	467
Financing liabilities non-current	**4,095**	176	391
thereof hedge adjustments			
Financing liabilities current	**-1**	-71	54
Financing liabilities non-current	**-17**	-12	10
Fair value changes of the hedged items[1]	**-2**	-190	-41

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

D.78
Ineffectiveness of fair value hedges

	Interest rate risk	
	2021	2020
In millions of euros		
Interest expense	**-13**	–

Cash flow hedges

The Daimler Truck Group uses cash flow hedges for hedging currency risks, interest rate risks and commodity price risks.

The amounts related to items designated as cash flow hedges are shown in table ↗ D.79.

The gains and losses on items designated as cash flow hedges as well as the amounts relating to hedge ineffectiveness are included in table ↗ D.80.

D.79
Cash flow hedges

	At December 31, 2021			At December 31, 2020			At January 1, 2020		
	Foreign currency risk	Interest rate risk	Commodity risk	Foreign currency risk	Interest rate risk	Commodity risk	Foreign currency risk	Interest rate risk	Commodity risk
In millions of euros									
Fair value changes of the hedged items[1]	60	-41	–	-100	-3	2	147	19	-18
Balance of the reserves for derivative financial instruments (before taxes)									
Continuing hedges	3	22	–	58	-26	6	-63	-18	7
Thereof hedges of currency risks in the automotive business	–	–	–	1	–	–	-2	–	-1
Discontinued/terminated hedges	3	–	–	–	–	–	–	–	–

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

D.80
Gains and losses on cash flow hedges

	Foreign currency risk			Interest rate risk		Commodity risk
In millions of euros						
Line item in the Consolidated Statement of Income/Loss in which the ineffectiveness and the reclassifications are included	Revenue	Cost of sales	Other financial income/expense, net	Cost of sales	Interest expense	Cost of sales
2021						
Gains and losses recognized in other comprehensive income	-40	-21	–	22	19	–
Hedge ineffectiveness recognized in the Consolidated Statement of Income/Loss	–	–	–	–	–	–
Reclassification of hedge effectiveness from other comprehensive income to the Consolidated Statement of Income/Loss						
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	–
2020						
Gains and losses recognized in other comprehensive income	55	44	–	-2	5	-2
Hedge ineffectiveness recognized in the Consolidated Statement of Income/Loss	5	3	–	–	–	-1
Reclassification of hedge effectiveness from other comprehensive income to the Consolidated Statement of Income/Loss						
For hedges for which the hedged future cash flows are no longer expected to occur	3	2	–	–	–	–
For hedges that have been transferred because the hedged item has affected profit or loss	1	–	–	–	-14	–

In 2020, cash flow hedges with a nominal volume of €566 million were discontinued because the cash flows secured with these instruments could no longer be classified as highly probable. The discontinuation of these derivatives, which is largely attributable to the COVID-19 pandemic, mainly relates to cash flows in US dollars and British pounds and led to reclassification from the reserves for derivative financial instruments to revenue of €1 million (losses) and to cost of sales of €4 million (losses).

The close-out of derivatives between the Daimler Truck Group and Mercedes-Benz Group AG at the end of November 2021 led to discontinuation of hedge accounting. Other comprehensive income recycling leads to reclassification from the reserves for derivative financial instruments and Consolidated Statement of Income/Loss at the time of the occurrence of the underlying transactions or premature discontinuation of the underlying transactions. The close-out led to reclassification from the reserves for derivative financial instruments to revenue of €20 million (gains) and to cost of sales of €19 million (losses).

Table ↗ D.81 shows the reconciliation of the reserves for derivative instruments.

D.81
Reconciliation of reserves for derivative financial instruments

In millions of euros	2021	2020
Balance at January 1	**28**	**-66**
Changes in fair values (before taxes)	-28	104
Foreign currency risk	-69	102
Interest rate risk	41	3
Commodity price risk – inventory purchases	–	-1
Reclassification to profit or loss (before taxes)	19	-12
Foreign currency risk	22	2
Interest rate risk	-3	-14
Reclassification to cost of acquisition of non-financial assets (before taxes)	-19	18
Foreign currency risk – procurement	-13	17
Commodity price risk – inventory purchases	-6	1
Other	14	–
Taxes on changes in fair values and reclassifications	-1	-16
Balance at December 31	**13**	**28**

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 underlying transactions of the cash flow hedges is expected to correspond with the maturities of the hedging transactions shown in table ↗ D.83.

At December 31, 2021, the Daimler Truck Group utilized derivative financial instruments with a maximum maturity of 20 months as hedges for currency risks arising from future operational cash flows (December 31, 2020: 38 months, January 1, 2020: 38 months).

Nominal values of derivative financial instruments

Table ↗ D.83 shows the nominal values of derivative financial instruments entered into for the purpose of hedging currency risks, interest rate risks and commodity price risks that arise from the Daimler Truck Group's operating and/or financing activities.

The average prices for derivative financial instruments classified by risk categories for the main risks are included in table ↗ D.82.

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/Loss 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.

Explanations of the hedging of exchange rate risks, interest rate risks and commodity price risks can be found in Note 35. Management of financial risks, in the sub-item finance market risk.

D.82
Average prices of hedging instruments for the major risks

	At December 31, 2021	At December 31, 2020
Foreign currency risk		
USD per €	1.14	1,15
GBP per €	–	0.89
Interest rate risk		
Fair value hedges		
Average interest rate – BRL	-8.11%	0.24%
Average interest rate – MXN	2.34%	0.94%
Average interest rate – CAD	1.22%	–
Average interest rate – USD	0.71%	–
Cash flow hedges		
Average interest rate – MXN	-1.01%	-2.53%
Average interest rate – CAD	-0.68%	–
Average interest rate – USD	-0.21%	-0.30%
Average interest rate – BRL	1.07%	-3.14%
Commodity risk		
Platinum (in € per troy ounce)	–	898

D.83
Nominal amounts of derivative financial instruments

	At December 31, 2021				At December 31, 2020				At January 1, 2020			
	Maturity of nominal amounts				Maturity of nominal amounts				Maturity of nominal amounts			
	<1 year	1-5 years	>5 years	Total	<1 year	1-5 years	>5 years	Total	<1 year	1-5 years	>5 years	Total
In millions of euros												
Foreign currency risk	**1,224**	**188**	**–**	**1,412**	1,433	658	–	2,091	2,378	1,207	–	3,585
Non-hedge accounting derivatives	**377**	**–**	**–**	**377**	342	–	–	342	74	9	–	83
Cash flow hedges	**847**	**188**	**–**	**1,035**	1,091	658	–	1,749	2,304	1,198	–	3,502
Interest rate risk	**3,861**	**6,642**	**1,324**	**11,827**	841	780	–	1,621	1,237	991	–	2,228
Non-hedge accounting derivatives	**1,509**	**1,829**	**–**	**3,338**	107	55	–	162	20	162	–	182
Fair value hedges	**242**	**2,777**	**1,324**	**4,343**	312	177	–	489	909	383	–	1,292
thereof major derivative financial instruments affected by the reform of the interest rate benchmark												
in USD	**265**	**649**	**–**	**914**	383	122	–	505	472	312	–	784
Cash flow hedges	**2,110**	**2,036**	**–**	**4,146**	422	548	–	970	308	446	–	754
thereof major derivative financial instruments affected by the reform of the interest rate benchmark[1]												
in USD	**44**	**–**	**–**	**44**	41	244	–	285	–	267	–	267
Commodity risk[2]	**–**	**–**	**–**	**–**	24	9	–	33	35	32	–	67

1 The volumes of risk exposure in cash flow hedges directly affected by the reform of the interest rate benchmark are generally in line with the reported 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 35. Management of financial risks.

2 At December 31, 2021, there were no commodity derivatives.

35. Management of financial risks

Introduction

Until early December 2021, risk management and treasury processes were performed centrally by group risk management and group treasury of the Mercedes-Benz Group on behalf of the Daimler Truck Business. As of December 2021, the Daimler Truck Group implemented its own treasury function.

The Daimler Truck Group continues to conduct funding, liquidity and market-price risk management similar to that of the Mercedes-Benz Group.

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 guidelines 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. Without these derivative financial instruments, the Daimler Truck Group would be exposed to higher financial risks. As a standalone company, Daimler Truck AG had closed all internal foreign exchange hedges and commodity pricing hedges with Mercedes-Benz Group AG by November 30, 2021. After the spin-off, the Daimler Truck Group has started to rebuild new foreign exchange hedges. For commodity hedges, long-term supply contracts are in place, so it has not been necessary to immediately rebuild new hedges prior to December 31, 2021. Additional information on financial instruments and especially on the volumes of the derivative financial instruments used is included in Note 34. 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. See Note 24. Pensions and similar obligations for additional information on the Daimler Truck Group's pension and other post-employment benefit related liabilities.

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.84 shows the maximum risk positions at the balance sheet date.

D.84

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

		At December 31,		At January 1,
		2021	2020	2020
	Note	Maximum risk position	Maximum risk position	Maximum risk position
In millions of euros				
Liquid assets		**7,383**	7,504	5,823
Receivables from financial services	16	**16,098**	15,269	18,679
Trade receivables	21	**3,962**	3,487	4,061
Derivative financial instruments used in hedge accounting (assets only)	18	**63**	197	76
Derivative financial instruments not used in hedge accounting (assets only)	18	**5**	28	12
Other financial receivables and miscellaneous other financial assets	18	**810**	787	1,116
Irrevocable loan commitments		**114**	148	105
Financial guarantees		**304**	287	333

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. 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.

From December 6, 2021 onwards, the Daimler Truck Group has guidelines setting the framework for effective risk management at a global as well as a local level for the Financial Services segment. 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, 2021, exposure to the biggest 15 customers did not exceed 20.09% of the total portfolio (December 31, 2020: 18.09%, January 1, 2020: 16.97%).

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.

In 2020, because of the COVID-19 pandemic, there were modifications in some markets of financial assets for financial receivables in particular in the context of relief programs offered by governments and within the Financial Services segment. The design of these programs, however, led to the modification being assessed as not significant. In 2021, some of the relief programs expired. Additionally, the overall volume of modifications decreased and are assessed as not significant.

At the beginning of the COVID-19 pandemic in 2020, a crisis guideline was issued very promptly, specifying how customers can be supported as flexibly as possible, but still risk management oriented, with extensions of payment terms. Credit risk development has been discussed at all meetings of the crisis task force for the Financial Services segment since the beginning of the crisis. For the Daimler Truck Group, these risk management processes were performed by Mercedes-Benz Group AG prior to the spin-off. Furthermore, a collection task force managed the best possible preparation of debt collection activities. Prior to the spin-off, Mercedes-Benz Group AG performed these risk management processes for the Daimler Truck Group. Starting in December 2021, the related activities were transferred into the standard rules set and processes at the Daimler Truck Group, since the COVID-19 pandemic crisis has normalized regarding credit risk processes.

In 2020, the increase in the loss allowance ratio for credit risks was due to the worsened economic outlook in connection with the COVID-19 pandemic and the programs offered to support customers. In 2021, the loss allowance ratio remained rather stable compared to 2020 due to the continued uncertainty of the pandemic development.

For information on credit risks included in receivables from financial services, see Note 16. Receivables from financial services. Information on the measurement of expected credit losses is provided in Note 3. 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 guidelines 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 impairments of trade receivables, the 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 impairments recognized is provided in Note 21. 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 2021 and 2020, 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, 2021, irrevocable loan commitments amounted to €114 million (December 31, 2020: €148 million, January 1, 2020: €105 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 obligations resulting from financial guarantees amount to €304 million at December 31, 2021 (December 31, 2020: €287 million, January 1, 2020: €333 million) and include liabilities recognized at December 31, 2021 in the amount of €38 million (December 31, 2020: €48 million, January 1, 2020: €31 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 possibility to securitize receivables of the financial services business (ABS transactions) also reduces the Daimler Truck 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, 2021, cash and cash equivalents amounted to €7,244 million (December 31, 2020: €1,663 million, January 1, 2020: €1,094 million). In 2021, 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 in intangible assets and property, plant and equipment and income taxes paid. At Financial Services, net cash inflows of the leasing and sales-financing activities mainly resulted from the portfolio reduction in the context of the COVID-19 pandemic crisis.

From an operating point of view, the management of the Daimler Truck Group's liquidity exposures is centralized by a daily cash pooling process started 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 line in the amount of €13 billion (bridge facility) was agreed upon by the Daimler Truck Group with an international consortium of banks. Following the issuance of bonds by the financial services subsidiaries in the United States and Canada, €6 billion of the credit line was contractually reduced (calculated as 90% of the cash inflows from the bond issuance of €6.7 billion). Furthermore, €1.8 billion of the bridge facility has also been utilized during December 2021. As of December 31, 2021, €5.2 billion of the bridge facility is still available.

In addition, the syndicated loan agreement includes a firm commitment of a revolving credit line of €5 billion (the "revolving credit facility"). The revolving credit facility has a term of at least five years with two extension options of one year each to be agreed at standard market conditions. The Daimler Truck Group does not intend to draw on the revolving credit facility.

Table ↗ **D.86** 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, 2021.

Information on the Daimler Truck Group's financing liabilities is also provided in Note 26. Financing liabilities

D.85

Liquidity runoff for liabilities and financial guarantees[1]

	Total	2022	2023	2024	2025	2026	≥ 2027
In millions of euros							
Financing liabilities[2]	17,758	5,782	5,167	2,678	308	1,755	2,068
thereof lease liabilities	1,355	204	159	130	131	105	626
Derivative financial instruments[3]	116	22	39	1	–	17	37
thereof with gross settlement	54	16	38	–	–	–	–
Cash outflows	572	263	309	–	–	–	–
Cash inflows	-518	-247	-271	–	–	–	–
thereof with net settlement	62	6	1	1	–	17	37
Cash outflows	62	6	1	1	–	17	37
Trade payables[4]	4,359	4,358	1	–	–	–	–
Miscellaneous other financial liabilities excluding accrued interest and liabilities from financial guarantees	4,136	2,351	665	439	315	136	230
Obligations from sales	–	–	–	–	–	–	–
Irrevocable loan commitments[5]	114	114	–	–	–	–	–
Financial guarantees[6]	304	304	–	–	–	–	–
	26,787	12,931	5,872	3,118	623	1,908	2,335

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 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.

Until December 2021, the Mercedes-Benz Group, on behalf of the Daimler Truck Group, managed market risks to minimize the impact of fluctuations in foreign exchange rates, interest rates and commodity prices on the earnings of the Daimler Truck Group and its segments. As of December 2021, the Daimler Truck Group took over the respective risk management activities. 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. Foreign exchange and commodity derivatives between the Daimler Truck Group and Mercedes-Benz Group AG were closed in November 2021. The hedging instruments were concluded externally by the Daimler Truck Group by December 31, 2021, to the extent that hedging was planned.

Certain benchmark interest rates, including those of the London Interbank Offer Rate (for USD, GBP, CHF and JPY), had been comprehensively and internationally reformed by the end of 2021. As a result, those interest rates have been 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 regard to their structure, methodology and period of publication.

Despite market uncertainty, historical benchmark interest rates were applied during the majority of 2021 as reference rates in financial markets with an impact on the measurement of financial transactions. This also applies for financial instruments in hedging relationships with a maturity beyond 2021. With the EURIBOR reform already implemented, the material share of interest rate risk hedging relationships affected by the benchmark reform is based on the currency USD.

The Daimler Truck Group expects the conversion of reference rates of hedging instruments and their underlying transactions to be identical and without material delay in time. The Daimler Truck Group continues to consider the economic relationship and thus the continuation of hedge accounting to be still existing as of December 31, 2021.

The nominal values of the affected derivative financial instruments can be found in table ↗ **D.83**.

The effect of the application of the new interest rates has been reviewed with no significant impact on the Consolidated Financial Statements. During 2021, in order to conduct financial transactions based on the new indices, the Daimler Truck Group prepared its IT-systems accordingly. Uncertainty still exists about future market standards with interest conventions for individual financial products (cash products and also interest derivatives) that reference the new risk-free rates.

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 employed:

- express potential losses in fair values, and
- assume a 99% confidence level and a holding period of five days.

The Daimler Truck Group calculates the value at risk for exchange rates according to the variance-covariance approach. The value-at-risk calculation method for commodity hedging instruments is based on a Monte Carlo simulation.

When calculating value at risk using the variance-covariance approach, the 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.

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

Exchange rate risk

Transaction risk and currency risk management. The global nature of the Daimler Truck Group's businesses exposes cash flows to risks arising from fluctuations in exchange rates. These risks primarily relate to fluctuations between the Euro, the US dollar and the British pound, and other currencies such as currencies of growth markets. 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. In the case of over hedges, designated hedging relations are reviewed with respect to any requirements to discontinue hedge accounting.

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.86** shows the value at risk at period-end of the exchange rate risk for the 2021, 2020 and the opening of 2020 portfolios of derivative financial instruments, which were entered into primarily in connection with the vehicle business operations. Average exposure has been computed on an end-of-quarter basis. 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. See also table ↗ **D.83.**

D.86
Value at risk for exchange rate risk, and interest rate risk[1]

	2021 Period-end	2020 Period-end	2020 Opening
In millions of euros			
Exchange rate risk (from derivative financial instruments)	**14**	28	38
Interest rate risk (from derivative financial instruments)	**14**	–	–

1. At December 31, 2020 and January 1, 2020, measurement of interest rate risk was performed through a sensitivity analysis as shown in tables ↗ **D.87** and ↗ **D.88**.

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. The effectiveness of the hedge is assessed at the beginning and during the economic relationship. Possible sources of ineffectiveness of the hedge relationship are:

- Effects of the credit risk on the fair value of the used derivative instrument which are not reflected in the change of the hedged currency risk.

- Changes in the timing of the hedged transactions.

The designation of hedge relationships for foreign currency risk existing for the Daimler Truck Group was based on that of the expected future cash flows from the Mercedes-Benz Group operations until November 30, 2021. Accordingly, the documentation required under IFRS with regard to this further differentiation of expected cash flows (i.e. the risk management objectives) has been revised for a large proportion of the already designated hedge relationships for foreign currency risk. There has been no change in the overall Daimler Truck Group's risk management strategy for foreign currency risk from that of its previous owner, the Mercedes-Benz Group. There were no material effects on earnings in the eleven-month period ended November 30, 2021 and the year ended 2020.

In 2021, 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. 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.

D.87

Nominal amounts of the sensitivity analysis for interest rate risk[1]

	At December 31, 2020	At January 1, 2020
Fixed-rate instruments		
Financial assets	14,509	16,236
Financial liabilities	-14,720	-16,880
	-211	-644
Effects of interest rate swaps	-794	-357
	-1,005	-1,001
Variable-rate instruments		
Financial assets	3,205	4,622
Financial liabilities	-4,486	-4,869
	-1,281	-247
Effects of interest rate swaps	794	357
	-487	110

1 Sensitivity analysis for interest rate risk was not applicable at December 31, 2021. See table ↗ D.86 for the value at risk model for December 31, 2021.

D.88

Sensitivity analysis for interest rate risk[1]

	Profit or loss		Equity net of tax	
	100 bp increase	50 bp decrease	100 bp increase	50 bp decrease
In millions of euros				
At December 31, 2020				
Variable-rate instruments	1	–	–	–
Interest rate swaps	-6	3	15	-7
Cash flow sensitivity (net)	-5	3	15	-7
At January 1, 2020				
Variable-rate instruments	9	-5	–	–
Interest rate swaps	-8	4	20	-10
Cash flow sensitivity (net)	1	-1	20	-10

1 Sensitivity analysis for interest rate risk was not applicable at December 31, 2021. See table ↗ D.86 for the value at risk model for December 31, 2021.

An expert group of representatives from key financial functions at the Daimler Truck Group, manages 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. 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 and financial services businesses at Group level.

Table ↗ D.86 shows the period-end value at risk for 2021 of interest rate sensitive financial instruments and derivative financial instruments of the Daimler Truck Group, including the financial instruments of the leasing and sales financing business.

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.

Prior to the spin-off, the measurement of the interest rate risk of the Daimler Truck Group was carried out by the Mercedes-Benz Group through a sensitivity analysis.

Table ↗ D.87 shows, prior to the spin-off, the nominal amounts of the fixed-rate instruments and the variable-rate instruments exposed to interest rate risk and considered for the sensitivity analysis. Table ↗ D.88 shows how a possible change of plus 100 basis points / minus 50 basis points in interest rates at the reporting date would have increased/decreased equity and profit or loss of the Group. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

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:

- Effects of the credit risk on the fair value of the derivative 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 year-end 2021, there were no commodity derivatives. Therefore, central commodity management shows an unhedged position of 100% of the forecasted platinum purchases for calendar year 2022. The corresponding figure at year-end 2020 was 42% for calendar year 2021.

Hedge accounting. At year-end 2021, 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:

- Effects of the credit risk on the fair value 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.

36. 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. Starting in July 2021, a regular reporting based on the final composition of the Daimler Truck Group was implemented to the designated Board of Management of the Daimler Truck Holding AG as chief operating decision maker. This structure was comprised of the management personnel that were later officially appointed to the Board of Management of Daimler Truck Holding AG, effective in December 2021. 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.

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 joint venture will continue to offer locally produced trucks using the Mercedes-Benz brand.

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 3. 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, 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 mainly 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 fiscal 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 reflecting the new segment structure in 2021.

During 2021, EBIT for the Financial Services segment includes a goodwill impairment loss of €40 million. With the implementation of the new management reporting and formation of the new Daimler Truck Board of Management in Q3 2021, goodwill from Financial Services allocated to the Daimler Truck Group has been tested and, pursuant to IAS 36.105(a), impaired to a carrying value of zero.

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.89** presents segment information at and for the years ended December 31, 2021 and 2020.

D.89

Segment information

	Trucks North America	Mercedes-Benz	Trucks Asia	Daimler Buses	Financial Services	Total Segments	Reconciliation	Daimler Truck Group
In millions of euros								
December 31, 2021[1]								
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
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[2]	7	227	56	16	12	318	–	318
thereof investments in property, plant and equipment	214	353	128	62	5	762	–	762
Depreciation, amortization and impairment of non-current assets	248	1,013	257	185	116	1,819	11	1,830
thereof amortization and impairment 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

1 The segment reporting as presented above is based on the management reporting that was reported for the first time in the new segment structure in July 2021.
2 Additions exclude the right-to-use of the Mercedes-Benz brand which was recognized as a contribution at fair value from the Mercedes-Benz Group, see Note 12. Intangible assets.

In millions of euros	Trucks North America	Mercedes-Benz	Trucks Asia	Daimler Buses	Financial Services	Total Segments	Reconciliation	Daimler Truck Group
December 31, 2020[1]								
External revenue	13,749	12,422	5,302	3,319	1,201	35,993	20	36,013
Intersegment revenue	98	1,368	277	119	6	1,868	-1,868	–
Total revenue	13,847	13,790	5,579	3,438	1,207	37,861	-1,848	36,013
Segment profit/loss (EBIT)	1,015	-372	32	67	-11	731	-240	491
thereof profit/loss on equity-method investments	5	8	39	-1	–	51	-4	47
thereof profit/loss from compounding and effects from changes in discount rates of provisions for other risks	-20	-25	–	-4	-2	-51	–	-51
Segment assets	5,109	11,083	5,419	3,163	16,462	41,236	1,155	42,391
thereof carrying amounts of of equity-method investments	14	121	384	8	–	527	7	534
Segment liabilities	4,252	7,899	1,657	2,013	15,124	30,945	803	31,748
Additions to non-current assets	247	1,301	287	261	111	2,207	16	2,223
thereof investments in intangible assets	2	80	38	18	–	138	1	139
thereof investments in property, plant and equipment	157	448	115	55	9	784	12	796
Depreciation and amortization of non-current assets	289	1,275	311	214	91	2,180	13	2,193
thereof amortization of intangible assets	22	182	52	24	–	280	3	283
thereof depreciation of property, plant and equipment	244	473	233	81	9	1,040	12	1,052

1 The segment reporting as presented above is based on the management reporting that was reported for the first time in the new segment structure in July 2021.

In millions of euros	Trucks North America	Mercedes-Benz	Trucks Asia	Daimler Buses	Financial Services	Total Segments	Reconciliation	Daimler Truck Group
January 1, 2020[1]								
Segment assets	5,968	12,670	6,105	3,470	20,126	48,339	1,130	49,469
thereof carrying amounts of of equity-method investments	20	146	362	9	–	537	10	547
Segment liabilities	4,420	7,953	2,095	2,246	18,489	35,203	839	36,042

1 The segment reporting as presented above is based on the management reporting that was reported for the first time in the new segment structure in July 2021.

Reconciliation

The reconciliation of the segments' amounts to relevant amounts for the Daimler Truck Group is shown in table ↗ D.90.

D.90
Reconciliation of the segments to the Group Financial Statements

	At December 31,		At January 1,
	2021	2020	2020
In millions of euros			
Total of segments' profit (EBIT)	**2,361**	731	
Profit/loss on equity-method investments	**-53**	-4	
Other operating income	**1,215**	–	
Other business activities and corporate items	**-163**	-274	
Eliminations	**-3**	38	
EBIT of the Group	**3,357**	491	
Total of segments' assets	**46,451**	41,236	48,339
Carrying amount of equity-method investments	**659**	7	10
Income tax assets[1]	**1,337**	1,260	1,167
Other business activities and corporate items	**422**	348	351
Eliminations	**-1,118**	-460	-398
Segment assets of the Group	**47,751**	42,391	49,469
Unallocated financial assets (including liquidity) and assets from pensions and similar obligations[1]	**7,049**	7,598	5,898
Total assets of the Group	**54,800**	49,989	55,367
Total of segments' liabilities	**34,619**	30,945	35,203
Income tax liabilities[1]	**287**	141	139
Other business activities and corporate items	**991**	958	902
Eliminations	**-988**	-296	-202
Segment liabilities of the Group	**34,909**	31,748	36,042
Unallocated financial liabilities and liabilities from pensions and similar obligations[1]	**3,468**	9,533	8,980
Total equity of the Group	**16,423**	8,708	10,345
Total equity and liabilities of the Group	**54,800**	49,989	55,367

1 Unless allocated to Financial Services.

In March 2021, other operating income includes the gain from the loss of control of cellcentric GmbH & Co. KG ("cellcentric"), resulting in a positive effect on earnings of €1,215 million.

Other business activities and corporate items is comprised primarily of operational expenses of €114 million related to the Daimler Truck Group's autonomous driving business activities (2020: €100 million).

In 2020, Other business activities and corporate items includes €70 million related to the Daimler Truck Group's fuel cell activities.

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.91.

D.91
Revenue and non-current assets by region

	Revenue		Non-current assets[1]		
				At December 31,	At January 1,
	2021	2020	**2021**	2020	2019
In millions of euros					
Europe	**13,091**	11,940	**8,038**	7,285	7,846
thereof Germany	**5,266**	5,151	**6,414**	5,610	6,026
North America	**16,216**	14,678	**2,792**	2,599	2,941
thereof United States	**13,786**	12,558	**2,214**	2,016	2,253
Asia	**5,690**	6,017	**2,494**	2,619	2,856
thereof Japan	**3,248**	3,812	**2,229**	2,352	2,538
Latin America	**3,011**	2,025	**542**	535	773
Other markets	**1,756**	1,353	**236**	269	185
	39,764	36,013	**14,102**	13,307	14,601

1 Non-current assets includes Intangible assets, Property, plant and equipment, and Equipment on operating leases.

37. Capital management

Capital management for the Daimler Truck Group was performed by Mercedes-Benz Group AG until the spin-off.

Starting in December 2021, net assets represent the basis for capital management at the Daimler Truck Group. The assets and liabilities of the segments in accordance with IFRS provide the basis for the determination of net assets at Group level. The automotive segments are accountable for the net operating assets; all assets, liabilities and provisions which they are responsible for in day-to-day operations are therefore allocated to them. Performance measurement at Financial Services is on an equity basis, in line with the usual practice in the banking business. Net assets of the Industrial Business include assets and liabilities from income taxes as well as other corporate items and eliminations.

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 Group's cost of capital comprises the cost of equity as well as the costs of debt and pension obligations unless these are allocated to the Financial Services segment; in addition, the expected returns on liquidity and on the plan assets of the pension funds which are not allocated to Financial Services are considered with the opposite sign.

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 into account legal regulations, the Daimler Truck Group strives to optimize the costs and risks of its capital structure and, consequently, the cost of capital, with due consideration of applicable law. Examples of this include a balanced relationship between equity and financial liabilities as well as an appropriate level of liquidity, oriented towards operating requirements.

38. Earnings per share

The calculation of basic and diluted earnings per share is based on net profit attributable to shareholders of the Daimler Truck Group. As a newly listed company, there are no dilutive effects on the shares. The profit/loss attributable to shareholders of the Daimler Truck Group (basic and diluted) amounts to €2,347 million (2020: €-143 million). The weighted-average number of shares outstanding (basic and diluted) corresponds to the total number of shares issued after the execution of the demerger agreement and amounts to 822,951,882.

This includes 50,000 shares that are entitled to dividends for the fiscal year 2021 and are held completely by the Mercedes-Benz Group. The remaining shares are only entitled to dividends for fiscal years starting January 1, 2022. Since the distribution of a dividend for the fiscal year 2021 (in relation to the 50,000 shares entitled to dividends) is not intended and a different resolution of the Annual General Meeting can de facto be ruled out, the result is calculated for 822,951,882 shares in each case.

The same number of shares were used for calculating earnings per share for the periods prior to the spin-off i.e. for the time period from January 1, 2021 to December 9, 2021, as well as for fiscal year 2020. There are currently no instruments outstanding or planned with a potential dilutive effect on the earnings per share.

Table ↗ D.92 shows the numerator and the denominator for the calculation of earnings per share.

D.92
Earnings per share

	2021	2020
In millions of euros		
Consolidated profit/loss attributable to shareholders	**2,347**	-143
In millions of shares		
Weighted-average number of shares outstanding –basic and diluted	**823**	823
Earnings per share –basic and diluted	**2.85**	-0.17

39. 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 joint ventures from the Mercedes-Benz Group due to Mercedes-Benz Group AG's 35% minority shareholding in the Daimler Truck Group (also see below on the Group separation agreement). Until the spin-off, 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 43. 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 ↗ **D.93**.

Group separation agreement

As of December 31, 2021, Mercedes-Benz Group AG directly (28.43%) and indirectly (6.57%) holds a share of 35.00% in Daimler Truck Holding AG.

In the context of the group separation agreement, which is an annex to the demerger agreement, Mercedes-Benz Group AG committed not to dispose of any shares in Daimler Truck Holding AG held directly or indirectly by Mercedes-Benz Group AG at the time of execution of the demerger 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 Daimler Pension Trust e.V., as well as any measures that are not caused by any conduct (action, tolerating or omission) of Mercedes-Benz Group AG are excluded from this obligation. Mercedes-Benz Group AG shall not be prevented by this agreement from disposing of the shares of Daimler Truck Holding AG subject to the lock-up period after the end of the day that falls twelve-months after the first day of trading of the shares of Daimler Truck Holding AG on the Frankfurt Stock Exchange, without the prior consent of Daimler Truck Holding AG, if, in the opinion of the Board of Management of Mercedes-Benz Group AG, such a disposal is necessary in the sense of a 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. 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 declared 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 of Daimler Truck Holding AG, it shall dispose of the relevant shares of Daimler Truck Holding AG, primarily, in such a way that the disposal results in an increase of the free float at 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)).

Furthermore, in the listing agreement, which was concluded with the accompanying banks (listing agents) on November 26, 2021 in connection with the stock exchange listing of the shares of Daimler Truck Holding AG, Mercedes-Benz Group AG in general also committed vis-à-vis the listing agents not to dispose of the shares of the DTH held by it in any way or to enter into economically comparable transactions until the expiry of six months after the first trading day without the consent of the listing agents.

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. Such transactions primarily relate to Mercedes-Benz Group financing and foreign currency derivatives management.

Financing and cash pooling by the Mercedes-Benz Group

Before the spin-off, the Daimler Truck Business was integrated into the cash pooling and cash management systems of the Mercedes-Benz Group, including loans within the Mercedes-Benz Group and externally with banks and through financing vehicles.

By the reporting date, all loans as well as financing receivables and payables with the Mercedes-Benz Group have been settled in connection with the spin-off. For further details on the settlement of cash pooling and loans, see Note 17. Marketable debt securities and similar investments and Note 26. Financing liabilities.

For Daimler Truck Financial Services that have been conducted in the United States and Canada, the debt financing for the purchase price were provided by interim loans from the Mercedes-Benz Group in the amount of €6.9 billion, which was repaid by December 14, 2021.

Financing receivables, including cash pooling and loan receivables, as of December 31, 2020 and January 1, 2020 were €6,074 million and €4,965 million, respectively. Financing payables, including cash pooling and loan payables, as of December 31, 2020 and January 1, 2020 were €12,763 million and €13,305 million, respectively.

Non-controlling interests held in the Gamma OHGs and in EvoBus OHG

At December 31, 2021, non-controlling interests in the Gamma OHGs and in EvoBus OHG, held by DGS (see Note 1. General information), are accounted for as financial liabilities and amounts to €209 million. For further information, see Note 34. Financial instruments.

Profit-or-loss transfer agreement with the Mercedes-Benz Group

Prior to the spin-off, a profit-or-loss transfer agreement was in place with the Mercedes-Benz Group. Receivables from and liabilities to the Mercedes-Benz Group in connection with control and profit-or-loss transfer agreement were presented as other financial assets and other financial liabilities, respectively. The control and profit-or-loss transfer agreement between Mercedes-Benz Group AG and DTAG has been spun off and transferred from Mercedes-Benz Group AG to Daimler Truck Holding AG at the date of the demerger. Consequently, there were no profit-or-loss transfer agreements in 2021. Receivables from the Mercedes-Benz Group in connection with control and profit-or-loss agreements as of December 31, 2020 and January 1, 2020 were €0 million and €237 million, respectively. Payables to the Mercedes-Benz Group as of December 31, 2020 and January 1, 2020 were €0 million and €214 million, respectively. Receivables and payables resulting from historical profit-or-loss transfer agreements have been settled in connection with the spin-off.

Lease contracts 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, 2021 amounted to €1,393 million (December 31, 2020: €1,828 million, January 1, 2020: €2,005 million) and deferred income as of December 31, 2021 amounted to €902 million (December 31, 2020: €1,154 million, January 1, 2020: €1,294 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. As of December 31, 2021, the residual-value guarantees issued by the Mercedes-Benz Group to Financial Services with respect to the capitalized leased passenger car (leased out under operating leases) amounted to €47 million (December 31, 2020: €59 million, January 1, 2020: €49 million). Residual-value guarantees issued by the Mercedes-Benz Group to Financial Services where passenger cars were leased out under a finance lease amounted to €60 million as of December 31, 2021 (December 31, 2020: €45 million, January 1, 2020: €68 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, 2021 amounted to €32 million (December 31, 2020: €40 million, January 1, 2020: €22 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, 2021 amounted to €32 million (December 31, 2020: €52 million, January 1, 2020: €96 million).

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 €120 million as of December 31, 2021 (December 31, 2020: €129 million, January 1, 2020: €145 million) and lease liabilities amounted to €117 million as of December 31, 2021 (December 31, 2020: €125 million, January 1, 2020: €144 million). The lease transactions included real-estate, IT equipment and other items.

Investments acquired from the Mercedes-Benz Group

In the reporting period, the Daimler Truck Group acquired equity investments in the venture capital funds RRE Ventures VII, L.P., 8VC Fund II, L.P., Atomico IV, L.P., G2VP I, LLC, Magma Venture Capital IV L.P. and Trucks Venture Fund 1, L.P. from the Mercedes-Benz Group for a purchase price of €60 million, which equals the fair value of the respective investments. In addition, the Daimler Truck Group acquired an equity investment in FlixMobility GmbH for a purchase price of €29 million, equivalent to the fair value of the investment.

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. The recognized intangible asset is subject to annual impairment tests of the respective CGUs.

For previous periods, the Daimler Truck Group used the Mercedes-Benz brand with the segments Mercedes-Benz and Daimler Buses under a licensing agreement for no consideration. As for these periods, no amortization was recognized for the Mercedes-Benz brand at any Mercedes-Benz Group company, no expense is included in the Consolidated Financial Statements.

Certain intellectual property was either sold or licensed to the Daimler Truck Group as part of the spin-off. The purchase price for the brands, patents and IP domains amounted to €129 million, which primarily related to patents.

Hedging

The Daimler Truck Group hedges interest and foreign exchange risks independently, and prior to the spin-off used Mercedes-Benz Group AG as its counterparty. The volume, nature and strategy of those hedging procedures are described in detail in Note 34. Financial instruments and Note 35. Management of financial risks. As of the spin-off date, all recognized derivatives between the Daimler Truck Group and Mercedes-Benz Group AG were settled. The hedging instruments were concluded externally by the Daimler Truck Group as of December 2021, to the extent that hedging is planned.

Associated companies

In business relationships with associated companies, significant sales of goods and services took place with KAMAZ PAO and with associated companies of Mitsubishi Fuso Truck and Bus.

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. See Note 15. Equity-method investments.

After the effective date and until the spin-off, KAMAZ was no longer a direct associated company of the Daimler Truck Group. After the spin-off from the Mercedes-Benz Group, KAMAZ 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 Daimler Kamaz Trucks Holding GmbH, National Automobile Industry Company Ltd and cellcentric GmbH & Co. KG.

In March and July 2021, Daimler Truck AG made capital contributions of €29 million and €37 million, respectively, to its joint venture in cellcentric GmbH & Co. KG.

In 2021, the Daimler Truck Group entered into a technological license agreement with its joint venture BFDA. This agreement includes the use of certain intellectual property by BFDA in exchange for a license fee. The intellectual property will be provided to BFDA, with the expected approval from the Chinese authorities in mid-2022. In June 2021, BFDA provided a prepayment for the license of €66 million which is accounted for as a contract liability. The Daimler Truck Group will recognize revenue for the license with the finalization of the intellectual property.

Note 15. Equity-method investments, provides further details of the significant associated companies 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 33. Contingent liabilities and other financial obligations.

Contingent claims

Potential claim due to Mercedes-Benz Group AG and Mercedes-Benz AG from the 2019 hive-down

In 2019, Mercedes-Benz Group AG hived down parts of its business operations into Daimler Truck AG and into 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 spin-off in the commercial register.

Mercedes-Benz Group AG and Mercedes-Benz AG are therefore also liable for the Daimler Truck AG 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. For pension obligations based on the German Company Pensions Act (Betriebsrentengesetz), the aforementioned period is ten years.

The potential claim due to Mercedes-Benz Group AG and Mercedes-Benz AG, resulting from Section 133 of the German Transformation Act (UmwG), amounts to €1,690 million as of December 31, 2021 (due in the next 12 months: €447 million) (December 31, 2020: €2,582 million, thereafter due in 2021: €967 million, January 1, 2020: €3,847 million, thereafter due in 2020: €1,417 million).

Guarantees

The Mercedes-Benz Group issued letters of credit and guarantees in favor of the Daimler Truck Business and its customers.

As of December 31, 2021, the guarantees issued by the Mercedes-Benz Group amounted to €582 million. As of December 31, 2020 and January 1, 2020, the guarantees issued by the Mercedes-Benz Group amounted to €6,361 million and €6,401 million, respectively, including guarantees issued to external financial institutions for financing liabilities allocated based on a target equity ratio.

The guarantees issued by the Daimler Truck Group in favor of the Mercedes-Benz Group, as well as associated companies and joint ventures, as of December 31, 2021 amounted to €100 million (December 31, 2020: €55 million, January 1, 2020: €45 million).

After the spin-off, no new financial guarantees or operating guarantees were issued by Mercedes-Benz Group AG or the companies of the Mercedes-Benz Group to secure obligations of the companies of the Daimler Truck 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.

Share-based payments

See Note 23. Share-based payment for information on share-based payments.

Related persons

At the reporting date, the Daimler Truck Group constitutes a stand-alone group and all members of the Board of Management and of the Supervisory Board of Daimler Truck Holding AG are considered to be key management personnel.

Prior to the spin-off, the Daimler Truck Group did not exist as a separate legal group. Therefore, the members of the Board of Management and Supervisory Board of Mercedes-Benz Group AG and Daimler Truck AG have been identified as key management personnel, as these persons have been responsible for planning, directing and controlling the activities of the Daimler Truck Group. Members of the Board of Management of Daimler Truck Holding AG are only considered key management personnel if they had similar positions within Daimler Truck AG.

Compensation of the key management personnel

See Note 40. Remuneration of the members of the Board of Management and the Supervisory Board for information on the remuneration of the key management personnel.

D.93

Transactions with related companies

	Sales of goods and services and other income		Purchase of goods and services and other expense[5]		Receivables			Payables		
					At December 31[1],		At January 1[1],	At December 31[2],		At January 1[2],
	2021	2020	**2021**	2020	**2021**	2020	2020	**2021**	2020	2020
In millions of euros										
Associated companies	**317**	362	**39**	41	**21**	55	67	**2**	8	15
thereof KAMAZ PAO[3]	**154**	139	**27**	26	**–**	28	20	**–**	–	–
thereof MFTBC investees	**125**	179	**12**	15	**16**	18	36	**2**	8	15
Joint ventures	**394**	351	**56**	28	**87**	107	109	**13**	8	1
thereof DKTH	**273**	174	**7**	16	**53**	61	53	**–**	–	–
thereof National Automobile Industry Company Ltd.	**99**	93	**2**	1	**22**	22	24	**–**	–	–
thereof cellcentric	**1**	–	**36**	–	**–**	–	–	**1**	–	–
Mercedes-Benz Group[4]	**3,848**	3,524	**1,829**	1,888	**739**	6,467	5,567	**2,530**	15,112	16,343

1 After total loss allowances of €0 million (2020: €21 million, January 1 2020: €23 million).
2 Including liabilities from default risks from guarantees for related parties.
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. For 2021, the Consolidated Statement of Income/Loss reflects all transactions until the effective date. From the effective date until the spin-off, all transactions are reflected within the Mercedes-Benz Group.
4 Only until the spin-off, the Mercedes-Benz Group associates were related parties. Therefore, sales of goods and services and other income as well as purchases of goods and services and other expenses are presented as related party transactions until the spin-off. Receivables from and payables to Mercedes-Benz Group associates recognized as of December 31, 2021 are therefore not presented in the table.
5 Thereof expenses for services received of €399 million in 2021 from the Mercedes-Benz Group (2020: €408 million).

40. 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.

Since the spin-off, Daimler Truck Holding AG has its own Board of Management and Supervisory Board, which are solely and autonomously responsible for planning, directing and controlling the activities of the Daimler Truck Group. Prior to the spin-off, members of the Board of Management and Supervisory Board of Mercedes-Benz Group AG and Daimler Truck AG have been identified as key management personnel. Members of the Board of Management of Daimler Truck Holding AG were only considered key management personnel prior to the spin-off if they had similar positions within Daimler Truck AG. Table ↗ D.94 provides an overview of key management personnel prior and subsequent to the spin-off.

D.94
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 DTH[1,2]	(i) Board of Management of DTH
Supervisory Boards	(i) Supervisory Board of DTAG (ii) Supervisory Board of Mercedes-Benz Group AG (iii) Supervisory Board of DTH[1,2]	(i) Supervisory Board of DTH

1 If the members had similar roles within DTAG.
2 The Board of Management and the Supervisory Board of DTH 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 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.95 and ↗ D.96.

Expenses for the variable remuneration with a long-term incentive effect, as shown in table ↗ D.95, result from the ongoing measurement at fair value at each balance sheet date of all rights granted and not yet due under the Performance Phantom Share Plans (PPSP) of Mercedes-Benz Group AG. The PPSP was transferred with the spin-off and will be continued by the Daimler Truck Group. See Note 23. Share-based payment for additional information.

The members of the Supervisory Boards of Mercedes-Benz Group AG, Daimler Truck AG and 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 Boards. 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.95
Remuneration of the members of the Board of Management and the Supervisory Board of DTH and DTAG[1]

	2021	2020
In millions of euros		
Remuneration of the Board of Management		
Fixed remuneration (base salary)	4.7	2.7
Short-term variable remuneration (annual bonus)[2]	6.0	3.0
Mid-term variable remuneration (“deferral”)	0.5	–
Variable remuneration with a long-term incentive effect (PPSP)[2]	14.8	1.7
Post-employment benefits (service cost)	1.1	0.9
Termination benefits	–	2.2
	27.1	10.5
Remuneration of the Supervisory Board	1.5	1.1
	28.6	11.6

1 The remuneration of the members of the Board of Management and the Supervisory Board of DTAG are included until the spin-off.
2 The increase in the annual bonus and the PPSP is due to the updated expectation regarding the overall target achievement as a result of the spin-off. In addition, the full outstanding expense for the PPSP for three former board members was recognized in 2021.

D.96

Remuneration of the members of the Board of Management and the Supervisory Board of Mercedes-Benz Group AG[1]

	2021	2020
In millions of euros		
Remuneration of the Board of Management		
Fixed remuneration (base salary)	9.1	7.8
Short-term variable remuneration (annual bonus)	7.5	5.6
Mid-term variable remuneration ("deferral")	7.5	5.5
Variable remuneration with a long-term incentive effect (PPSP)	22.9	7.3
Post-employment benefits (service cost)	2.1	2.1
Termination benefits	–	–
	49.1	28.3
Remuneration of the Supervisory Board	6.2	5.5
	55.3	33.8

1 The remuneration presented above has only been included in the Consolidated Statement of Income/Loss with the proportional share of approximately 31% in 2020, and, until spin-off, approximately 27% in 2021.

Disclosures in accordance with Section 314 Subsection 1 No. 6 of the German Commercial Code (HGB)

The overall remuneration granted to the members of the Board of Management of Daimler Truck Holding AG, excluding service cost resulting from entitlements to post-employment benefits, amounted to €5.3 million.

Members of the Board of Management of Daimler Truck Holding AG were granted 165,092 performance phantom shares based on shares in Daimler Truck Holding AG in 2021 in connection with the PPSP (this equals to 59,525 performance phantom shares based on shares in Mercedes-Benz Group AG, see also Note 23. Share-based payment for additional information); the fair value of these performance phantom shares at the grant date was €3.9 million. The performance phantom shares have still been granted by Mercedes-Benz Group AG; Daimler Truck Holding AG has taken over and continues the plan.

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.

The Remuneration of the Supervisory Board of the Daimler Truck Holding AG amounts to €0.2 million.

No pension provisions were made for former members of the Board of Management and their surviving dependents in 2021.

41. Auditor fee

The shareholders of Daimler Truck Holding AG elected KPMG AG Wirtschaftsprüfungsgesellschaft as the statutory auditor on March 25, 2021. Pursuant to Section 314 Subsection 1 No. 9 of the German Commercial Code (HGB), table ↗ D.97 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 project-supporting audits of IT systems and processes, audits in connection with the spin-off, and the issuance of comfort letters.

Tax services primarily relate to value-added tax advisory.

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.97

Auditor fees

	2021
In millions of euros	
Audit services	15.2
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	7.0
Other attestation services	1.8
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	1.4
Tax services	0.4
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	0.2
Other services	1.4
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	1.2
	18.8

42. Events after the reporting period

Disposal of Mercedes-Benz Minibus GmbH

On January 3, 2022, EvoBus GmbH disposed of its 100% holding in Mercedes-Benz Minibus GmbH for consideration of €1. In December 2021, Mercedes-Benz Minibus GmbH received a capital contribution of €20 million from EvoBus GmbH. At December 31, 2021, Mercedes-Benz Minibus GmbH had total net liabilities of €6.8 million, after the expected disposal resulted in an impairment loss of €16.1 million to measure the disposal group at fair value less cost to sell. The net loss in the Consolidated Statement of Income/Loss amounted to €18.9 million in 2021, allocated to the Daimler Buses segment.

U.S. public charging infrastructure joint venture

In January 2022, Daimler Truck North America, NextEra Energy Resources and BlackRock Renewable Power announced plans to form a joint venture, with a goal of accelerating the rollout of carbon-neutral freight transportation in the United States. Operations are scheduled to commence in 2022, whereupon (subject to final deal conclusion) initial funding commitment of approximately $650 million will be provided, divided equally by the three joint venture partners.

Changes in voting rights

After December 31, 2021, Daimler Truck Holding AG received notification relating to changes in voting rights which, pursuant to Section 40 Subsection 1 of the German Securities Trading Act (Wertpapierhandelsgesetz or WpHG), is detailed below:

Mercedes-Benz Group AG, Stuttgart, Germany, by way of a voluntary group notification (due to the threshold contact at the level of a subsidiary) the Company on January 28, 2022, pursuant to Section 33 Subsection 1 of WpHG, that its percentage of voting rights in Daimler Truck Holding AG, Fasanenweg 10, 70771 Leinfelden-Echterdingen, Germany, continues to amount to 35% on December 9, 2021 (288,033,159 out of a total of 822,951,882 voting rights) as of that date. Of these voting rights, after the sale and transfer of 4.99% of the shares in Daimler Truck Holding AG to Mercedes-Benz AG and contribution of these shares via Daimler Pension Trust e.V. to a special alternative investments fund (AIF) managed by Société Générale Securities Services GmbH, 11.56% (95,147,157 voting rights) are attributable to Mercedes-Benz Group AG, Stuttgart, Germany, pursuant to Section 34 WpHG.

Excluding the voting rights from the shares held via Daimler Pension Trust e.V. by the special AIF managed by Société Générale Securities Services GmbH (see the voting rights notifications listed below), the share of voting rights held by Mercedes-Benz Group AG, as of January 28, 2022, amounts to 30.01%.

Daimler Pension Trust e.V., Stuttgart, Germany, notified the Company on January 28, 2022, pursuant to Section 33 Subsection 1 WpHG, that its percentage of voting rights in Daimler Truck Holding AG, Fasanenweg 10, 70771 Leinfelden-Echterdingen, Germany, exceeded the threshold of 3% on January 25, 2022 and amounts to 4.99% (41,110,000 out of a total of 822,951,882 voting rights) as of that date. Of these voting rights, 4.99% (41,110,000 voting rights) are attributable to Daimler Pension Trust e.V., pursuant to Section 34 WpHG. These voting rights are held directly by Société Générale Securities Services GmbH.

Société Générale Securities Services GmbH, Aschheim, Germany, notified the Company on January 28, 2022, pursuant to Section 33 Subsection 1 WpHG, that its percentage of voting rights in Daimler Truck Holding AG, Fasanenweg 10, 70771 Leinfelden-Echterdingen, Germany, exceeded the threshold of 5% on January 25, 2021 and amounts to 5.01% (41,201,728 out of a total of 822,951,882 voting rights) as of that date. In accordance to the notification, all voting rights are directly held.

Deutscher Aktienindex (DAX)

The IPO of Daimler Truck Holding AG took place, as scheduled, on December 9, 2021 with shares trading since December 10, 2021. Effective from March 21, 2022, the shares were included in the DAX index.

Russia-Ukraine War

Russia has been at war with Ukraine since the end of February 2022 (“Russia-Ukraine War”). The effects of the Russia-Ukraine War represent a non-adjusting event after the reporting period and therefore do not have any impact on the recognition and measurement of assets and liabilities at December 31, 2021. On February 27, 2022, the Group decided to suspend all its business activities in Russia until further notice. Negative effects on sales, cost development, profitability, cash flows and financial position in 2022 cannot be ruled out at this time.

The increased risks in connection with the Russia-Ukraine War could lead to potential impairments of trade receivables, and of the Group’s investment in Russian joint ventures. These potential impairments are currently valued at approximately €0.2 billion (including receivables from Russian customers). These potential losses could be exacerbated by the current volatile geopolitical situation, in particular in case of further escalation of the Russia-Ukraine War or, in the worst case, its expansion to other countries.

43. 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 Daimler Truck website at Website.

Information on investments

The statement of investments of the Daimler Truck Group pur-suant to Section 313 Subsection 2 Nos. 1-6 of the German Commercial Code (HGB) is presented in table ↗ **D.98**. In general, a cooperation without an equity interest is not reported. Information on equity and earnings and information on in-vestments pursuant to Section 313 Subsection 2 No. 4 of the German Commercial Code (HGB) is omitted insofar as, pursu-ant 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. 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 Fi-nancial Statements of Daimler Truck Holding AG release those subsidiaries from the requirements that would otherwise apply.

D.98

Name of the company	Domicile, Country/Region	Equity interest 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	
Daimler Buses North America Inc.	Oriskany, USA	100.00	
Daimler Colombia S. A.	Bogota D.C., Colombia	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 Truck AG	Stuttgart, Germany	100.00	3
Daimler Truck and Bus Australia Pacific Pty. Ltd.	Melbourne, Australia	100.00	
DAIMLER TRUCK AND BUS HOLDING AUSTRALIA PACIFIC PTY LTD	Melbourne, Australia	100.00	
Daimler Truck China Limited	Beijing, China	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 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 GmbH	Stuttgart, Germany	100.00	3
Daimler Truck Financial Services South Africa (Pty) Ltd	Pretoria, 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 International Finance B.V.	Utrecht, Netherlands	100.00	
Daimler Truck North America LLC	Portland, USA	100.00	
Daimler Truck Renting España S.A.	Alcobendas, Spain	100.00	
Daimler Truck Services France S.A.	Montigny-le-Bretonneux, France	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 and Buses Southern Africa (Pty) Ltd	Pretoria, South Africa	100.00	
Daimler Trucks Canada Ltd.	Mississauga, Canada	100.00	
Daimler Trucks Finance Canada Inc.	Toronto, Canada	100.00	
Daimler Trucks Finance North America LLC	Wilmington, USA	100.00	
Daimler Trucks Insurance Agency LLC	Wilmington, USA	100.00	
Daimler Trucks Korea Ltd.	Seoul, South Korea	100.00	
Daimler Trucks Remarketing Corporation	Portland, USA	100.00	
Daimler Trucks Retail Receivables LLC	Wilmington, USA	100.00	
Daimler Trucks Retail Trust 2019-1	Wilmington, USA	0.00	5
Daimler Trucks Retail Trust 2020-1	Wilmington, USA	0.00	5
Daimler Trucks Retail Trust 2021-1	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	

Name of the company	Domicile, Country/Region	Equity interest in percent[1]	Footnote(s)
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	
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Gamma 1 OHG	Schönefeld, Germany	89.90	3, 4, 6
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Gamma 2 OHG	Schönefeld, Germany	89.90	3, 4, 6
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Gamma 3 OHG	Schönefeld, Germany	89.90	3, 4, 6
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Gamma 4 OHG	Schönefeld, Germany	89.90	3, 4, 6
Grundstücksverwaltungsgesellschaft EvoBus GmbH & Co. OHG	Schönefeld, Germany	89.88	3, 4, 6
Mascot Truck Parts Canada Ltd (2017)	Mississauga, Canada	100.00	
Mercedes-Benz Camiones y Buses Argentina SAU.	Buenos Aires, Argentina	100.00	
Mercedes-Benz CharterWay S.A.S.	Montigny-le-Bretonneux, France	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 Minibus GmbH	Dortmund, Germany	100.00	
Mercedes-Benz Parts Logistics Eastern Europe s.r.o.	Prague, Czech Republic	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 Center Sint-Pieters-Leeuw NV/SA	Sint-Peters-Leeuw, Belgium	100.00	
Mercedes-Benz Trucks Ceská republika s.r.o.	Prague, Czech Republic	100.00	
Mercedes-Benz Trucks España, S.L.U.	Alcobendas, Spain	100.00	
Mercedes-Benz Trucks France S.A.S.U	Montigny-le-Bretonneux, France	100.00	
Mercedes-Benz Trucks Italia S.r.l.	Rome, Italy	100.00	
Mercedes-Benz Trucks Molsheim	Molsheim, France	100.00	
Mercedes-Benz Trucks Nederland B.V.	Utrecht, Netherlands	100.00	
Mercedes-Benz Trucks Österreich GmbH	Eugendorf, Austria	100.00	
MERCEDES-BENZ TRUCKS POLSKA SPÓŁKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	Warsaw, Poland	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	
Mercedes-Benz Türk A.S.	Istanbul, Turkey	66.91	
Mercedes-Benz V.I. Lyon SAS	Genas, France	100.00	
Mercedes-Benz V.I. Paris Ile de France SAS	Wissous, France	100.00	
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	
Renting del Pacífico S.A.C.	Lima, Peru	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 Limited	Calgary, Canada	100.00	

Name of the company	Domicile, Country/Region	Equity interest in percent[1]	Footnote(s)
Thomas Built Buses, Inc.	High Point, USA	100.00	
TORC Europe GmbH i.G.	Stuttgart, Germany	82.46	
TORC Robotics, Inc.	Blacksburg, USA	82.46	
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]			
cloudgeeks GmbH	Cologne, Germany	85.00	
CLOUDGEEKS, UNIPESSOAL, LDA.	Lisbon, Portugal	85.00	
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 & Bus Slovakia s.r.o.	Bratislava, Slovakia	100.00	
Daimler Truck Innovation Center India Private Limited	Bangalore, India	100.00	
Daimler Trucks Asia Taiwan Ltd.	Taipei, Taiwan	51.00	
Daimler Trucks International Assignment Services LLC	Wilmington, USA	100.00	
DTB Tech & Data Hub, Unipessoal Lda	Tramagal, Portugal	100.00	
EvoBus Reunion S. A.	Le Port, France	96.00	
EvoBus Russland OOO	Moscow, Russia	100.00	
Fleetboard Logistics GmbH	Volkach, Germany	100.00	
Mercedes ServiceCard Beteiligungsgesellschaft mbH	Kleinostheim, Germany	51.00	
Mercedes-Benz Trucks MENA Holding GmbH	Stuttgart, Germany	100.00	
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 at-equity method			
North America Fuel Systems Remanufacturing LLC	Kentwood, USA	50.00	
IV. Joint ventures accounted for using the at-equity method			
Beijing Foton Daimler Automotive Co., Ltd	Beijing, China	50.00	
cellcentric GmbH & Co. KG	Kirchheim unter Teck, Germany	50.00	4
Daimler Kamaz Trucks Holding GmbH	Vienna, Austria	50.00	
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	
V. Associated companies accounted for using the at-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]			
cellcentric Verwaltungsgesellschaft mbH	Kirchheim unter Teck, Germany	50.00	
Circulo Cerrado S.A. de Ahorro para Fines Determinados	Buenos Aires, Argentina	28.59	
COBUS Industries GmbH	Wiesbaden, Germany	40.82	
H2 Mobility Deutschland GmbH & Co. KG	Berlin, Germany	2.90	
G2VP I, LLC	Menlo Park, USA	5.71	

Name of the company	Domicile, Country/Region	Equity interest in percent[1]	Footnote(s)
IVU Traffic Technologies AG	Berlin, Germany	5.25	
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	
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.
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 Prior to the spin-off, 100% equity interests were included in the Consolidated Financial Statements.

E Additional Information

E Additional 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 23, 2022

Martin Daum

Jochen Götz

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, 2021, 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, 2021 as well as notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report, which is combined with the management report of Daimler Truck Group AG (combined management report) for the financial year from January 1 to December 31, 2021. In accordance with the German legal regulations, we have not audited the content of the elements of the combined management report referred to in the "Other information" section of our auditor's report.

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, 2021, and of its financial performance for the financial year from January 1 to December 31, 2021 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, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

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

Key Audit Matters in the Audit of the Consolidated Financial Statements
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2021. 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.

Measurement of the utilization right for the "Mercedes-Benz" brand name at the time that it was brought in by Mercedes-Benz Group AG

Please refer with regard to the accounting and measurement methods applied to the notes to the consolidated financial statements Note 3 "Significant accounting policies", Note 4 "Accounting estimates and management judgments in conjunction with the accounting", Note 13 "Property, plant and equipment", Note 22 "Equity", Note 39 "Related party disclosures " and to the combined management report in the chapters entitled "Profitability, Liquidity and Capital Resources, Financial Position, Assets and Liabilities" in the section on "Assets and liabilities" and in the chapter on "Takeover-relevant Information and Explanations".

The Risk for the Consolidated Financial Statements
The utilization right for the "Mercedes-Benz" brand name amounts as of December 31, 2021 to € 932 million (PY: € 0 million) and with 5.7 % of the group equity has considerable importance for the assets and liabilities.

The utilization right for the "Mercedes-Benz" brand name is recognized at the time of being brought in by Mercedes-Benz Group AG on December 1, 2021 at fair value as an intangible asset, at the same time increasing the equity. The measurement of the utilization right is based on an expertise by an external appraiser.

The measurement of the utilization right is complex and based on a number of discretionary assumptions. The main assumptions relate to the revenue planning and the development of the margins of Daimler Truck products, sold under the „Mercedes-Benz" brand name and the associated royalty rates and capital costs.

The risk for the consolidated financial statements is that the utilization right brought in is too high or too low..

Our Audit Approach
With the help of our own measurement specialists, we among other things evaluated the appropriateness of the main assumptions and the measurement methods. For this purpose, we first of all obtained an understanding of the transaction by interrogating the staff in the financial and legal area and an assessment of the relevant agreements.

We assessed the professional competence, capabilities and impartiality of the independent appraiser who was engaged. We investigated the compliance of the measurement methods applied with the measurement principles.

We discussed the expected development of the revenue and the margins with those responsible for the planning. Furthermore, we reconciled them with the budget, which was prepared by the legal representatives and approved by the Supervisory Board, and assessed the consistency of the assumptions with general and sector-related estimates. We compared the royalty rates that were applied with reference amounts from relevant databases. We compared the assumptions and parameters providing the basis for the capital costs, especially the risk-free interest rate, the market risk premium and the Beta factor, with our own assumptions and publicly available data.

We furthermore satisfied ourselves with regard to the quality of past forecasts by the Company by comparing business plans for previous financial years with the results actually achieved and by analyzing variances of the Trucks and Buses segment of Mercedes-Benz Group AG.

To assess the methodical and arithmetical correctness of the valuation method applied, we obtained an understanding of the company's calculations on the basis of our own calculations.

To take account of the existing forecast uncertainty, we in addition investigated the impact of possible changes in the capital costs, revenue planning and the development of the margins or the royalty rates on the fair value.

Our Observations
The calculation method used for the measurement of the Mercedes-Benz brand name that was brought in is appropriate and is consistent with the accounting and measurement principles that are to be applied. The assumptions and data providing the basis for the measurement are reasonable.

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 3 "Significant accounting policies", Note 4 "Accounting estimates and management judgments in conjunction with the accounting", Note 16 "Financial Services Receivables", Note 35 "Management of Financial Risks" and to the combined management report in the chapter entitled "Risk and Opportunity Report" in the section on "Financial Risks and Opportunities".

The Risk for the Consolidated Financial Statements
Receivables from financial services (€ 16,496 million) resulting from the Group's financing and leasing activities include receivables from sales financing with customers, receivables from sales financing with dealers and receivables from finance lease contracts. The loss allowances on these receivables amounted at the reporting date to € 398 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 recognized by means of a three-parameter procedure for the determination of loss allowances. At the same time, various factors determining the value, such as the determination of statistical default probabilities and loss rates, the possible amount receivable on default, the parameter transfer criteria that are related to a significant change in the default risk of borrowers, and the calculation of future cash flows. Furthermore, macroeconomic scenarios (basis scenarios, optimistic and pessimistic scenarios) flow into the calculation, which also include COVID-19 effects, the identification of which to a high degree includes discretionary judgments and uncertainties. The risk for the financial statements is that the creditworthiness of customers and future cash flows is misjudged or that the calculation of the risk provision parameters is incorrect so that loss allowances are not recognized 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 took into account the impact of COVID-19 in conjunction with the audit of the macroeconomic scenarios and the downstream adjustments. 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 Mercedes-Benz Mobility 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 Provision for Product Warranties

Please refer with regard to the accounting policies applied to the notes to the consolidated financial statements in Note 3 "Significant accounting policies", Note 4 "Accounting estimates and management judgments in conjunction with the accounting", Note 25 "Provisions for other risks" and to the combined management report in the chapter entitled "Risk and Opportunity Report" in the section on "Legal and tax risks and opportunities".

The Risk for the Consolidated Financial Statements
The provision for product warranties and goodwill costs amounts to € 1,688 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 analyzed 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 appropriate.

Risks from EU antitrust proceedings

Please refer with regard to the accounting policies applied to the notes to the consolidated financial statements in Note 4 "Accounting estimates and management judgments in conjunction with the accounting", Note 25 "Provisions for other risks", Note 32 "Legal proceedings" and to the combined management report in the chapter entitled "Risk and Opportunity Report" in the section on "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 raised damage claims following the imposition of fines by the European Commission against Daimler AG (now called 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 these EU antitrust proceedings against the Daimler Truck Group is completely or correctly 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 interrogated the Chairman of the Supervisory Board, the legal representatives and our 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 assessments of the legal representatives were made available to us by the Company in writing. As of the reporting date, assessments were available from external attorneys for 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.

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 appropriate.

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

- the non-financial statement by the Company and the Group, which is included in the section of the combined management report entitled "non-financial statement" and

- the combined declaration on corporate management, which is referred to in the combined management report.

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.

In accordance with our engagement, we have performed a separate business audit of the integrated non-financial statement. Please refer with regard to the nature, scope and results of this business audit to our auditor's report dated March 22, 2022.

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 or error.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They are also responsible for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the legal representatives are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the legal representatives are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group´s position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee, that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and supplementary compliance with the ISAs will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.

- conclude on the appropriateness of the use by the legal representatives of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e paragraph 1 HGB.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

- perform audit procedures on the prospective information presented by the legal representatives in the combined management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the legal representatives as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless laws or other legal regulations preclude public disclosure of the matter.

Other Legal and Regulatory Requirements

Report on the Assurance in accordance with Section 317 paragraph 3a HGB on the Electronic Rendering of the Consolidated Financial Statements and the Combined Management Report Prepared for Publication Purposes

We have performed assurance work in accordance with Section 317 paragraph 3aHGB 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, „daimlertruckholding-2021-12-31-de.zip" (SHA256-Hashwert: 6c5e0c55cca0c1dd9903669dc51a 78655aea1e8393de32727da479b6dd688d5b), and prepared for publication purposes complies in all material respects with the requirements of Section 328 paragraph 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends 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 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, 2021 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 (10.2021 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 responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group 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.

The Company's legal representatives are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited combined management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

The supervisory board is responsible for overseeing the preparation of 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 skepticism 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 electronic 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 group 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

In the course of the establishment of the Company on March 25, 2021, we were elected as auditor for the first financial year. We were engaged by the Supervisory Board on May 11, 2021. In addition to the appointment as auditor in the course of the establishment of the Company, we were appointed as group auditor by the shareholders' meeting on November 5, 2021. We are auditing the consolidated financial statements of Daimler Truck Holding AG as a capital market-oriented entity for the first time as of December 31, 2021, because the Company was established in March 2021. We have been the group auditor of Daimler Truck Holding AG without interruption since 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 combined management report as well as the examined ESEF documents. The consolidated financial statements and combined management report converted to the ESEF format – including the versions to be published in the German Federal Gazette [Bundesanzeiger] – 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, 23 March 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft

Sailer Wirtschaftsprüfer [German Public Auditor]	Mokler Wirtschaftsprüfer [German Public Auditor]

Limited Assurance Report of the Independent Auditor regarding the Non-Financial Statement of the Group

To the Supervisory Board of Daimler Truck Holding AG, Stuttgart

We have performed an independent 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 "Non-Financial Statement of the Group", 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, 2021.

Management's Responsibility
The legal representatives of the Company are responsible for the preparation of the non-financial statement of the Group in accordance with §§ 315c in conjunction with 289c to 289e HGB and with Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (further „EU Taxonomy Regulation ") and the supplementing Delegated Acts as well as the interpretation of the wordings and terms contained in the EU Taxonomy Regulation and in the supplementing Delegated Acts by the Company as disclosed in Section "EU-Taxonomy" of the non-financial statement of the Group.

This responsibility of the legal representatives includes the selection and application of appropriate methods to prepare the non-financial statement of the Group and the use of assumptions and estimates for individual disclosures which are reasonable under the given circumstances. Furthermore, the legal representatives are responsible for the internal controls they deem necessary for the preparation of the non-financial statement of the Group that is free of – intended or unintended – material misstatements.

The EU Taxonomy Regulation and the supplementing Delegated Acts contain wordings and terms that are still subject to substantial uncertainties regarding their interpretation and for which not all clarifications have been published yet. Therefore, the legal representatives have included a description of their interpretation in Section "EU-Taxonomy" of the non-financial statement of the Group. They are responsible for its tenability. Due to the innate risk of diverging interpretations of vague legal concepts, the legal conformity of these interpretations is subject to uncertainty.

Practitioner's Responsibility
It is our responsibility to express a conclusion on the non-financial statement of the Group based on our work performed within a limited assurance engagement.

We conducted our work in the form of a limited assurance engagement in accordance with the International Standard on Assurance En¬gagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information", published by IAASB.

Accordingly, we have to plan and perform the assurance engagement in such a way that we obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the non-financial statement of the Group of the Company for the period from January 1 to December 31, 2021 has not been prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and with the EU Taxonomy Regulation and the supplementing Delegated Acts as well as the interpretation of the wordings and terms contained in the EU Taxonomy Regulation and in the supplementing Delegated Acts by the legal representatives as disclosed in Section "EU-Taxonomy" of the non-financial statement of the Group. We do not, however, issue a separate conclusion for each disclosure. As the assurance procedures performed in a limited assurance engagement are less comprehensive than in a reasonable assurance engagement, the level of assurance obtained is substantially lower. The choice of assurance procedures is subject to the auditor's own judgement.

Within the scope of our engagement we performed, amongst others, the following procedures:

- Inquiries of group-level personnel who are responsible for the materiality analysis in order to understand the processes for determining material topics and respective reporting boundaries for Daimler Truck Holding AG.

- A risk analysis, including media research, to identify relevant information on Daimler Truck Holding AG's sustainability performance in 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

- Inquiries of group-level personnel who are 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 overall presentation of the disclosures

- Evaluation of the process for the identification of taxonomy-eligible economic activities and the corresponding disclosures in the non-financial statement of the Group

The legal representatives have to interpret vague legal concepts in order to be able to compile the relevant disclosures according to Article 8 of the EU Taxonomy Regulation. Due to the innate risk of diverging interpretations of vague legal concepts, the legal conformity of these interpretations and, correspondingly, our assurance thereof are subject to uncertainty.

In our opinion, we obtained sufficient and appropriate evidence for reaching a conclusion for the assurance engagement.

Independence and Quality Assurance on the Part of the Auditing Firm
In performing this engagement, we applied the legal provisions and professional pronouncements regarding independence and quality assurance, 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).

Conclusion
Based on the 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 for the period from January 1 to December 31, 2021 has not been prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and with the EU Taxonomy Regulation and the supplementing Delegated Acts as well as the interpretation disclosed in Section "EU-Taxonomy" of the non-financial statement of the Group.

Restriction of Use/General Engagement Terms
This assurance report is issued for purposes of the Supervisory Board of Daimler Truck Holding AG, Stuttgart only. We assume no responsibility with regard to any third parties.

Our assignment for the Supervisory Board of Daimler Truck Holding AG, Stuttgart, and professional liability as described above was governed by the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (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 notice of the provisions contained therein including the limitation of our liability as stipulated in No. 9 and accepts the validity of the General Engagement Terms with respect to us.

Stuttgart, 23 March 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft

Mokler Wirtschaftsprüfer [German Public Auditor]	Herold

Internet, Information, Financial Calendar

Information on the Internet
Specific information on our stocks and Profitability development can be found on our website www.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 stock price and other services.

Website

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.

Financial Calendar 2022

Stockholders' Meeting2022
June 22, 2022

Interim Report Q1 2022
May 17, 2022

Interim Report Q2 2022
August 11, 2022

Interim Report Q3 2022
November 11, 2022

As changes to the above dates cannot be ruled out, it is advisable to check on our website a short time in advance.

Website

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