



# Consolidated Financial Statements

<b>Consolidated Statement of Income</b>	<b>155</b>
<b>Consolidated Statement of Comprehensive Income/Loss</b>	<b>156</b>
<b>Consolidated Statement of Financial Position</b>	<b>157</b>
<b>Consolidated Statement of Cash Flows</b>	<b>158</b>
<b>Consolidated Statement of Changes in Equity</b>	<b>159</b>

## **Notes to the Consolidated Financial Statements**

<b>Notes to the Consolidated Financial Statements</b>	<b>161</b>		
1. Significant accounting policies	161	22. Pensions and similar obligations	203
2. Accounting estimates and management judgments	175	23. Provisions for other risks	208
3. Consolidated Group	177	24. Financing liabilities	209
4. Revenue	179	25. Other financial liabilities	209
5. Functional costs	180	26. Deferred income	209
6. Other operating income and expense	181	27. Contract and refund liabilities	210
7. Other financial income/expense, net	182	28. Other liabilities	210
8. Interest income and expense	182	29. Consolidated statement of cash flows	211
9. Income taxes	182	30. Legal proceedings	212
10. Intangible assets	186	31. Contingent liabilities and other financial obligations	215
11. Property, plant and equipment	187	32. Financial instruments	216
12. Equipment on operating leases	189	33. Management of financial risks	226
13. Equity-method investments	190	34. Segment reporting	235
14. Receivables from financial services	194	35. Capital management	239
15. Marketable debt securities and similar investments	197	36. Earnings per share	239
16. Other financial assets	197	37. Related-party disclosures	240
17. Other assets	197	38. Remuneration of the members of the Board of Management and the Supervisory Board	241
18. Inventories	198	39. Auditor fees	242
19. Trade receivables	198	40. Events after the reporting period	242
20. Equity	200	41. Additional information	242
21. Share-based payment	201		

# Consolidated Statement of Income

<b>D.01</b>			
	Note	<b>2020</b>	2019
In millions of euros			
Revenue	4	154,309	172,745
Cost of sales	5	-128,721	-143,580
<b>Gross profit</b>		<b>25,588</b>	29,165
Selling expenses	5	-11,058	-12,801
General administrative expenses	5	-3,534	-4,050
Research and non-capitalized development costs	5	-6,116	-6,586
Other operating income	6	2,022	2,837
Other operating expense	6	-742	-4,469
Profit on equity-method investments, net	13	797	479
Other financial income/expense, net	7	-354	-262
<b>Earnings before interest and taxes (EBIT)</b>	<b>34</b>	<b>6,603</b>	4,313
Interest income	8	220	397
Interest expense	8	-484	-880
<b>Profit before income taxes</b>		<b>6,339</b>	3,830
Income taxes	9	-2,330	-1,121
<b>Net profit</b>		<b>4,009</b>	2,709
thereof profit attributable to non-controlling interests		382	332
thereof profit attributable to shareholders of Daimler AG		3,627	2,377
<b>Earnings per share (in euros)</b>			
<b>for profit attributable to shareholders of Daimler AG</b>	<b>36</b>		
<b>Basic</b>		<b>3.39</b>	2.22
<b>Diluted</b>		<b>3.39</b>	2.22

# Consolidated Statement of Comprehensive Income/Loss<sup>1</sup>

D.02	2020	2019
In millions of euros		
<b>Net profit</b>	<b>4,009</b>	2,709
Currency translation adjustments	-2,477	449
Debt instruments		
Unrealized gains/losses (pre-tax)	5	6
Taxes on unrealized gains/losses and on reclassifications	-2	-1
Debt instruments (after tax)	3	5
Derivative financial instruments		
Unrealized gains/losses (pre-tax)	1,271	-1,616
Reclassifications to profit and loss (pre-tax)	-113	979
Taxes on unrealized gains/losses and on reclassifications	-345	186
Derivative financial instruments (after tax)	813	-451
<b>Items that may be reclassified to profit/loss</b>	<b>-1,661</b>	3
Equity instruments		
Unrealized gains/losses (pre-tax)	213	7
Taxes on unrealized gains/losses and on reclassifications	-40	4
Equity instruments (after tax)	173	11
Actuarial gains/losses from pensions and similar obligations (pre-tax)	-2,706	-2,404
Taxes on actuarial gains/losses from pensions and similar obligations	841	232
Actuarial gains/losses from pensions and similar obligations (after tax)	-1,865	-2,172
<b>Items that will not be reclassified to profit/loss</b>	<b>-1,692</b>	-2,161
<b>Other comprehensive income/loss, net of taxes</b>	<b>-3,353</b>	-2,158
thereof income/loss attributable to non-controlling interests, after taxes	-51	18
thereof income/loss attributable to shareholders of Daimler AG, after taxes	-3,302	-2,176
<b>Total comprehensive income</b>	<b>656</b>	551
thereof income/loss attributable to non-controlling interests	331	350
thereof income/loss attributable to shareholders of Daimler AG	325	201

<sup>1</sup> See Note 20 for other information on the Consolidated Statement of Comprehensive Income/Loss.

# Consolidated Statement of Financial Position

## D.03

In millions of euros	Note	At December 31,	
		2020	2019
<b>Assets</b>			
Intangible assets	10	16,399	15,978
Property, plant and equipment	11	35,246	37,143
Equipment on operating leases	12	47,552	51,482
Equity-method investments	13	5,189	5,949
Receivables from financial services	14	53,709	52,880
Marketable debt securities and similar investments	15	1,041	770
Other financial assets	16	4,167	3,347
Deferred tax assets	9	6,259	5,803
Other assets	17	911	1,286
<b>Total non-current assets</b>		<b>170,473</b>	<b>174,638</b>
Inventories	18	26,444	29,757
Trade receivables	19	10,649	12,332
Receivables from financial services	14	42,476	50,781
Cash and cash equivalents		23,048	18,883
Marketable debt securities and similar investments	15	5,356	7,885
Other financial assets	16	2,757	2,736
Other assets	17	4,534	5,426
<b>Total current assets</b>		<b>115,264</b>	<b>127,800</b>
<b>Total assets</b>		<b>285,737</b>	<b>302,438</b>
<b>Equity and liabilities</b>			
Share capital		3,070	3,070
Capital reserves		11,551	11,552
Retained earnings		47,111	46,329
Other reserves		-1,041	393
<b>Equity attributable to shareholders of Daimler AG</b>		<b>60,691</b>	<b>61,344</b>
Non-controlling interests		1,557	1,497
<b>Total equity</b>	20	<b>62,248</b>	<b>62,841</b>
Provisions for pensions and similar obligations	22	12,070	9,728
Provisions for other risks	23	11,116	10,597
Financing liabilities	24	86,539	99,179
Other financial liabilities	25	1,971	2,112
Deferred tax liabilities	9	3,649	3,935
Deferred income	26	1,567	1,598
Contract and refund liabilities	27	5,787	6,060
Other liabilities	28	981	586
<b>Total non-current liabilities</b>		<b>123,680</b>	<b>133,795</b>
Trade payables		12,378	12,707
Provisions for other risks	23	9,334	10,327
Financing liabilities	24	59,303	62,601
Other financial liabilities	25	6,627	7,752
Deferred income	26	1,594	1,624
Contract and refund liabilities	27	7,169	7,571
Other liabilities	28	3,404	3,220
<b>Total current liabilities</b>		<b>99,809</b>	<b>105,802</b>
<b>Total equity and liabilities</b>		<b>285,737</b>	<b>302,438</b>

The accompanying notes are an integral part of these Consolidated Financial Statements.

# Consolidated Statement of Cash Flows<sup>1</sup>

## D.04

	2020	2019
In millions of euros		
Profit before income taxes	6,339	3,830
Depreciation and amortization/impairments	8,957	7,751
Other non-cash expense and income	-836	24
Gains (-)/losses (+) on disposals of assets	131	-761
Change in operating assets and liabilities		
Inventories	2,039	99
Trade receivables	1,339	-346
Trade payables	-299	-1,625
Receivables from financial services	2,397	-4,664
Vehicles on operating leases	1,822	-1,156
Other operating assets and liabilities	653	5,641
Dividends received from equity-method investments	1,783	1,202
Income taxes paid	-1,993	-2,107
<b>Cash provided by operating activities</b>	<b>22,332</b>	<b>7,888</b>
Additions to property, plant and equipment	-5,741	-7,199
Additions to intangible assets	-2,819	-3,636
Proceeds from disposals of property, plant and equipment and intangible assets	365	429
Investments in shareholdings	-661	-1,619
Proceeds from disposals of shareholdings	259	394
Acquisition of marketable debt securities and similar investments	-3,792	-5,960
Proceeds from sales of marketable debt securities and similar investments	5,941	7,014
Other	27	-30
<b>Cash used for investing activities</b>	<b>-6,421</b>	<b>-10,607</b>
Change in short-term financing liabilities	-3,263	840
Additions to long-term financing liabilities	53,713	63,607
Repayment of long-term financing liabilities	-59,953	-55,043
Dividend paid to shareholders of Daimler AG	-963	-3,477
Dividends paid to non-controlling interests	-282	-263
Proceeds from the issue of share capital	31	85
Acquisition of treasury shares	-30	-42
Acquisition of non-controlling interests in subsidiaries	-	-79
<b>Cash used for/provided by financing activities</b>	<b>-10,747</b>	<b>5,628</b>
Effect of foreign exchange rate changes on cash and cash equivalents	-999	121
<b>Net increase in cash and cash equivalents</b>	<b>4,165</b>	<b>3,030</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>18,883</b>	<b>15,853</b>
<b>Cash and cash equivalents at end of period</b>	<b>23,048</b>	<b>18,883</b>

<sup>1</sup> See Note 29 for other information on Consolidated Statement of Cash Flows.

# Consolidated Statement of Changes in Equity<sup>1</sup>

## D.05

In millions of euros	Share capital	Capital reserves	Retained earnings <sup>2</sup>	Other reserves	
				Currency translation	items that may be reclassified in profit/loss Equity instruments/ debt instruments
<b>Balance at January 1, 2019</b>	3,070	11,710	49,490	477	15
Net profit	-	-	2,377	-	-
Other comprehensive income/loss before taxes	-	-	-2,404	432	12
Deferred taxes on other comprehensive income	-	-	232	-	3
Total comprehensive income/loss	-	-	205	432	15
Dividends	-	-	-3,477	-	-
Changes in the consolidated group	-	-	-14	-	-
Capital increase/Issue of new shares	-	-	-	-	-
Acquisition of treasury shares	-	-	-	-	-
Issue and disposal of treasury shares	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-158	-	-	-
Other	-	-	125	-	-
<b>Balance at December 31, 2019</b>	3,070	11,552	46,329	909	30
<b>Balance at January 1, 2020</b>	3,070	11,552	46,329	909	30
Net profit	-	-	3,627	-	-
Other comprehensive income/loss before taxes	-	-	-2,707	-2,425	218
Deferred taxes on other comprehensive income	-	-	841	-	-42
Total comprehensive income/loss	-	-	1,761	-2,425	176
Dividends	-	-	-963	-	-
Changes in the consolidated group	-	-	-83	-	-
Capital increase/Issue of new shares	-	-	-	-	-
Acquisition of treasury shares	-	-	-	-	-
Issue and disposal of treasury shares	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-1	-	-	-
Other	-	-	67	-	-
<b>Balance at December 31, 2020</b>	3,070	11,551	47,111	-1,516	206

1 See Note 20 for other information on changes in equity.

2 Retained earnings also include items that will not be reclassified to the Consolidated Statement of Income.

Derivative financial instruments	Treasury share	Equity attributable to shareholders of Daimler AG	Non-controlling interests	Total equity	
In millions of euros					
-95	-	64,667	1,386	66,053	<b>Balance at January 1, 2019</b>
-	-	2,377	332	2,709	Net profit
-637	-	-2,597	18	-2,579	Other comprehensive income/loss before taxes
186	-	421	-	421	Deferred taxes on other comprehensive income
-451	-	201	350	551	Total comprehensive income/loss
-	-	-3,477	-288	-3,765	Dividends
-	-	-14	5	-9	Changes in the consolidated group
-	-	-	54	54	Capital increase/Issue of new shares
-	-42	-42	-	-42	Acquisition of treasury shares
-	42	42	-	42	Issue and disposal of treasury shares
-	-	-158	-16	-174	Changes in ownership interests in subsidiaries
-	-	125	6	131	Other
-546	-	61,344	1,497	62,841	<b>Balance at December 31, 2019</b>
<b>-546</b>	-	<b>61,344</b>	<b>1,497</b>	<b>62,841</b>	<b>Balance at January 1, 2020</b>
-	-	<b>3,627</b>	<b>382</b>	<b>4,009</b>	Net profit
<b>1,158</b>	-	<b>-3,756</b>	<b>-51</b>	<b>-3,807</b>	Other comprehensive income/loss before taxes
<b>-345</b>	-	<b>454</b>	-	<b>454</b>	Deferred taxes on other comprehensive income
<b>813</b>	-	<b>325</b>	<b>331</b>	<b>656</b>	Total comprehensive income/loss
-	-	<b>-963</b>	<b>-282</b>	<b>-1,245</b>	Dividends
-	-	<b>-83</b>	<b>2</b>	<b>-81</b>	Changes in the consolidated group
-	-	-	<b>13</b>	<b>13</b>	Capital increase/Issue of new shares
-	<b>-30</b>	<b>-30</b>	-	<b>-30</b>	Acquisition of treasury shares
-	<b>30</b>	<b>30</b>	-	<b>30</b>	Issue and disposal of treasury shares
-	-	<b>-1</b>	-	<b>-1</b>	Changes in ownership interests in subsidiaries
<b>2</b>	-	<b>69</b>	<b>-4</b>	<b>65</b>	Other
<b>269</b>	-	<b>60,691</b>	<b>1,557</b>	<b>62,248</b>	<b>Balance at December 31, 2020</b>

The accompanying notes are an integral part of these Consolidated Financial Statements.

# Notes to the Consolidated Financial Statements

## 1. Significant accounting policies

### General information

Daimler AG is a vehicle manufacturer with a worldwide product range of premium cars and commercial vehicles. Its product portfolio is rounded out by a range of financial services and mobility services. Daimler AG is the parent company of the Daimler Group.

The Consolidated Financial Statements of Daimler AG and its subsidiaries (“Daimler” or “the Group”) have been prepared in accordance with Section 315e of the German Commercial Code (HGB) and comply with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

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

The Consolidated Financial Statements of Daimler AG are presented in euros (€). Unless otherwise stated, all amounts are stated in millions of euros. All figures shown are rounded in accordance with standard business rounding principles.

The Board of Management of Daimler AG authorized the Consolidated Financial Statements for publication on February 17, 2021.

### Basis of preparation

#### Applied IFRS

The accounting policies applied in the Consolidated Financial Statements comply with the IFRS required to be applied in the EU as of December 31, 2020.

#### 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 (“Covid-19-Related Rent Concessions”)**, in which they provide an accounting policy choice to lessees to apply practical relief for rent concessions arising because of the covid-19 pandemic. Daimler does not apply this practical expedient for lessees.

#### IFRS issued but neither EU endorsed nor yet adopted

In May 2017, the IASB issued **IFRS 17 Insurance Contracts**. IFRS 17 will replace the currently applicable IFRS 4. It establishes more transparency and comparability with regard to the recognition, measurement, presentation and disclosure of insurance contracts with the insurer. The application of IFRS 17 is mandatory for reporting periods beginning on or after January 1, 2023. Early adoption is permitted. Daimler 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 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. Daimler has not opted for early adoption and no significant impact is expected.

In addition, further standards and interpretations have been approved which are not expected to have a material impact on the Group’s profitability, liquidity and capital resources and financial position.

#### Presentation

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

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



### **Adjustment of segment figures in the prior-year period due to the change in the Group's internal management and reporting structure as of January 1, 2020**

Until December 31, 2019, the Group's reportable segments were Mercedes-Benz Cars, Daimler Trucks, Mercedes-Benz Vans, Daimler Buses and Daimler Mobility. Since January 1, 2020, the Group's activities are divided into the segments Mercedes-Benz Cars, Mercedes-Benz Vans, Daimler Trucks & Buses and Daimler Mobility. This corresponds to the internal reporting and organizational structure. The segments Mercedes-Benz Cars and Mercedes-Benz Vans are aggregated into the reportable segment Mercedes-Benz Cars & Vans in line with the nature of the products and services offered, as well as their brands, sales channels and customer profiles.

The figures for 2019 have been adjusted to the new segment structure to ensure that the figures for 2020 are comparable with the prior-year figures. The internal supply of goods and services within the new segments has been taken into account. Furthermore, in the figures for the previous year, the effects of certain legal issues and equity investments not previously allocated to the segments have been reclassified from the reconciliation to the vehicle segments.

In this context, the amortization of capitalized borrowing costs is included in EBIT as well as in the Group's assets and the assets of the segments as of January 1, 2020. From the 2020 financial year onwards, EBIT will be presented in the Consolidated Statement of Income as an arithmetical amount.

### **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 AG and the financial statements of all subsidiaries, including structured entities, which are directly or indirectly controlled by Daimler 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 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 as well as cash flows from transactions between consolidated entities are entirely eliminated in the course of the consolidation process.

Business combinations are accounted for using the purchase method.

Changes in equity interests in Group subsidiaries that reduce or increase Daimler's percentage ownership without change of control are accounted for as an equity transaction between owners.

### **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 Daimler 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.

In the special event that the financial statements of associated companies, joint ventures or joint operations should not be available in good time, the Group's proportionate share of the results of operations is included in Daimler's Consolidated Financial Statements with a one to three-month time lag. Significant events or transactions are accounted for without a time lag, however (see [Note 13](#)).

### Entities measured at amortized cost

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

### Foreign currency translation

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

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

The exchange rates of the US dollar, the British pound, the Japanese yen and the Chinese renminbi – the most significant foreign currencies for Daimler – are as shown in table [7 D.06](#).

### Hyperinflation

To determine whether a country is to be considered as in hyperinflation, Daimler refers to the list published by the International Practices Task Force (IPTF), the Center of the 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, Daimler applies IAS 29 to our Argentinian business since January 1, 2018. 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 the line item "Other" of the Consolidated Statement of Changes in Equity.

## D.06

### Exchange rates

	2020				2019			
	USD	GBP	JPY	CNY	USD	GBP	JPY	CNY
	€1 =	€1 =	€1 =	€1 =	€1 =	€1 =	€1 =	€1 =
Average exchange rate on December 31	1.2271	0.8990	126.4900	8.0225	1.1234	0.8508	121.9400	7.8205
Average exchange rates during the respective period								
First quarter	1.1027	0.8623	120.1000	7.6956	1.1358	0.8725	125.0800	7.6635
Second quarter	1.1014	0.8874	118.4100	7.8080	1.1237	0.8748	123.4700	7.6721
Third quarter	1.1689	0.9050	124.0500	8.0855	1.1119	0.9021	119.3200	7.8000
Fourth quarter	1.1929	0.9033	124.6100	7.9006	1.1071	0.8608	120.3200	7.8012

## Accounting policies

### 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 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 Daimler Mobility. Furthermore, end-customers may be credit financed by Daimler Mobility. Receivables from sales financing with end-customers and dealers are presented in receivables from financial services. Further information is provided in [Note 14](#).

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 Daimler 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 Daimler 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. Daimler 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 Daimler 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, Daimler sells assets to a third-party manufacturer from which Daimler 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.

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 installments 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, Daimler 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 decides to enter into a leasing contract with Daimler Mobility regarding such a vehicle. The vehicle is therefore sold by the non-Group dealer to Daimler Mobility and a leasing contract is entered into with the customer. When control of the vehicle is transferred to the non-Group dealer Daimler 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.

Daimler 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 at Daimler Mobility. Revenue generated from operating leases is recognized on a straight-line basis over the periods of the contracts. In addition, sales revenue is generated at the end of lease contracts from the subsequent sale of the vehicles. Revenue from receivables from financial services is recognized using the effective interest method.

Daimler 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, 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. Daimler's share of dilution gains and losses resulting from the Group's non-participation or under-proportionate 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 Daimler Mobility are included neither in revenue nor in cost of sales. For example, expense from the compounding of interest on provisions for other risks is recorded 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 Daimler Mobility 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 are comprised of current income taxes and deferred taxes.

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

Changes in deferred tax assets and liabilities are generally recognized through profit and loss in deferred taxes in the Consolidated Statement of Income, except for changes recognized in other comprehensive income/loss or directly in equity.

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

**D.07****Useful lives of property, plant and equipment**

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

**Earnings per share**

Basic earnings per share are calculated by dividing profit attributable to shareholders of Daimler AG by the weighted average number of shares outstanding. As nothing occurred in the years 2020 and 2019 that resulted in any dilution, diluted earnings per share were the same as basic earnings per share in those years.

**Intangible assets**

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

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

Development costs for vehicles and components are recognized if the conditions for capitalization according to IAS 38 are met. Subsequent to initial recognition, the asset is carried at cost less accumulated amortization and accumulated impairment losses. Capitalized development costs include all direct costs and allocable overheads and are amortized on a straight-line basis over the expected product life cycle (a maximum 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 recorded in functional costs.

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

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 the estimated costs, if any, of dismantling and removing the item and restoring the site.

Property, plant and equipment are depreciated over the useful lives as shown in table [D.07](#).

The industrial business activities of the Daimler Group have 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 will be applied from January 1, 2021, and is expected to have a positive impact on earnings before interest and taxes (EBIT) of €0.8 billion and €0.4 billion in the years 2021 and 2022.

**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 as lessee**

Daimler as a lessee recognizes for generally all lease contracts right-of-use assets as well as leasing liabilities for the outstanding lease payments.

According to IFRS 16, 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. Daimler 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 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.

Daimler 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 Daimler, 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 and reduced (through other comprehensive income) to reflect the lease payments made.

According to IFRS 16, the depreciation of right-of-use assets is recognized within functional costs. The interest due on the lease liability is a component of interest expense.

Extension and termination options are part of a number of leases particularly of real estate. Such contract terms offer Daimler 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 Daimler 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 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 Daimler, 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 Daimler 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 Daimler the right to repurchase.
- Sales of vehicles including a put option (an entity's obligation to repurchase the asset at the customer's request) are reported as operating leases if the customer has a significant economic incentive to exercise that right. Otherwise, a sale with a right of return is reported. Daimler 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 cars 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 cars. 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 Group products that Daimler Mobility acquires from non-Group dealers or other third parties and leases to end customers. These vehicles are presented at (amortized) cost of acquisition under leased equipment in the Daimler Mobility 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 Daimler Mobility. In 2020, additions to leased equipment from these vehicles at Daimler Mobility amounted to approximately €11 billion (2019: approximately €14 billion).

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.

**Equity-method investments**

On the date of acquisition, a positive difference between cost of acquisition and Daimler'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.

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

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

### Impairment of non-current non-financial assets

Daimler assesses at each reporting date whether there is an indication that an asset may be impaired or whether there is an indication that a previously recognized impairment loss may be reversed. If such indication exists, Daimler 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). 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 of disposal and value in use. For cash-generating units, Daimler in a first step determines the respective recoverable amount as value in use and compares it with the respective carrying amount (including goodwill). The cash-generating units are generally defined as the segments. At Daimler Trucks & Buses impairment tests are carried out below the segment level. There is a differentiation between the two cash-generating units Daimler Trucks and Daimler Buses.

Value in use is measured by discounting expected future cash flows from the continuing use of the cash-generating units using a risk-adjusted interest rate. Future cash flows are determined on the basis of the long-term planning, which is approved by management and which is valid at the date when the impairment test is conducted. This planning, which covers the period until 2025, is based on expectations regarding future market shares, the general development of respective markets as well as the products' profitability, taking into consideration the effects of the transformation of the automotive industry. Furthermore, in determining value in use, a risk assessment is performed, which includes for example market risks and risks related to the legal and political framework. The planning premises are checked for plausibility with regard to the historical development as well as external sources of information. The rounded risk-adjusted interest rates used to discount cash flows, which are calculated for each cash-generating unit, are unchanged from the previous year at 8% after taxes for the cash-generating units of the automotive business. For the cash-generating unit Daimler Mobility, a risk-adjusted interest rate of 9% after taxes is applied (unchanged from the previous year). Whereas the discount rate for the cash-generating unit Daimler Mobility represents the cost of equity, the risk-adjusted interest rate for the cash-generating units of the automotive business is based on the weighted average cost of capital (WACC). This is calculated based on the capital asset pricing model (CAPM), taking into account current market expectations. In calculating the risk-adjusted interest rate for impairment-test purposes, specific peer group information is used for beta factors, capital-structure data and cost of debt. Periods not covered by the forecast are taken into account by recognizing a residual value (terminal value), which does not include any growth rates. In line with the detailed planning period, the derivation of the terminal value also considers expectations regarding the impacts of the transformation of the

automotive industry as well as possible regulatory changes, e.g., in connection with sustainability aspects. In addition, several sensitivity analyses are conducted. These show that even in the case of more unfavorable premises for main influencing factors with respect to the original planning, no need for impairment exists. If value in use is lower than the carrying amount, fair value less costs of disposal 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, Daimler 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 assets 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 Daimler 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, Daimler uses the transaction date as the date of initial recognition or derecognition.

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

### Financial assets

Financial assets primarily comprise receivables from financial services, trade receivables, receivables from banks, cash on hand, derivative financial assets, marketable securities and similar investments and financial investments. The classification of financial instruments is based on the business model in which these instruments are held and on their contractual cash flows.

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

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

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

*Financial assets at amortized cost.* Financial assets at amortized cost are non-derivative financial assets with contractual cash flows that consist solely of payments of principal and interest on the nominal amount outstanding and which are held with the aim of collecting the contractual cash flows, such as receivables from financial services, trade receivables or cash and cash equivalents (business model "hold to collect"). Cash and cash equivalents consist primarily of cash on hand, checks and demand deposits at banks, as well as debt instruments and certificates of deposits with a remaining term when acquired of up to three months, which are not subject to any material value fluctuations. Cash and cash equivalents correspond with the classification in the Consolidated Statement of Cash Flows.

After initial recognition, financial assets at amortized cost are subsequently carried at amortized cost using the effective interest method less any loss allowances. Gains and losses are recognized in the Consolidated Statement of Income when the financial assets at amortized cost are impaired or derecognized. Interest effects on the application of the effective interest method are also recognized in profit or loss as well as effects from foreign 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.

Daimler 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 stage 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 decision of uncollectibility.

Significant modification of financial assets (e.g., with a change in the present value of the contractual cash flows of 10%) also leads to derecognition of the financial assets with a simultaneous recognition of new financial assets. 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 primarily include trade payables, liabilities to banks, bonds, derivative financial liabilities and other liabilities.

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

*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 Daimler 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 the fair value is negative.

If the requirements for hedge accounting set out in IFRS 9 are met, Daimler designates and documents the hedge relationship from the date a derivative contract is entered into as a fair value hedge, a cash flow hedge or a hedge of a net investment in a foreign business operation. In a fair value hedge, the changes in the fair value of a recognized asset or liability or an unrecognized firm commitment are hedged. In a cash flow hedge, 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 fair value of non-designated derivatives are recognized in profit or loss. For fair value hedges, changes in the fair value of the hedged item and the derivative are recognized in profit or loss. For cash flow hedges, fair value changes in the effective portion of the hedging instrument are recognized after tax in other comprehensive income.

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

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

For other cash flow hedges, the accumulated hedging gains or losses from hedging instruments are reclassified from the reserves for derivative financial instruments to the Consolidated Statement of Income when the hedged item affects profit or loss. The ineffective portions of fair value changes are recognized directly in profit or loss.

For derivative instruments designated in a hedge relationship, certain components can be excluded from designation and the changes in these components' fair value are then deferred in other comprehensive income under IFRS 9. This may apply for example to the time value of options, the forward element of a forward contract or cross currency basis spreads.

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

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

#### **Pensions and similar obligations**

The measurement of defined benefit 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 and loss under interest expense or interest income in the Consolidated Statement of Income. The other expenses resulting from pension obligations and other post-employment benefit obligations (medical care), which mainly result from entitlements acquired during the year under review, are taken into consideration in the functional costs in the Consolidated Statement of Income. Differences between the assumptions made and actual developments as well as changes in actuarial assumptions for the measurement of defined benefit plans and similar obligations result in actuarial gains and losses, which have a direct impact on the Consolidated Statement of Financial Position.

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 Daimler especially from prepaid service and maintenance contracts and extended warranties.

*Refund liabilities.* A refund liability occurs if Daimler 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 Daimler does not expect to be entitled and is thus not included in the transaction price.

Refund liabilities occur at Daimler 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 the functional costs.

#### **Presentation in the Consolidated Statement of Cash Flows**

Interest paid as well as interest and dividends received are classified as cash provided by/used for operating activities. The cash flows from short-term marketable debt securities with high turnover rates and significant amounts are offset and presented within cash provided by/used for investing activities.

## 2. Accounting estimates and management judgments

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

### Accounting estimates and management judgements due to the covid-19 pandemic

Due to the still not fully foreseeable global consequences of the covid-19 pandemic, especially the accounting estimates and management judgements regarding the reporting of assets and liabilities are subject to increased uncertainty.

With the update of the accounting estimates and management judgements, available information on the expected economic developments and country-specific governmental counter-measures has been included.

This information was included in the analysis of the recoverability and collectability of financial assets, especially of receivables from financial services and equity-method investments, as well as in impairment tests for the cash-generating units. With regard to hedge accounting, estimates were updated concerning whether forecast transactions can still be assumed to be highly likely to occur. Furthermore, estimates of future residual values of leased vehicles, the measurement of provisions for residual-value guarantees and the measurement of the net realizable value of inventories have been updated to include the expected consequences of the covid-19 pandemic.

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

In the context of impairment tests for non-financial assets, estimates have to be made to determine the recoverable amounts of cash-generating units. Assumptions have to be made in particular with regard to future cash inflows and outflows for the planning period and the following periods. The estimates include assumptions regarding future market shares and the growth of the respective markets, as well as regarding the products' profitability. On the basis of the impairment tests carried out in 2020, the recoverable amounts are substantially larger than the net assets of the Group's cash-generating units.

When objective evidence of impairment or impairment reversal is present, estimates and assessments also have to be made to determine the recoverable amount of an equity-method investment. The determination of the recoverable amount is based on assumptions regarding future business developments for the determination of the expected future cash flows of that financial investment. See [Note 13](#) for the presentation of carrying amounts and fair values of equity-method investments in listed companies.

### Recoverable amount of equipment on operating leases

Daimler 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 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 [Notes 14 and 33](#) 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 for each model series. These assessments are based on experience of the frequency and extent of vehicle faults and defects in the past. In addition, the estimates also include assumptions on the amounts of potential repair costs per vehicle and the effects of possible time or mileage limits. The provisions are regularly adjusted to reflect new information. Further information on provisions for other risks is provided in [Note 23](#).

### Liability and litigation risks and regulatory proceedings

Various legal proceedings, claims and governmental investigations are pending against Daimler AG and its subsidiaries on a wide range of topics. If the outcome of such legal proceedings is detrimental to Daimler, the Group may be required to pay substantial compensatory and punitive damages, to undertake service actions or recall campaigns, to pay fines or to carry out other costly actions. Litigation and governmental investigations often involve complex legal issues and are connected with a high degree of uncertainty. Accordingly, the assessment of whether an obligation exists on the balance sheet date as a result of an event in the past, and whether a future cash outflow is likely and the obligation can be reliably estimated, largely depends on estimations by the management. Daimler 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. Daimler 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 Daimler's operating results and cash flows for a particular reporting period, Daimler 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 30](#).

### 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 22](#) for further information.

### Income taxes

The calculation of income taxes of Daimler AG and its subsidiaries is based on the legislation and regulations applicable in the various countries. Due to their complexity, the tax items presented in the Consolidated Financial Statements are possibly subject to different interpretation 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 tax assessment of expenses and income. For the calculation of deferred tax assets, assumptions have to be made regarding future taxable income and the time of realization of the deferred tax assets. In this context, Daimler takes into consideration, among other things, the projected earnings from business operations, the effects on earnings of the reversal of taxable temporary differences, and realizable tax strategies. As future business developments are uncertain and are sometimes beyond Daimler's control, the assumptions to be made in connection with accounting for deferred tax assets are connected with a substantial degree of uncertainty. On each balance sheet date, Daimler carries out impairment tests on deferred tax assets on the basis of the planned taxable income in future financial years; if Daimler assesses that the probability of future tax advantages being partially or fully unrealized is more than 50%, the deferred tax assets are impaired. Further information is provided in [Note 9](#).

### 3. Consolidated Group

#### Composition of the Group

Table 7 D.08 shows the composition of the Group.

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

A detailed list of the companies included in the Consolidated Financial Statements and of the equity investments of Daimler Group pursuant to Section 313 of the German Commercial Code (HGB) is provided in the statement of investments. Further information is provided in [Note 41](#).

#### Structured entities

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

At the reporting date, the Group has business relationships with 27 (2019: 24) controlled structured entities, of which all are fully consolidated. In addition, the Group has relationships with 8 (2019: 8) non-controlled structured entities.

#### D.08

##### Composition of the Group

	At December 31,	
	2020	2019
Consolidated subsidiaries	381	375
Germany	62	65
International	319	310
Unconsolidated subsidiaries	82	94
Germany	37	39
International	45	55
Joint operations accounted for using proportionate consolidation	1	1
Germany	-	-
International	1	1
Joint operations accounted for using the equity method	1	1
Germany	-	-
International	1	1
Joint ventures accounted for using the equity method	15	16
Germany	4	3
International	11	13
Associated companies accounted for using the equity method	17	16
Germany	4	4
International	13	12
Joint operations, joint ventures, associated companies and material other investments accounted for at (amortized) cost	31	34
Germany	13	13
International	18	21
	528	537

#### Assets and liabilities held for sale

##### Sale of the car plant in Hambach, France

In the context of adjusting and realigning capacities within the global production network, INEOS Automotive Ltd. and Mercedes-Benz AG signed an agreement in December 2020 on the sale of the shares in smart France S.A.S in Hambach, France. The assets and liabilities connected with the car plant in Hambach are classified as held for sale at December 31, 2020. The valuation of the assets and liabilities resulted in expenses of €0.5 billion in the Mercedes-Benz Cars & Vans segment in 2020. This primarily reflects an impairment loss on property, plant and equipment, which resulted from the measurement at fair value less costs to sell of the disposal group.

Due to the minor significance for the financial position of the Daimler Group, the assets held for sale (€0.1 billion) and liabilities held for sale (€0.1 billion) are not presented separately in the Consolidated Statement of Financial Position.

The transaction was completed in January 2021. It had no material impact on earnings, cash flows or financial position.



**Joint venture between Volvo Group and Daimler Truck AG**

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. The Volvo Group will acquire 50% of the shares in Daimler Truck Fuel Cell GmbH & Co. KG for a price of approximately €0.6 billion. In return, the Daimler Group has placed the assets and liabilities of the Group-wide fuel-cell activities in the company Daimler Truck Fuel Cell GmbH & Co. KG, a wholly owned subsidiary of Daimler Truck AG. When the transaction is completed – probably in the first half of 2021 – a positive effect on earnings of between €1.2 billion and €1.3 billion is expected for the Daimler Group, which will be split between the Mercedes-Benz Cars & Vans and Daimler Trucks & Buses segments. It is planned to include the joint venture in the Consolidated Financial Statements using the equity method and to present it in the Daimler Trucks & Buses segment.

Both the assets of Daimler Truck Fuel Cell GmbH & Co. KG classified as held for sale and the liabilities classified as held for sale are well significantly €0.1 billion at December 31, 2020. Due to its minor importance for the financial position of the Daimler Group, the assets and liabilities held for sale are not presented separately in the Consolidated Statement of Financial Position.

**Sale of interests in Mercedes-Benz Grand Prix Ltd.**

In December 2020, the Group decided to sell interests in Mercedes-Benz Grand Prix Ltd. In this context, the Group assumes that the further contractual agreements will be concluded in the first half of 2021. Mercedes-Benz Grand Prix Ltd. is currently fully consolidated. It is expected that upon completion of the transaction, Daimler will no longer have control over Mercedes-Benz Grand Prix Ltd. and that this will have a positive effect on earnings in the Mercedes-Benz Cars & Vans segment.

At December 31, 2020, Mercedes-Benz Grand Prix Ltd. is classified as held for sale. Due to its minor importance for the financial position of the Daimler Group, the assets (€0.3 billion) and liabilities (€0.2 billion) held for sale are not presented separately in the Consolidated Statement of Financial Position. The assets held for sale mainly consist of property, plant and equipment.

## 4. Revenue

Revenue disclosed in the Consolidated Statement of Income includes revenue from contracts with customers and other revenue not in the scope of IFRS 15.

Revenue from contracts with customers (revenue according to IFRS 15) is disaggregated by the two categories – type of products and services and geographical regions – and presented in table [D.09](#). The category type of products and services corresponds to the reportable segments.

Other revenue primarily comprises revenue from the rental and leasing business of €12,468 million (2019: €12,747 million), interest from the financial services business at Daimler Mobility in an amount of €5,240 million (2019: €5,811 million) and effects from currency hedging. Interest from financial services business includes financial income on the net investment in leases of €1,518 million (2019: €1,519 million).

Revenue according to IFRS 15 includes revenue that was included in contract liabilities at December 31, 2019 in an amount of €2,989 million (2019: €3,775 million) and revenue from performance obligations fully (or partially) satisfied in previous periods in an amount of €396 million (2019: €309 million).

Revenue that is expected to be recognized within three years related to performance obligations that are unsatisfied (or partially unsatisfied) amounted to €8,365 million at December 31, 2020 (2019: €8,701 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 ongoing covid-19 pandemic the Daimler Group's revenue in the year 2020 was significantly below the prior-year level.

Revenue by segment [D.87](#) and region [D.89](#) is presented in tables in [Note 34](#).

### D.09

#### Revenue

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Total segments	Recon- ciliation	Daimler Group
In millions of euros						
<b>2020</b>						
Europe	42,507	11,063	4,929	58,499	-2,563	55,936
North America	17,598	13,630	5,679	36,907	-530	36,377
Asia	31,871	5,951	174	37,996	-21	37,975
Other markets	3,468	3,049	132	6,649	-9	6,640
Revenue according to IFRS 15	95,444	33,693	10,914	140,051	-3,123	136,928
Other revenue	3,132	978	16,785	20,895	-3,514	17,381
Total revenue	98,576	34,671	27,699	160,946	-6,637	154,309

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Total segments	Recon- ciliation	Daimler Group
In millions of euros						
<b>2019</b>						
Europe	46,290	12,777	4,606	63,673	-2,595	61,078
North America	21,097	19,178	6,244	46,519	-992	45,527
Asia	31,839	6,930	145	38,914	-21	38,893
Other markets	4,998	4,544	150	9,692	-17	9,675
Revenue according to IFRS 15	104,224	43,429	11,145	158,798	-3,625	155,173
Other revenue	2,673	1,000	17,501	21,174	-3,602	17,572
Total revenue	106,897	44,429	28,646	179,972	-7,227	172,745

**D.10****Cost of sales**

	2020	2019
In millions of euros		
Expense of goods sold	-110,916	-123,180
Depreciation of equipment on operating leases	-9,181	-9,047
Refinancing costs at Daimler Mobility	-2,620	-3,114
Impairment losses on receivables from financial services	-766	-495
Other cost of sales	-5,238	-7,744
	<b>-128,721</b>	<b>-143,580</b>

**D.11****Expenses associated with cost optimization programs**

	2020
In millions of euros	
Cost of sales	-336
Selling expenses	-239
General administrative expenses	-194
Research and non-capitalized development costs	-142
	<b>-911</b>

**D.12****Average number of employees**

	2020	2019
Mercedes-Benz Cars & Vans <sup>1</sup>	173,866	179,378
Daimler Trucks & Buses	100,404	102,410
Daimler Mobility	12,004	12,811
Central Functions & Services	6,864	7,240
	<b>293,138</b>	<b>301,839</b>

<sup>1</sup> Proportionally including 2,340 (2019: 2,126) employees from a proportionately consolidated company.

## 5. Functional costs

**Cost of sales**

Items included in cost of sales are shown in table [7 D.10](#).

The decrease in cost of sales was primarily caused by production and cost adjustments in response to the covid-19 pandemic.

Amortization expense of capitalized development costs in the amount of €1,920 million (2019: €1,793 million) is presented in expense of goods sold.

The expense of goods sold includes, among other expenses, expenses in connection with restructuring measures. In 2020, these include expenses in connection with the adjustment and realignment of capacities within the global production network in the Mercedes-Benz Cars & Vans segment of €871 million. In addition, they also include cost optimization programs to reduce fixed costs (see table [7 D.11](#)). In 2019, expenses in connection with terminating production of the X-Class had a negative impact on other cost of sales.

Cost of sales were affected at the Daimler Mobility segment by increased expenses for credit-risk provisions and the impairment of software in the context of streamlining the IT-architecture.

In the prior-year period, a reassessment of risks in connection with ongoing governmental and court proceedings and measures taken with regard to Mercedes-Benz diesel vehicles in various regions and expenses connected with an updated risk assessment for an expanded recall of Takata airbags in Europe and other markets had led to significant earnings reductions in cost of sales.

**Selling expenses**

In 2020, selling expenses amounted to €11,058 million (2019: €12,801 million). Selling expenses consist of direct selling costs as well as selling overhead expenses and comprise personnel expenses, material costs and other selling costs.

**General administrative expenses**

General administrative expenses amounted to €3,534 million in 2020 (2019: €4,050 million). They consist of expenses which are not attributable to production, sales or research and development functions, and comprise personnel expenses, depreciation and amortization of fixed and intangible assets, and other administrative costs.

**Research and non-capitalized development costs**

Research and non-capitalized development costs were €6,116 million in 2020 (2019: €6,586 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 Daimler AG in December 2019 to reduce costs and reduce jobs in a socially responsible manner. The expenses were mainly attributable to the Mercedes-Benz Cars & Vans segment (€605 million) and Daimler Trucks & Buses segment (€153 million). Table [7 D.11](#) provides an overview of the composition of these expenses.

**Personnel expenses and average number of employees**

Personnel expenses included in the Consolidated Statement of Income amounted to €21,848 million in 2020 (2019: €22,657 million). Personnel expenses comprise wages and salaries in the amount of €17,622 million (2019: €18,336 million), social-security contributions in the amount of €3,523 million (2019: €3,536 million) and expenses from pension obligations in the amount of €703 million (2019: €785 million). The average numbers of people employed are shown in table [7 D.12](#).

Information on the total remuneration of the active members in 2020 of the Board of Management and the Supervisory Board of Daimler AG is provided in [Note 38](#).

## 6. Other operating income and expense

The composition of other operating income is shown in table [D.13](#).

Income from costs recharged to third parties includes income from licenses and patents, as well as shipping costs and other costs charged to third parties, with related expenses primarily within the functional costs.

Government grants and subsidies mainly comprise reimbursements relating to current early retirement part-time 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.

Income from corporate transactions at consolidated companies primarily comprised income of €718 million resulting from the merger of the business units for mobility services of Daimler Group and BMW Group in the year 2019 (YOUR NOW).

In the first quarter of 2020, the contribution of the smart brand to the joint venture smart Automobile Co., Ltd. resulted in income of €154 million in the Mercedes-Benz Cars & Vans segment, which is presented in other miscellaneous income. See [Note 13](#) for further information.

The composition of other operating expense is shown in table [D.14](#).

Other miscellaneous expense primarily comprises changes in provisions for other risks. In the prior year it included significantly higher expenses in connection with ongoing governmental and court proceedings and measures relating to Mercedes-Benz diesel vehicles in various regions.

### D.13

#### Other operating income

	2020	2019
In millions of euros		
Income from costs recharged to third parties	650	840
Government grants and subsidies	295	122
Gains on sales of property, plant and equipment	79	75
Rental income not relating to sales financing	139	173
Income from company transactions at consolidated companies	-	729
Other miscellaneous income	859	898
	<b>2,022</b>	<b>2,837</b>

### D.14

#### Other operating expense

	2020	2019
In millions of euros		
Losses on sales of property, plant and equipment	-208	-180
Other miscellaneous expense	-534	-4,289
	<b>-742</b>	<b>-4,469</b>

**D.15****Other financial income/expense, net**

	2020	2019
In millions of euros		
Income and expense from compounding and effects from changes in discount rates of provisions for other risks	-168	-238
Miscellaneous other financial income/expense, net	-186	-24
	<b>-354</b>	<b>-262</b>

**D.16****Interest income and interest expense**

	2020	2019
In millions of euros		
Interest income		
Net interest income on the net assets of defined benefit pension plans	2	4
Interest and similar income	218	393
	<b>220</b>	<b>397</b>
Interest expense		
Net interest expense on the net obligation from defined benefit pension plans	-162	-197
Interest and similar expense	-322	-683
	<b>-484</b>	<b>-880</b>

**D.17****Profit before income taxes**

	2020	2019
In millions of euros		
German companies	418	-4,113
Non-German companies	5,921	7,943
	<b>6,339</b>	<b>3,830</b>

**D.18****Components of income taxes**

	2020	2019
In millions of euros		
Current taxes		
German companies	-358	-51
Non-German companies	-2,178	-2,331
Deferred taxes		
German companies	-261	1,127
Non-German companies	467	134
	<b>-2,330</b>	<b>-1,121</b>

**7. Other financial income/expense, net**

Table [7 D.15](#) shows the components of other financial income/expense, net.

**8. Interest income and interest expense**

Table [7 D.16](#) shows the components of interest income and interest expense.

**9. Income taxes**

Profit before income taxes is comprised as shown in table [7 D.17](#).

Profit before income taxes in Germany includes profit/loss on equity-method investments if the equity interests in those companies are held by German companies.

Table [7 D.18](#) shows the components of income taxes.

The current tax expense includes tax benefits recognized for prior periods at German and foreign companies of €81 million (2019: €244 million).

The deferred tax benefit is comprised of the components shown in table [D.19](#).

For German companies, in 2020 and 2019, deferred taxes were calculated using a federal corporate income tax rate of 15%, a solidarity tax surcharge of 5.5% on each year's federal corporate income taxes, and a trade tax rate of 14%. In total, the tax rate applied for the calculation of German deferred taxes in both years amounted to 29.825%. For non-German companies, the deferred taxes at period-end were calculated using the tax rates of the respective countries.

Table [D.20](#) shows a reconciliation of expected income tax expense to actual income tax expense determined using the unchanged applicable German combined statutory tax rate of 29.825%.

The Group impaired deferred tax assets in 2020 and 2019. The resulting tax expenses are included in the line item change of valuation allowance on deferred tax assets.

Tax-free income and non-deductible expenses include all other effects at foreign and German companies relating to tax-free income and non-deductible expenses, e.g. tax-free gains included in net periodic pension costs at the German companies and tax-free results of the equity-method investments.

Deferred tax assets and deferred tax liabilities are offset if the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority and if there is the right to set off current tax assets against current tax liabilities. In the presentation of deferred tax assets and liabilities in the Consolidated Statement of Financial Position, no difference is made between current and non-current. In the Consolidated Statement of Financial Position, deferred tax assets and liabilities are presented as shown in table [D.21](#).

#### D.19

##### Components of deferred tax benefit

	2020	2019
In millions of euros		
Deferred taxes due to temporary differences	456	-56
Deferred taxes due to tax loss carryforwards and tax credits	-250	1,317
	<b>206</b>	<b>1,261</b>

#### D.20

##### Reconciliation of expected income tax expense to actual income tax expense

	2020	2019
In millions of euros		
Expected income tax expense	-1,891	-1,142
Foreign tax rate differential	331	347
Trade tax rate differential	39	41
Tax law changes	45	-42
Change of valuation allowance on deferred tax assets	-326	-209
Tax-free income and non-deductible expenses	-311	21
Other	-217	-137
Actual income tax expense	<b>-2,330</b>	<b>-1,121</b>

#### D.21

##### Deferred tax assets and liabilities

	At December 31,	
	2020	2019
In millions of euros		
Deferred tax assets	6,259	5,803
Deferred tax liabilities	-3,649	-3,935
Deferred tax assets, net	<b>2,610</b>	<b>1,868</b>

**D.22****Split of deferred tax assets and liabilities before offset**

	At December 31,	
	2020	2019
In millions of euros		
Intangible assets	396	60
Property, plant and equipment	256	239
Equipment on operating leases	2,020	1,990
Inventories	944	999
Receivables from financial services	475	356
Miscellaneous assets, mainly other financial assets	5,342	5,231
Tax loss carryforwards and unused tax credits	2,629	3,110
Provisions for pensions and similar obligations	510	673
Other provisions	1,864	1,851
Liabilities	2,949	3,564
Deferred income	798	809
Miscellaneous liabilities	20	20
	18,203	18,902
Valuation allowances	-1,998	-2,075
<i>thereof on temporary differences</i>	-880	-743
<i>thereof on tax loss carryforwards and tax credits</i>	-1,118	-1,332
<b>Deferred tax assets, gross</b>	<b>16,205</b>	<b>16,827</b>
Development costs	-3,906	-3,718
Other intangible assets	-120	-129
Property, plant and equipment	-2,666	-2,879
Equipment on operating leases	-4,574	-5,220
Inventories	-66	-58
Receivables from financial services	-810	-939
Miscellaneous assets	-426	-361
Provisions for pensions and similar obligations	-467	-1,044
Other provisions	-218	-222
Miscellaneous liabilities	-342	-389
<b>Deferred tax liabilities, gross</b>	<b>-13,595</b>	<b>-14,959</b>
<b>Deferred tax assets, net</b>	<b>2,610</b>	<b>1,868</b>

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 [7 D.22](#).

The development of deferred tax assets, net, is shown in table [7 D.23](#).

Including the items recognized in other comprehensive income/loss (including items from equity-method investments), the expense for income taxes is comprised as shown in table [7 D.24](#).

In the Consolidated Statement of Financial Position, the valuation allowances on deferred tax assets decreased by €77 million compared to December 31, 2019. On the one hand, this decrease is a result of currency translation. Furthermore, valuation allowances of €109 million that had been recognized in other comprehensive income/loss in 2019 were reversed. On the other hand, valuation allowances increased due to the recognition through profit and loss of €326 million. Other neutral changes in valuation allowances resulted from, among other things, adjustments to tax-loss carryforwards from previous years, mainly due to expiration.

At December 31, 2020, the valuation allowance on deferred tax assets relates, among other things, to corporate income tax loss carryforwards (€772 million). €3 million of the deferred tax assets for corporate income tax loss carryforwards adjusted by a valuation allowance relates to tax loss carryforwards which expire in 2021, €173 million relates to tax loss carryforwards which expire at various dates from 2022 through 2025, €43 million relates to tax loss carryforwards which expire at various dates from 2026 through 2030, €10 million relates to tax loss carryforwards which expire at various dates from 2036 through 2040 and €543 million relates to tax loss carryforwards which can be carried forward indefinitely. Valuation allowances of €46 million relate to tax loss carryforwards with regard to capital losses which can be carried forward indefinitely. With regard to trade tax loss carryforwards in Germany, valuation allowances of €162 million relate to loss carryforwards which can be carried forward indefinitely. Furthermore, a large proportion of the valuation allowances relates to temporary differences as well as loss carryforwards for state and local taxes at the US-companies. Daimler believes that it is more likely than not that it will not be able to utilize those deferred tax assets or cannot reliably document 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 of more than 50% required by IAS 12 is therefore not fulfilled, valuation allowances were recognized on deferred tax assets also in countries with tax loss carryforwards that can be carried forward indefinitely.

The Group had tax losses at the German tax group in 2020 and 2019 and at several subsidiaries in several countries in 2020 and prior years. After offsetting the deferred tax assets with deferred tax liabilities, the deferred tax assets not subject to valuation allowances amounted to €2,197 million for those entities. Daimler believes it is more likely than not that future taxable income will be sufficient to allow utilization of these deferred tax assets. Daimler's current estimate of the amount of deferred tax assets that is considered realizable may change in the future, necessitating higher or lower valuation allowances.

From the current perspective, the retained earnings of non-German subsidiaries are largely intended to be reinvested in those operations. The Group did not recognize deferred tax liabilities on retained earnings of non-German subsidiaries of €25,122 million (2019: €29,988 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, with 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 Group has various unresolved issues concerning open income tax years with the tax authorities in a number of jurisdictions. Daimler believes that it has recognized adequate liabilities for any future income taxes that may be owed for all open tax years. Nevertheless, it cannot be ruled out that tax payments might exceed the liabilities recognized in the financial statements.

As a result of future adjudications or changes in the opinions of the fiscal authorities, it cannot be ruled out that Daimler might receive tax refunds for previous years.

## D.23

### Change of deferred tax assets, net

	2020	2019
In millions of euros		
Deferred tax assets, net as of January 1	1,868	259
Deferred tax benefit in the Consolidated Statement of Income	206	1,261
Change of deferred tax assets/liabilities on equity instruments/debt instruments included in other comprehensive income/loss	-42	3
Change of deferred tax assets/liabilities on derivative financial instruments included in other comprehensive income/loss	-345	186
Change of deferred tax assets/liabilities on actuarial gains/losses from defined benefit pension plans included in other comprehensive income/loss	841	232
Other changes <sup>1</sup>	82	-73
Deferred tax assets, net as of December 31	2,610	1,868

1 The other changes primarily relate to effects from currency translation.

## D.24

### Tax expense in equity

	2020	2019
In millions of euros		
Income tax expense in the Consolidated Statement of Income	-2,330	-1,121
Income tax benefit recorded in other reserves	454	421
	-1,876	-700



## 10. Intangible assets

Intangible assets developed as shown in table [7 D.25](#).

At December 31, 2020, goodwill of €587 million (2019: €583 million) relates to the Daimler Trucks & Buses segment, goodwill of €438 million (2019: €433 million) relates to the Daimler Mobility segment and goodwill of €196 million (2019: €201 million) relates to the Mercedes-Benz Cars & Vans segment.

Non-amortizable intangible assets primarily relate to goodwill and development costs for projects which have not yet been

completed (carrying amount at December 31, 2020: €4,846 million; 2019: €5,634 million). In addition, other intangible assets with a carrying amount of €273 million (2019: €273 million) are not amortizable. These non-amortizable intangible assets are distribution rights in the vehicle segments with indefinite useful lives as well as trademarks in the Daimler Trucks & Buses segment with indefinite useful lives. The Group plans to continue to use these assets unchanged.

Table [7 D.26](#) shows the line items of the Consolidated Statement of Income in which total amortization expense for intangible assets is included.

### D.25

#### Intangible assets

	Goodwill (acquired)	Development costs (internally generated) <sup>2</sup>	Other intangible assets (acquired) <sup>3</sup>	Total
In millions of euros				
<b>Acquisition/manufacturing costs</b>				
<b>Balance at January 1, 2019</b>	1,356	18,451	4,884	24,691
Additions due to business combinations	117	–	66	183
Other additions	–	3,083	560	3,643
Reclassifications	–	–	–	–
Disposals	–	-1,386	-790	-2,176
Other changes <sup>1</sup>	20	6	45	71
<b>Balance at December 31, 2019</b>	1,493	20,154	4,765	26,412
Additions due to business combinations	43	–	–	43
Other additions	4	2,515	527	3,046
Reclassifications	–	–	–	–
Disposals	–	-989	-323	-1,312
Other changes <sup>1</sup>	-56	-14	-91	-161
<b>Balance at December 31, 2020</b>	1,484	21,666	4,878	28,028
<b>Depreciation/impairment</b>				
<b>Balance at January 1, 2019</b>	274	7,194	2,422	9,890
Additions	–	1,809	588	2,397
Reclassifications	–	–	–	–
Disposals	–	-1,379	-512	-1,891
Other changes <sup>1</sup>	2	5	31	38
<b>Balance at December 31, 2019</b>	276	7,629	2,529	10,434
Additions	–	1,925	639	2,564
Reclassifications	–	–	–	–
Disposals	–	-983	-288	-1,271
Other changes <sup>1</sup>	-13	-12	-73	-98
<b>Balance at December 31, 2020</b>	263	8,559	2,807	11,629
<b>Carrying amount at December 31, 2019</b>	1,217	12,525	2,236	15,978
<b>Carrying amount at December 31, 2020</b>	1,221	13,107	2,071	16,399

<sup>1</sup> Primarily changes from currency translation.

<sup>2</sup> Including capitalized borrowing costs on development costs of €43 million (2019: €31 million). Amortization amounted to €5 million (2019: €16 million).

<sup>3</sup> At December 31, 2020, after the impairment of software by approximately €0.1 billion at the Daimler Mobility segment.

## 11. Property, plant and equipment

Property, plant and equipment as shown in the Consolidated Statement of Financial Position with a carrying amount of €35,246 million (December 31, 2019: €37,143 million) also 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 2020, government grants of €17 million (2019: €52 million) were deducted from property, plant and equipment.

### D.26

#### Amortization expense for intangible assets in the Consolidated Statement of Income

	2020	2019
In millions of euros		
Cost of sales	2,368	2,258
Selling expenses	55	50
General administrative expenses	110	56
Research and non-capitalized development costs	31	32
Other operating expense	-	1
	<b>2,564</b>	<b>2,397</b>

### D.27

#### Property, plant and equipment (excluding right-of-use assets)

In millions of euros	Land, leasehold improvements and buildings including buildings on land owned by others	Technical equipment and machinery	Other equipment, factory and office equipment	Advance payments relating to plant and equipment and construction in progress	Total
<b>Acquisition/manufacturing costs</b>					
<b>Balance at January 1, 2019</b>	17,656	27,176	30,377	5,667	80,876
Additions due to business acquisitions	-	-	-	-	-
Other additions	626	1,096	1,992	3,517	7,231
Reclassifications	1,159	1,379	1,479	-3,999	18
Disposals	-124	-1,029	-881	-170	-2,204
Other changes <sup>1</sup>	-377	61	105	58	-153
<b>Balance at December 31, 2019</b>	18,940	28,683	33,072	5,073	85,768
Additions due to business acquisitions	15	37	-	5	57
Other additions	536	1,080	1,903	2,022	5,541
Reclassifications	781	1,160	855	-2,774	22
Disposals	-116	-1,875	-860	-252	-3,103
Other changes <sup>1</sup>	-188	-423	-697	-168	-1,476
<b>Balance at December 31, 2020</b>	<b>19,968</b>	<b>28,662</b>	<b>34,273</b>	<b>3,906</b>	<b>86,809</b>
<b>Depreciation/impairment</b>					
<b>Balance at January 1, 2019</b>	8,915	17,675	23,338	-	49,928
Additions	402	1,750	2,540	-	4,692
Reclassifications	-	-3	3	-	-
Disposals	-69	-902	-745	-	-1,716
Other changes <sup>1</sup>	-167	50	72	-	-45
<b>Balance at December 31, 2019</b>	9,081	18,570	25,208	-	52,859
Additions	458	1,885	2,838	9	5,190
Additions from impairment losses <sup>2</sup>	141	103	-	214	458
Reclassifications	-	-	-	-	-
Disposals	-64	-1,789	-762	-	-2,615
Other changes <sup>1</sup>	31	-181	-469	-	-619
<b>Balance at December 31, 2020</b>	<b>9,647</b>	<b>18,588</b>	<b>26,815</b>	<b>223</b>	<b>55,273</b>
<b>Carrying amount at December 31, 2019</b>	9,859	10,113	7,864	5,073	32,909
<b>Carrying amount at December 31, 2020</b>	<b>10,321</b>	<b>10,074</b>	<b>7,458</b>	<b>3,683</b>	<b>31,536</b>

1 Primarily changes from currency translation.

2 Comprises impairments in the amount of €0.5 billion connected with the adjustment and realignment of capacities within the global production network at the Mercedes-Benz Cars & Vans segment.

**D.28****Right-of-use assets**

In millions of euros	December 31,	
	2020	2019
Land, leasehold improvements and buildings	3,449	3,956
Technical equipment and machinery	193	187
Other equipment, factory and office equipment	68	91
	<b>3,710</b>	<b>4,234</b>

Table [D.28](#) shows the composition of the right-of-use assets.

The tables [D.29](#), [D.30](#) and [D.31](#) show additional disclosures related to lessee accounting.

Further information on lessee accounting is provided in [Notes 1, 24 and 33](#).

**D.29****Additions and depreciations for right-of-use assets**

In millions of euros		
	2020	2019
Additions to right-of-use assets	658	1,075
Depreciation for		
Land, leasehold improvements and buildings	669	621
Technical equipment and machinery	38	17
Other equipment, factory and office equipment	43	40
	<b>750</b>	<b>678</b>

**D.30****Expenses related to lessee accounting**

In millions of euros		
	2020	2019
Interest expense from lease transactions	88	98
Expenses from short-term leases	52	82
Expenses from leases of low-value assets	17	16
Expenses from variable lease payments	46	47

**D.31****Cash outflows related to lessee accounting**

In millions of euros		
	2020	2019
Total cash outflow for lease contracts	945	890
Future cash outflows that are not reflected in the lease liabilities	1,638	1,637

## 12. Equipment on operating leases

The development of equipment on operating leases is shown in table [D.32](#).

At December 31, 2020, equipment on operating leases with a carrying amount of €10,737 million was pledged as security for liabilities from ABS transactions related to a securitization transaction of future lease payments on leased vehicles (December 31, 2019: €10,874 million) (see also [Note 24](#)).

### Leasing payments

Non-cancelable future lease payments to Daimler for equipment on operating leases are due as presented in table [D.33](#).

### D.32

#### Equipment on operating leases

In millions of euros

<b>Acquisition/manufacturing costs</b>	
<b>Balance at January 1, 2019</b>	63,531
Additions due to business acquisitions	-
Other additions	26,759
Reclassifications	-
Disposals	-24,824
Other changes <sup>1</sup>	906
<b>Balance at December 31, 2019</b>	66,372
Additions due to business acquisitions	-
Other additions	21,998
Reclassifications	-
Disposals	-23,024
Other changes <sup>1</sup>	-2,742
<b>Balance at December 31, 2020</b>	62,604
<b>Depreciation/impairment</b>	
<b>Balance at January 1, 2019</b>	14,055
Additions <sup>2</sup>	9,047
Reclassifications	-
Disposals	-8,353
Other changes <sup>1</sup>	141
<b>Balance at December 31, 2019</b>	14,890
Additions <sup>2</sup>	9,181
Reclassifications	-
Disposals	-8,323
Other changes <sup>1</sup>	-696
<b>Balance at December 31, 2020</b>	15,052
<b>Carrying amount at December 31, 2019</b>	51,482
<b>Carrying amount at December 31, 2020</b>	47,552

<sup>1</sup> Primarily changes from currency translation.

<sup>2</sup> Includes impairments of €0.3 billion arising in 2020 primarily in connection with the corona crises (2019: €0.1 billion).

### D.33

#### Maturity of undiscounted lease payments for equipment on operating leases

	At December 31,	
	2020	2019
In millions of euros		
Mature		
Within one year	7,853	8,353
Between one and two years	6,083	6,529
Between two and three years	2,344	2,656
Between three and four years	840	931
Between four and five years	203	235
Later than five years	60	73
	<b>17,383</b>	18,777

### 13. Equity-method investments

Table 7 D.34 shows the carrying amounts and profits/losses from equity-method investments.

Table 7 D.35 presents key figures on interests in associated companies accounted for using the equity method in the Group's Consolidated Financial Statements.

Table 7 D.36 presents key figures on interests in joint ventures accounted for using the equity method in the Group's Consolidated Financial Statements.

#### D.34

##### Summarized carrying amounts and profits/losses from equity-method investments

	Associated companies	Joint ventures	Joint operations	Total
In millions of euros				
<b>At December 31, 2020</b>				
Equity investment <sup>1</sup>	3,757	1,419	13	5,189
Equity result <sup>1</sup>	1,073	-280	4	797
<b>At December 31, 2019</b>				
Equity investment <sup>1</sup>	4,349	1,582	18	5,949
Equity result <sup>1</sup>	1,240	-778	17	479

1 Including investor-level adjustments.

#### D.35

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

	BBAC	BAIC Motor <sup>3</sup>	THBV (HERE)	Others	Total
In millions of euros					
<b>At December 31, 2020</b>					
Equity interest (in %)	49.0	9.6	29.7		
Stock-market price <sup>1</sup>	-	231	-		
Equity investment <sup>2</sup>	2,431	331	361	634	3,757
Equity result <sup>2</sup>	1,335	-303	61	-20	1,073
Dividend payment to Daimler <sup>4</sup>	1,718	16	-		
<b>At December 31, 2019</b>					
Equity interest (in %)	49.0	9.6	29.7		
Stock-market price <sup>1</sup>	-	387	-		
Equity investment <sup>2</sup>	2,519	665	475	690	4,349
Equity result <sup>2</sup>	1,295	40	-114	19	1,240
Dividend payment to Daimler <sup>5</sup>	1,137	19	-		

1 Proportionate stock-market prices.

2 Including investor-level adjustments.

3 The proportionate share of earnings of BAIC Motor Corporation Ltd. (BAIC Motor) is included in Daimler's Consolidated Financial Statements with a three-month time lag.

4 The dividend from BBAC of €1,174 million for 2019 was paid out in the year 2020. The payment was €1,151 million. The dividend for 2020 of €544 million was also paid out in 2020. The payment was €546 million.

5 The dividend from BBAC of €1,137 million was paid out in the year 2019. The payment was €1,131 million.

**D.36****Key figures on interests in joint ventures accounted for using the equity method**

In millions of euros	YOUR NOW <sup>2</sup>	Others	Total
<b>At December 31, 2020</b>			
Equity interest (in %)	50.0		
Stock-market price	-		
Equity investment <sup>1</sup>	544	875	1,419
Equity result <sup>1</sup>	-317	37	-280
Dividend payment to Daimler	-		
<b>At December 31, 2019</b>			
Equity interest (in %)	50.0		
Stock-market price	-		
Equity investment <sup>1</sup>	866	716	1,582
Equity result <sup>1</sup>	-818	40	-778
Dividend payment to Daimler	-		

1 Including investor-level adjustments.

2 The proportionate share of earnings of YOUR NOW is included in Daimler's Consolidated Financial Statements with a one-month time lag. The figures for the equity result relate for 2020 to the period of December 1, 2019 to November 30, 2020 and for 2019 to the period of February 1, 2019 to November 30, 2019.

**BBAC**

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

In the second quarter of 2020, the shareholders of BBAC approved the payout of a dividend for the 2019 financial year. The amount of €1,174 million attributable to Daimler reduced the carrying amount of the investment accordingly. The dividend was paid in the third quarter of 2020 and led to a cash inflow of €1,151 million.

In the fourth quarter of 2020, the shareholders of BBAC approved the payout of a dividend for the 2020 financial year. The amount of €544 million attributable to Daimler reduced the carrying amount of the investment accordingly. The dividend was paid out in the fourth quarter of 2020 and led to a cash inflow of €546 million.

In the year 2020, BBAC carried out capital increases which increased the carrying amount of the investment by €361 million. Daimler plans to contribute additional equity of in total €0.1 billion in accordance with its shareholding ratio in the years 2021 and 2022.

**BAIC Motor**

BAIC Motor Corporation Ltd. (BAIC Motor) is the passenger car division of BAIC Group, one of the leading automotive companies in China. Directly or via subsidiaries, BAIC Motor is engaged in the business of researching, developing, manufacturing, selling, marketing and servicing automotive vehicles and related parts and components and all related services. Due to Daimler's representation on the board of directors of BAIC Motor and other contractual arrangements, Daimler classifies this investment as an investment in an associate, to be accounted for using the equity method; in the segment reporting, the investment's carrying amount and its proportionate share of profit or loss are presented in the reconciliation of total segment's assets to Group assets and total segments' EBIT to Group EBIT, respectively.

In the first quarter of 2020, due to a reassessment of the business development in light of the covid-19 pandemic, the Group recognized an impairment loss of €150 million with respect to its investment in BAIC Motor. In the third quarter of 2020, an additional impairment loss of €180 million was recognized. The losses are included in the line item profit/loss on equity-method investments, net.

**THBV (HERE)**

There Holding B.V. (THBV) holds an interest in HERE International B.V. (HERE). HERE is one of the biggest manufacturers of digital roadmaps for navigation systems worldwide. Future expected high-resolution maps will be one of the fundamentals for future autonomous driving. THBV is accounted for in the Consolidated Financial Statements of Daimler AG as an associated company using the equity method, and is allocated to the Mercedes-Benz Cars & Vans segment.

In December 2019, THBV and HERE and other companies signed an agreement on the basis of which 30% of the shares in HERE are to be sold to a joint venture between Mitsubishi Corporation and Nippon Telegraph and Telephone Corporation. The transaction was completed on May 29, 2020 after receiving the approval of the relevant authorities and led to a gain at THBV. The amount of €105 million attributable to Daimler is included in the line item profit/loss on equity-method investments, net.

In the year 2020, THBV implemented capital measures which reduced the carrying amount of the investment by €177 million.

Table [7 D.37](#) shows summarized IFRS financial information after purchase price allocation for the significant associated companies, which was the basis for equity-method accounting in the Group's Consolidated Financial Statements.

**D.37****Summarized IFRS financial information on significant associated companies accounted for using the equity method**

	2020	BBAC <sup>1</sup> 2019	2020	BAIC Motor <sup>2</sup> 2019	2020	THBV <sup>3</sup> (HERE) 2019
In millions of euros						
<b>Information on the statement of income</b>						
Revenue	21,774	20,177	22,681	22,900	-	-
Profit/loss from continuing operations after taxes	2,900	2,702	1,685	1,739	206	-383
Profit/loss from discontinued operations after taxes	-	-	-	-	-	-
Other comprehensive income/loss	3	-7	-32	-134	10	1
Total comprehensive income/loss	2,903	2,695	1,653	1,605	216	-382
<b>Information on the statement of financial position and reconciliation to equity-method carrying amounts</b>						
Non-current assets	6,434	6,272	14,550	14,008	1,190	1,131
Current assets	8,562	8,874	11,762	13,733	24	467
Non-current liabilities	1,010	1,008	2,566	3,194	-	-
Current liabilities	8,585	8,716	13,047	13,859	-	1
Equity (including non-controlling interests)	5,401	5,422	10,699	10,688	1,214	1,597
Equity (excluding non-controlling interests) attributable to the Group	2,647	2,657	745	756	361	475
Unrealized profit (-)/loss (+) on sales to/purchases from	-215	-137	-17	-12	-	-
Other reconciling items including equity-method goodwill and impairments on the investment	-1	-1	-397	-79	-	-
Carrying amount of equity-method investment	2,431	2,519	331	665	361	475

## 1 BBAC:

Figures for the statement of income relate to the period of January 1 to December 31.

Figures for the statement of financial position and the reconciliation to equity-method carrying amounts relate to the balance sheet date December 31.

## 2 BAIC Motor:

Daimler recognizes its proportionate share of profits or losses of BAIC Motor Corporation Ltd. (BAIC Motor) with a three-month time lag.

Figures for the statement of income relate to the period of October 1 to September 30.

Figures for the statement of financial position and the reconciliation to equity-method carrying amounts relate to the balance sheet date of September 30.

## 3 THBV:

Figures for the statement of income relate to the period of January 1 to December 31.

Figures for the statement of financial position and the reconciliation to equity-method carrying amounts relate to the balance sheet date December 31.

**YOUR NOW**

In March 2018, Daimler Group and BMW Group signed an agreement for the merger of their business units for mobility services, with the goal of offering customers a comprehensive mobility ecosystem that is intelligent, seamlessly connected and available at the touch of a fingertip.

After being approved by the antitrust authorities in December 2018, the transaction was completed on January 31, 2019. The existing services for on-demand mobility in the fields of car sharing, ride hailing, parking, charging and the multimodal mobility platform were combined in five joint ventures, (REACH NOW (platform for on-demand mobility and multimodality), CHARGE NOW (charging), FREE NOW (ride hailing), PARK NOW (parking) and SHARE NOW (car sharing)), which are equally held by Daimler Group and BMW Group.

At the end of the year 2019, the joint ventures were merged by way of contribution to YOUR NOW Holding GmbH (YOUR NOW), whose shares are also equally held by Daimler Group and BMW Group. The contribution had no effect on earnings. YOUR NOW is allocated to the Daimler Mobility segment.

In 2020, the profit/loss on equity-method investments, net of YOUR NOW includes an impairment loss of €92 million resulting from the adjustments of earnings forecasts and the realignment of the YOUR NOW group. In the year 2019, the profit/loss on equity-method investments, net also included an impairment loss of €261 million, mainly resulting from the adjustment of earnings forecasts for individual mobility services.

Table [7 D.38](#) shows summarized IFRS financial information after purchase price allocation for the significant joint ventures which were the basis for equity-method accounting in the Group's Consolidated Financial Statements.

**D.38****Summarized IFRS financial information on significant joint ventures accounted for using the equity method**

	2020	YOUR NOW <sup>1</sup> 2019
In millions of euros		
<b>Information on the statement of income</b>		
Revenue	333	459
Depreciation and amortization	-114	-99
Interest income	-	-
Interest expense	-6	-9
Income taxes	-1	9
Profit/loss from continuing operations after taxes	-546	-597
Profit/loss from discontinued operations after taxes	-91	-19
Other comprehensive income/loss	-	13
Total comprehensive income/loss	-637	-603
<b>Information on the statement of financial position and reconciliation to equity-method carrying amounts</b>		
Non-current assets	651	1,002
Current assets	1,004	1,249
thereof cash and cash equivalents	373	892
Non-current liabilities	149	418
thereof non-current financial liabilities	2	259
Current liabilities	395	457
thereof current financial liabilities	12	3
Equity (including non-controlling interests)	1,111	1,376
Equity (excluding non-controlling interests) attributable to the Group	556	680
Unrealized profit (-)/loss (+) on sales to/purchases from	-	-
Other reconciling items including equity-method goodwill and impairments on the investment	-12	186
Carrying amount of equity-method investment	544	866

<sup>1</sup> Daimler recognizes its proportionate share of profits or losses of the YOUR NOW joint ventures with a one-month time lag.

Figures for the statement of income for 2020 relate to the period of December 1, 2019 to November 30, 2020 and the figures for 2019 relate to the period of February 1, 2019 to November 30, 2019.

Figures for the statement of financial position and the reconciliation to equity-method carrying amounts relate to the balance sheet date of November 30.

The figures for the year 2019 have been adjusted due to the application of IFRS 5.

**D.39****Summarized aggregated financial information on minor equity-method investments**

	Associated companies		Joint ventures	
	2020	2019	2020	2019
In millions of euros				
Summarized aggregated financial information (pro rata)				
Profit/loss from continuing operations after taxes	-11	-29	86	-90
Profit/loss from discontinued operations after taxes	-	-	-	-
Other comprehensive income/loss	10	-13	-	-
Total comprehensive income/loss	-1	-42	86	-90

**Other joint ventures accounted for using the equity-method**

In December 2019, Mercedes-Benz AG and Zhejiang Geely Holding Group founded the joint venture smart Automobile Co., Ltd. (smart). In the first quarter of 2020, each company contributed CNY 2.7 billion to the equity of the joint venture. The share of Mercedes-Benz AG essentially consisted of the contribution of the smart brand, leading to a positive effect on earnings in the amount of €154 million in the first quarter of 2020, recognized in other operating income. The smart joint venture is allocated to the Mercedes-Benz Cars & Vans segment.

Table [7 D.39](#) shows summarized aggregated financial information for the other minor equity-method investments after purchase price allocation and on a pro rata basis.

Further information on equity-method investments is provided in [Note 37](#).



## 14. Receivables from financial services

Table [7 D.40](#) 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 vehicle either from a dealer or directly from Daimler.

Receivables from sales financing with dealers represent loans for floor financing programs for vehicles sold by the Group's automotive businesses to dealers or loans for assets purchased by dealers from third parties, primarily, used vehicles traded in by dealers' customers or real estate such as dealers' showrooms.

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

All cash flow effects attributable to receivables from financial services are presented within cash provided by/used for operating activities in the Consolidated Statement of Cash Flows.

Table [7 D.41](#) shows the maturities of the future contractual lease payments and the development of lease payments to the carrying amounts of receivables from finance lease contracts.

In 2020, Daimler recognized a gain of €357 million (2019: €343 million) as the difference between the additions to receivables from finance lease contracts and the carrying amounts of the underlying assets (especially in connection with the delivery of vehicles to consolidated companies).

### Loss allowances

The development of loss allowances for receivables from financial services due to expected credit losses is shown in table [7 D.42](#).

At December 31, 2020, €0.4 billion of the loss allowances relates to the increase in the allowance for credit losses recognized at the Daimler Mobility segment through profit and loss as a result of the economic development in connection with the covid-19 pandemic. In addition, the calculation of the allowance for credit losses considers, among other things, that customers' current financial solvency is positively affected by offered national programs and programs of Daimler Mobility.

The carrying amounts of receivables from financial services based on modified contracts that are shown in stages 2 and 3, amounted to €2,440 million at December 31, 2020 (December 31, 2019: €387 million). In addition, carrying amounts of €473 million (December 31, 2019: €314 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 [7 D.43](#).

Longer overdue periods regularly lead to higher allowances.

At the beginning of the contracts, collaterals of usually at least 100% of the carrying amounts were agreed, which are backed by the vehicles based on the underlying contracts. Over the contract terms, the amounts of the collaterals are included in the calculation of the risk provisioning, so the 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 33](#).

At December 31, 2020, receivables from financial services with a carrying amount of €11,463 million (December 31, 2019: €8,941 million) were pledged mostly as collateral for liabilities from ABS transactions (see also [Note 24](#)).

## D.40

### Receivables from financial services

	At December 31, 2020			At December 31, 2019		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Sales financing with customers	18,013	32,387	50,400	18,963	30,627	49,590
Sales financing with dealers	13,701	3,171	16,872	21,016	3,573	24,589
Finance lease contracts	11,446	19,065	30,511	11,461	19,329	30,790
Gross carrying amount	43,160	54,623	97,783	51,440	53,529	104,969
Loss allowances	-684	-914	-1,598	-659	-649	-1,308
Net carrying amount	42,476	53,709	96,185	50,781	52,880	103,661

**D.41****Development of the finance lease contracts**

	At December 31,	
	2020	2019
In millions of euros		
Contractual future lease payments	29,502	30,807
thereof due		
within one year	11,300	12,021
between one and two years	8,178	9,115
between two and three years	5,694	5,197
between three and four years	2,711	2,941
between four and five years	1,261	1,117
later than five years	358	416
Unguaranteed residual values	3,996	3,049
Gross investment	33,498	33,856
Unearned finance income	-2,987	-3,066
Gross carrying amount	30,511	30,790
Loss allowances	-569	-456
Net carrying amount	29,942	30,334

**D.42****Development of loss allowances for receivables from financial services due to expected credit losses**

	12-month expected credit loss		Lifetime expected credit loss		Total
	(Stage 1)	(Stage 2)	not credit impaired (Stage 2)	credit impaired (Stage 3)	
In millions of euros					
<b>Balance at January 1, 2019</b>	389	195	502		1,086
Additions	204	60	228		492
Change in remeasurement	11	81	241		333
Utilization	-4	-19	-136		-159
Reversals	-179	-72	-199		-450
Change in models/risk parameters	-	-	-		-
Transfer to stage 1	72	-51	-21		-
Transfer to stage 2	-28	57	-29		-
Transfer to stage 3	-6	-35	41		-
Currency translation and other changes	3	3	-		6
<b>Balance at December 31, 2019</b>	462	219	627		1,308
Additions	200	70	277		547
Change in remeasurement	14	144	472		630
Utilization	-28	-23	-171		-222
Reversals	-217	-70	-285		-572
Change in models/risk parameters	-	-	-		-
Transfer to stage 1	101	-85	-16		-
Transfer to stage 2	-49	62	-13		-
Transfer to stage 3	-5	-48	53		-
Currency translation and other changes	-25	-15	-53		-93
<b>Balance at December 31, 2020</b>	453	254	891		1,598

**D.43****Credit risks included in receivables from financial services**

	12-month expected credit loss	Lifetime expected credit loss		Total
	(Stage 1)	not credit impaired (Stage 2)	credit impaired (Stage 3)	
In millions of euros				
<b>At December 31, 2020</b>				
<b>Gross carrying amount</b>	<b>90,399</b>	<b>5,308</b>	<b>2,076</b>	<b>97,783</b>
thereof				
not past due	89,742	3,853	469	94,064
past due 30 days and less	641	696	97	1,434
past due 31 to 60 days	16	557	129	702
past due 61 to 90 days	-	202	134	336
past due 91 to 180 days	-	-	472	472
past due more than 180 days	-	-	775	775
<b>At December 31, 2019</b>				
<b>Gross carrying amount</b>	<b>97,557</b>	<b>5,558</b>	<b>1,854</b>	<b>104,969</b>
thereof				
not past due	96,624	3,902	346	100,872
past due 30 days and less	930	799	117	1,846
past due 31 to 60 days	2	639	104	745
past due 61 to 90 days	1	216	71	288
past due 91 to 180 days	-	2	561	563
past due more than 180 days	-	-	655	655

## 15. Marketable debt securities and similar investments

The marketable debt securities and similar investments with a carrying amount of €6,397 million (2019: €8,655 million) are part of the Group's liquidity management and comprise financial instruments recognized at fair value through other comprehensive income, fair value through profit and loss or recognized at amortized cost.

When a short-term liquidity requirement is covered with quoted securities, those securities are presented as current assets.

In 2020 asset-backed securities (ABS) with a refinancing volume of €2.4 billion were issued in Germany. Mercedes-Benz Bank AG itself acquired €1.1 billion of these securities. These securities can be used as collateral for open market transactions with the Deutsche Bundesbank. The collateral amounted to €0.8 billion at December 31, 2020.

Further information on marketable debt securities and similar investments is provided in [Note 32](#).

## 16. Other financial assets

The line item other financial assets presented in the Consolidated Statement of Financial Position is comprised as shown in table [D.44](#).

Other financial assets recognized at fair value through profit or loss relate exclusively to derivative financial instruments which are not used in hedge accounting.

At December 31, 2020, receivables with a carrying amount of €529 million (2019: €464 million) were pledged as collateral for liabilities (see also [Note 24](#)).

Further information on other financial assets is provided in [Note 32](#).

## 17. Other assets

Non-financial other assets are comprised as shown in table [D.45](#).

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

### D.44

#### Other financial assets

	At December 31, 2020			At December 31, 2019		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Equity instruments and debt instruments	-	1,311	1,311	-	860	860
recognized at fair value through other comprehensive income	-	942	942	-	482	482
recognized at fair value through profit or loss	-	369	369	-	378	378
Derivative financial instruments used in hedge accounting	423	1,722	2,145	185	1,006	1,191
Other financial assets recognized at fair value through profit or loss	47	27	74	7	20	27
Other receivables and miscellaneous other financial assets	2,287	1,107	3,394	2,544	1,461	4,005
	<b>2,757</b>	<b>4,167</b>	<b>6,924</b>	<b>2,736</b>	<b>3,347</b>	<b>6,083</b>

### D.45

#### Other assets

	At December 31, 2020			At December 31, 2019		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Reimbursements due to income tax refunds	527	234	761	618	380	998
Reimbursements due to other tax refunds	2,545	79	2,624	3,097	261	3,358
Other expected reimbursements	198	179	377	232	225	457
Prepaid expenses	670	91	761	682	69	751
Others	594	328	922	797	351	1,148
	<b>4,534</b>	<b>911</b>	<b>5,445</b>	<b>5,426</b>	<b>1,286</b>	<b>6,712</b>

**D.46****Inventories**

In millions of euros	At December 31,	
	2020	2019
Raw materials and manufacturing supplies	3,010	3,321
Work in progress	3,629	4,290
Finished goods, parts and products held for resale	19,675	21,922
Advance payments to suppliers	130	224
	26,444	29,757

**D.47****Trade receivables**

In millions of euros	At December 31,	
	2020	2019
Gross carrying amount	10,873	12,575
Loss allowances	-224	-243
Net carrying amount	10,649	12,332

**18. Inventories**

Inventories are comprised as shown in table [7 D.46](#).

The amount of write-down of inventories to net realizable value recognized as an expense in cost of sales was €393 million in 2020 (2019: €413 million). Inventories that are expected to be recovered or settled after more than twelve months amounted to €977 million at December 31, 2020 (December 31, 2019: €1,159 million) and are primarily spare parts.

As collateral for certain vested employee benefits in Germany, the value of company cars and demonstration cars of the Mercedes-Benz Cars & Vans segment included in inventories is pledged as collateral to the Daimler Pension Trust e.V. in an amount of €909 million at December 31, 2020 (December 31, 2019: €1,083 million).

In addition, inventories with a carrying amount of €275 million at December 31, 2020 (December 31, 2019: €302 million) were pledged as collateral for liabilities from ABS transactions (see also [👁 Note 24](#)).

**19. Trade receivables**

Trade receivables are comprised as shown in table [7 D.47](#).

At December 31, 2020, €35 million of the trade receivables mature after more than one year (December 31, 2019: €47 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 [7 D.48](#).

**Credit risks**

Information on credit risks included in trade receivables is shown in table [7 D.49](#).

Further information on financial risk and types of risk is provided in [👁 Note 33](#).

**D.48****Development of loss allowances for trade receivables due to expected credit losses**

In millions of euros	Lifetime expected credit loss		Total
	not credit impaired (Stage 2)	credit impaired (Stage 3)	
<b>Balance at January 1, 2019</b>	125	115	240
Additions	38	106	144
Change in remeasurement	1	6	7
Utilization	-12	-35	-47
Reversals	-39	-60	-99
Change in models/risk parameters	-	-	-
Transfer to stage 2	-13	13	-
Transfer to stage 3	-1	1	-
Currency translation and other changes	-1	-1	-2
<b>Balance at December 31, 2019</b>	98	145	243
Additions	26	86	112
Change in remeasurement	8	2	10
Utilization	-9	-38	-47
Reversals	-18	-58	-76
Change in models/risk parameters	-	-	-
Transfer to stage 2	1	-1	-
Transfer to stage 3	-1	1	-
Currency translation and other changes	-4	-14	-18
<b>Balance at December 31, 2020</b>	101	123	224

**D.49****Credit risks included in trade receivables**

In millions of euros	Lifetime expected credit loss		Total
	not credit impaired (Stage 2)	credit impaired (Stage 3)	
<b>At December 31, 2020</b>			
<b>Gross carrying amount</b>	10,589	284	10,873
thereof			
not past due	8,755	93	8,848
past due 30 days and less	976	9	985
past due 31 to 60 days	198	4	202
past due 61 to 90 days	111	1	112
past due 91 to 180 days	170	42	212
past due more than 180 days	379	135	514
<b>At December 31, 2019</b>			
<b>Gross carrying amount</b>	12,177	398	12,575
thereof			
not past due	10,058	192	10,250
past due 30 days and less	1,407	13	1,420
past due 31 to 60 days	207	4	211
past due 61 to 90 days	99	2	101
past due 91 to 180 days	168	39	207
past due more than 180 days	238	148	386

## 20. Equity

See also the Consolidated Statement of Changes in Equity  
[➔ D.05.](#)

### Share capital

The share capital (authorized capital) is divided into no-par-value shares. All shares are fully paid up. Each share confers the right to one vote at the Annual Shareholders' Meeting of Daimler AG and, if applicable, with the exception of any new shares potentially not entitled to dividends, to an equal portion of the profits as defined by the dividend distribution decided upon at the Annual Shareholders' Meeting. Each share represents a proportionate amount of approximately €2.87 of the share capital.

Since January 1, 2019, there has been no change in the number of shares outstanding/issued. The number at December 31, 2020 is 1,070 million, unchanged from December 31, 2019.

### Approved capital

The Annual Shareholders' Meeting held on April 5, 2018 authorized the Board of Management, with the consent of the Supervisory Board, to increase the share capital of Daimler AG in the period until April 4, 2023 by a total of €1.0 billion in one lump sum or by separate partial amounts at different times by issuing new, registered no-par-value shares in exchange for cash and/or non-cash contributions (Approved Capital 2018). The new shares are generally to be offered to the shareholders for subscription (also by way of indirect subscription pursuant to Section 186 Subsection 5 Sentence 1 of the German Stock Corporation Act (AktG)). Among other things, the Board of Management was authorized with the consent of the Supervisory Board to exclude shareholders' subscription rights under certain conditions and within defined limits.

Approved Capital 2018 has not yet been utilized.

### Conditional capital

The authorization granted by Annual Shareholders' Meeting on April 1, 2015, to issue convertible and/or warrant bonds was limited until March 31, 2020. This authorization was not exercised. The corresponding Conditional Capital 2015 was cancelled by resolution of the Annual Shareholders' Meeting on July 8, 2020.

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

Management is authorized with the consent of the Supervisory Board to exclude shareholders' subscription rights for the bonds under certain conditions and within defined constraints.

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

The new authorization to issue convertible and/or warrant bonds was not utilized in the reporting period.

### Treasury shares

The authorization granted by Annual Shareholders' Meeting on April 1, 2015 to acquire and use treasury shares expired on March 31, 2020 without being utilized.

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

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

The authorization to acquire treasury shares was not utilized in the reporting period.

### Employee share purchase plan

In the first quarter of 2020, as in the previous year pursuant to Section 71 Subsection 1 No. 2, of the German Stock Corporation Act (AktG) without utilizing the authorization to acquire treasury shares granted by the Annual Shareholders' Meeting on April 1, 2015, 1.1 million Daimler shares representing €3.0 million or 0.10% of the share capital were purchased for a price of €30 million and reissued to employees (2019: 0.8 million Daimler shares representing €2.4 million or 0.08% of the share capital were purchased for a price of €42 million).

### Capital reserves

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

### Retained earnings

Retained earnings comprise the accumulated net profits and losses of all companies included in Daimler's Consolidated Financial Statements, less any profits distributed. In addition, the effects of remeasuring defined benefit plans as well as the related deferred taxes are presented within retained earnings.

### Dividend

Under the German Stock Corporation Act (AktG), the dividend is paid out of the distributable profit reported in the annual financial statements of Daimler AG (parent company only) in accordance with the German Commercial Code (HGB). For the year ended December 31, 2020, the Daimler management will propose to the shareholders at the Annual Shareholders' Meeting to pay out €1,444 million of the distributable profit of Daimler AG as a dividend to the shareholders, equivalent to €1.35 per no-par-value share entitled to a dividend (2019: €963 million and €0.90 per no-par-value share entitled to a dividend respectively).

### Other reserves

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

Table [7 D.02](#) shows the details of changes in other reserves in other comprehensive income/loss.

## 21. Share-based payment

At December 31, 2020, the Group has the 2017-2020 Performance Phantom Share Plans (PPSP) outstanding. The PPSP are cash-settled share-based payment instruments and are measured at their respective fair values at the balance sheet date. The PPSP are paid out at the end of the stipulated holding period; earlier, pro-rated payout is possible in the case of beneficiaries leaving the Group only if certain defined conditions are met. PPSP 2016 was paid out as planned in the first quarter of 2020.

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

The pre-tax effects of share-based payment arrangements for the executives of the Group and the members of the Board of Management of Daimler AG on the Consolidated Statement of Income and Consolidated Statement of Financial Position are shown in table [7 D.50](#).

Table [7 D.51](#) shows expenses in the Consolidated Statement of Income resulting from the rights of current members of the Board of Management.

The details shown in table [7 D.51](#) do not represent any paid or committed remuneration, but refer to expenses calculated according to IFRS. Details of the remuneration of the members of the Board of Management in 2020 can be found in the Remuneration Report. [Combined Management Report with Non-Financial Statement](#)

### D.50

#### Effects of share-based payment

	2020	Expense 2019	Provision	
			At December 31, 2020	2019
In millions of euros				
PPSP	-107	-70	189	124
Medium-term component of annual bonus of the members of the Board of Management	-6	-1	7	3
	-113	-71	196	127



**D.51****Expenses in the Consolidated Statement of Income resulting from share-based payments of current members of the Board of Management**

	Ola Källenius		Martin Daum		Renata Jungo Brünnger	
	2020	2019	2020	2019	2020	2019
In millions of euros						
PPSP	-1.5	-1.0	-0.9	-0.6	-0.9	-0.8
Medium-term component of the annual bonus	-1.3	-0.1	-0.6	-0.1	-0.6	-0.1

	Wilfried Porth		Markus Schäfer <sup>1</sup>		Britta Seeger	
	2020	2019	2020	2019	2020	2019
In millions of euros						
PPSP	-0.9	-0.8	-0.7	-0.4	-0.9	-0.6
Medium-term component of the annual bonus	-0.6	-0.1	-0.6	-0.1	-0.6	-0.1

	Hubertus Troska		Harald Wilhelm <sup>2</sup>		Dr. Dieter Zetsche <sup>3</sup>	
	2020	2019	2020	2019	2020	2019
In millions of euros						
PPSP	-0.9	-0.8	-0.6	-0.2	-	-4.4
Medium-term component of the annual bonus	-0.6	-0.1	-0.6	-0.1	-	-0.1

	Bodo Uebber <sup>3</sup>	
	2020	2019
In millions of euros		
PPSP	-	-2.1
Medium-term component of the annual bonus	-	-

1 Appointed to the Board of Management as of May 22, 2019.

2 Appointed to the Board of Management as of April 1, 2019.

3 Appointment to the Board of Management ended on May 22, 2019, service contract benefits continued until the respective service contract expired on December 31, 2019. Expense in 2019 also includes the complete vesting of rights granted from 2017 to 2019.

**Performance Phantom Share Plans**

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

The number of phantom shares that vest of the PPSPs granted in 2015 to 2020 is based on the relative share performance, which measures the development of the price of a share-price index based on a competitor group including Daimler, and the return on sales (RoS) compared with the average RoS of a competitor group. In addition, beginning with plan PPSP 2018, the average RoS of the competitor group is revenue-weighted.

Special rules apply for the members of the Board of Management: Daimler's RoS must be not equal to but higher than that of the competitors in order to achieve the same target achievement as the other plan participants. For the PPSP granted in 2015 to 2020, an additional limit on target achievement was agreed upon for the reference parameter RoS for the members of the Board of Management. In the case of target achievement between 195% and 200%, an additional comparison is made on the basis of the RoS achieved in absolute terms. If the actual RoS for the automotive business is below the strategic target (currently 9%) in the third year of the performance period, target achievement is limited to 195%.

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

## 22. Pensions and similar obligations

Table 7 **D.52** shows the composition of provisions for pension benefit plans and similar obligations.

At the Daimler Group, defined benefit pension obligations exist as well as, to a smaller extent, defined contribution pension obligations, specific to the various countries. In addition, healthcare benefit obligations are recognized outside Germany.

### Defined benefit pension plans

Provisions for pension obligations are made for defined commitments to active and former employees of the Daimler Group and their survivors. The defined benefit pension plans provided by Daimler 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 Group's main German and non-German 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 Company 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 Company guarantees at a minimum the value of the contributions paid into a cash-balance plan. Pension payments are made either as a life annuity, twelve annual 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 earnings-conversion models.

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

### D.52

#### Composition of provisions for pensions and similar obligations

	At December 31,	
	2020	2019
In millions of euros		
Provision for pension benefits	11,047	8,518
Provision for other post-employment benefits	1,023	1,210
	12,070	9,728

In 2018, Daimler AG transferred certain defined benefit obligations and plan assets of retired employees to Daimler Pensionsfonds AG (pension fund). These benefits will be administered by that non-insurance-like pension fund, which falls under the scope of the Act on the Supervision of Insurance Undertakings and is therefore subject to the oversight of the Federal Financial Supervisory Agency (BaFin). Insofar as in the future, BaFin rules that a deficit has occurred in the pension fund, a supplementary contribution will be required from Daimler AG.

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

#### Non-German pension plans and pension plan assets

Significant plans exist primarily in the United States and Japan. They comprise plans relating to final salaries as well as plans relating to 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 with Group-wide validity. Accordingly, the committed benefits are intended to contribute to additional financial security during retirement, and in the case of death or invalidity to be capable of being planned and fulfilled by the respective company of the Group and to have a low-risk structure. In addition, a committee exists that approves new pension plans and amendments to existing pension plans as well as 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 Group in particular from changes in financial assumptions such as discount rates and increases in the cost of living, but also from changes in demographic assumptions such as adjusted life expectancies. With most of the German plans, expected long-term wage and salary increases do not have an impact on the amount of the obligation.

The fair value of 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 additional contributions to the plan assets in order to cover future obligations from defined benefit pension plans.

As a general principle, it is the 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.53](#).

### D.53

#### Present value of defined benefit pension obligations and fair value of plan assets

	At December 31, 2020			At December 31, 2019		
	Total	German Plans	Non-German Plans	Total	German Plans	Non-German Plans
In millions of euros						
<b>Present value of the defined benefit obligation at January 1</b>	<b>36,195</b>	<b>31,770</b>	<b>4,425</b>	31,645	27,852	3,793
Current service cost	795	686	109	714	609	105
Interest cost	444	309	135	636	479	157
Contributions by plan participants	30	25	5	52	46	6
Actuarial gains (-)/losses from changes in demographic assumptions	-50	10	-60	11	1	10
Actuarial gains (-)/losses from changes in financial assumptions	3,830	3,494	336	4,214	3,682	532
Actuarial gains (-)/losses from experience adjustments	4	-1	5	-32	-52	20
Actuarial gains (-)/losses	3,784	3,503	281	4,193	3,631	562
Past service cost, curtailments and settlements	-104	-	-104	-118	-	-118
Pension benefits paid	-1,023	-821	-202	-972	-782	-190
Currency exchange-rate changes and other changes	-275	12	-287	45	-65	110
<b>Present value of the defined benefit obligation at December 31</b>	<b>39,846</b>	<b>35,484</b>	<b>4,362</b>	36,195	31,770	4,425
<b>Fair value of plan assets at January 1</b>	<b>27,760</b>	<b>24,454</b>	<b>3,306</b>	25,462	22,532	2,930
Interest income from plan assets	328	233	95	502	387	115
Actuarial gains/losses (-)	1,148	800	348	1,936	1,584	352
Actual result on plan assets	1,476	1,033	443	2,438	1,971	467
Contributions by the employer	788	663	125	663	582	81
Contributions by plan participants	30	25	5	51	46	5
Settlements	-	-	-	-105	-	-105
Pension benefits paid	-964	-786	-178	-911	-745	-166
Currency exchange-rate changes and other changes	-220	11	-231	162	68	94
<b>Fair value of plan assets at December 31</b>	<b>28,870</b>	<b>25,400</b>	<b>3,470</b>	27,760	24,454	3,306
<b>Funded status</b>	<b>-10,976</b>	<b>-10,084</b>	<b>-892</b>	-8,435	-7,316	-1,119
actuarial loss due to asset ceiling	-3	-	-3	-	-	-
<b>Net defined benefit liability</b>	<b>-10,979</b>	<b>-10,084</b>	<b>-895</b>	-8,435	-7,316	-1,119
thereof recognized in other assets	68	-	68	83	-	83
thereof recognized in provisions for pensions and similar obligations	-11,047	-10,084	-963	-8,518	-7,316	-1,202

### 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 Group's pension plan assets is shown in table 7 D.54.

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

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

### Pension cost

The components of pension cost included in the Consolidated Statement of Income are shown in table 7 D.55. The gain shown in 2020 in the line past service cost results mainly from the freeze of the defined benefit pension plan in the United States (€105 million). It has been replaced with a defined contribution pension plan. The gain is presented under functional costs in the Mercedes-Benz Cars & Vans segment.

## D.54

### Composition of plan assets

	At December 31, 2020			At December 31, 2019		
	Total	German Plans	Non-German Plans	Total	German Plans	Non-German Plans
In millions of euros						
Equities <sup>1</sup>	8,170	7,092	1,078	7,399	6,379	1,020
Government bonds	4,738	3,991	747	5,797	4,895	902
Corporate bonds	11,940	10,759	1,181	11,305	10,355	950
Securitized bonds	70	61	9	59	43	16
Bonds	16,748	14,811	1,937	17,161	15,293	1,868
Other exchange-traded instruments	10	3	7	1	-	1
<b>Exchange-traded instruments</b>	<b>24,928</b>	<b>21,906</b>	<b>3,022</b>	<b>24,561</b>	<b>21,672</b>	<b>2,889</b>
Alternative investments <sup>2</sup>	376	216	160	424	254	170
Real estate	482	381	101	488	380	108
Other non-exchange-traded instruments	837	764	73	566	510	56
Cash and cash equivalents	2,247	2,133	114	1,721	1,638	83
<b>Non-exchange-traded instruments</b>	<b>3,942</b>	<b>3,494</b>	<b>448</b>	<b>3,199</b>	<b>2,782</b>	<b>417</b>
<b>Fair value of plan assets</b>	<b>28,870</b>	<b>25,400</b>	<b>3,470</b>	<b>27,760</b>	<b>24,454</b>	<b>3,306</b>

1 Including the shares in Renault and Nissan in the amount of €983 (in 2019: €1,188) million.

2 Alternative investments mainly comprise private equity.

## D.55

### Pension cost

	2020			2019		
	Total	German Plans	Non-German Plans	Total	German Plans	Non-German Plans
In millions of euros						
Current service cost	-795	-686	-109	-714	-609	-105
Past service cost, curtailments and settlements	104	-	104	13	-	13
Net interest expense	-118	-76	-42	-138	-92	-46
Net interest income	2	-	2	4	-	4
	<b>-807</b>	<b>-762</b>	<b>-45</b>	<b>-835</b>	<b>-701</b>	<b>-134</b>

### Measurement assumptions

The measurement date for the Group's defined benefit pension obligations and plan assets is generally December 31. The measurement date for the 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 uses life expectancy for the German plans based on the 2018 G Heubeck-mortality tables. Comparable country-specific calculation methods are used for non-German plans.

Table [7 D.56](#) shows the significant weighted average measurement factors used to calculate pension benefit obligations.

### Sensitivity analysis

An increase or decrease in the main actuarial assumptions would affect the present value of the defined benefit pension obligations as shown in table [7 D.57](#).

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

For the calculation of the sensitivity of life expectancy, by means of fixed (non-age-dependent) factors for a reference person, a life expectancy one year higher or one year lower is arrived at.

### Effect on future cash flows

Daimler currently plans to make contributions of €0.8 billion to its pension plans for the year 2021; the final amount is usually set in the fourth quarter of a financial year. In addition, the Group expects to make pension benefit payments of €1.1 billion in 2021.

The weighted average duration of the defined benefit obligations is shown in table [7 D.58](#).

### Defined contribution pension plans

Under defined contribution pension plans, Daimler makes defined contributions to external insurance policies or investment funds. There are fundamentally no further contractual obligations or risks for Daimler in excess of the defined contributions. The Group also pays contributions to governmental pension schemes. In 2020, the total cost from defined contribution plans amounted to €1.6 billion (2019: €1.6 billion). Of those payments, €1.5 billion (2019: €1.5 billion) was related to governmental pension plans.

### Other post-employment benefits

Certain foreign subsidiaries of Daimler, 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. In 2020, future contributions to other post-employment benefits of one plan in the United States were adjusted. This resulted in a gain of €147 million, which is presented under functional costs in the Mercedes-Benz Cars & Vans segment. Table [7 D.59](#) shows key data for other post-employment benefits.

Significant 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.

**D.56****Significant factors for the calculation of pension benefit obligations**

	At December 31,		At December 31,	
	2020	2019	2020	2019
	German Plans	German Plans	Non-German Plans	Non-German Plans
In percent				
Discount rates	0.4	1.0	2.5	3.2
Expected increase in cost of living <sup>1</sup>	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 Group's active employees as well as to retirees and their survivors. For most non-German plans, expected increases in cost of living do not have a material impact on the amount of the obligation.

**D.57****Sensitivity analysis for the present value of defined benefit pension obligations**

		At December 31, 2020			At December 31, 2019		
		Total	German Plans	Non-German Plans	Total	German Plans	Non-German Plans
In millions of euros							
Sensitivity for discount rates	+ 0.25%	-1,611	-1,448	-163	-1,412	-1,247	-165
Sensitivity for discount rates	- 0.25%	1,719	1,549	170	1,490	1,330	160
Sensitivity for expected increases in cost of living	+ 0.10%	118	102	16	113	93	20
Sensitivity for expected increases in cost of living	- 0.10%	-121	-102	-19	-112	-93	-19
Sensitivity for life expectancy	+ 1 year	627	522	105	546	463	83
Sensitivity for life expectancy	- 1 year	-563	-454	-109	-505	-405	-100

**D.58****Weighted average duration of the defined benefit obligations**

	2020	2019
In years		
German plans	17	17
Non-German plans	16	16

**D.59****Key data for other post-employment benefits**

	2020	2019
In millions of euros		
Present value of defined benefit obligations	1,023	1,210
Fair value of reimbursement rights	-	12
Funded status	-1,023	-1,198
Net periodic cost for other post-employment benefits	82	-11

## 23. Provisions for other risks

The development of provisions for other risks is summarized in table [7 D.60](#).

### Product warranties

Daimler issues various types of product warranties, under which it generally guarantees the performance of products delivered and services rendered for a certain period. The provision for these product warranties covers expected costs for legal and contractual warranty claims as well as expected costs for goodwill concessions and recall campaigns. This also includes measures relating to Mercedes-Benz diesel vehicles in various regions as well as recalls, in particular for an extended recall of Takata airbags. The utilization date of product warranties depends on the incidence of the warranty claims and can span the entire term of the product warranties. The cash outflow for non-current product warranties are primarily expected within a period until 2023.

### Personnel and social costs

Provisions for personnel and social costs primarily comprise expected expenses of the Group for employee anniversary bonuses, profit sharing arrangements and management bonuses as well as early-retirement and partial-retirement plans. The additions recorded to the provisions for profit sharing and management bonuses in the reporting year usually result in cash outflows in the following year. The cash outflows for non-current provisions for personnel and social costs are primarily expected within a period until 2031.

### Liability and litigation risks and regulatory proceedings

Provisions for liability and litigation risks and regulatory proceedings comprise costs for various legal proceedings, claims and governmental investigations, which can lead in particular to payments of compensation, punitive damages or other costly actions. They primarily include risks from litigation and regulatory proceedings in relation to Mercedes-Benz diesel vehicles. The cash outflows in relation to non-current provisions are primarily expected within a period until 2023.

Further information on liability and litigation risks and regulatory proceedings is provided in [Note 30](#)

### Other

Provisions for other risks primarily comprise expected costs for provisions for environmental protection, other taxes and charges related to income taxes. They also include provisions for anticipated losses on contracts and various other risks which cannot be allocated to any other class of provision.

## D.60

### Provisions for other risks

	Product warranties	Personnel and social costs	Litigation risks and regulatory proceedings	Other	Total
In millions of euros					
<b>Balance at December 31, 2019</b>	8,708	4,248	4,902	3,066	20,924
thereof current	3,744	1,522	2,498	2,563	10,327
thereof non-current	4,964	2,726	2,404	503	10,597
Additions	3,929	1,826	449	1,560	7,764
Utilizations	-3,772	-1,339	-254	-1,378	-6,743
Reversals	-266	-163	-416	-431	-1,276
Compounding and effects from changes in discount rates	37	118	10	3	168
Currency translation and other changes	-160	-52	-66	-109	-387
<b>Balance at December 31, 2020</b>	<b>8,476</b>	<b>4,638</b>	<b>4,625</b>	<b>2,711</b>	<b>20,450</b>
thereof current	3,995	1,624	1,578	2,137	9,334
thereof non-current	4,481	3,014	3,047	574	11,116

## 24. Financing liabilities

The composition of financing liabilities is shown in table [D.61](#).

Information on the maturities of lease liabilities as of December 31, 2020 is provided in [Note 33](#).

Financial liabilities measured at fair value through profit or loss relate exclusively to derivative financial instruments which are not used in hedge accounting.

Further information on other financial liabilities is provided in [Note 32](#).

## 25. Other financial liabilities

The composition of other financial liabilities is shown in table [D.62](#).

## 26. Deferred income

The composition of deferred income is shown in table [D.63](#).

### D.61

#### Financing liabilities

	At December 31, 2020			At December 31, 2019		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Notes/bonds	17,806	58,857	76,663	17,806	67,819	85,625
Commercial paper	664	-	664	3,278	-	3,278
Liabilities to financial institutions	19,703	12,688	32,391	23,043	16,768	39,811
Deposits in the direct banking business	10,868	3,648	14,516	9,713	3,406	13,119
Liabilities from ABS transactions	8,819	7,748	16,567	6,911	7,021	13,932
Lease liabilities	678	3,069	3,747	703	3,537	4,240
Loans, other financing liabilities	765	529	1,294	1,147	628	1,775
	<b>59,303</b>	<b>86,539</b>	<b>145,842</b>	<b>62,601</b>	<b>99,179</b>	<b>161,780</b>

### D.62

#### Other financial liabilities

	At December 31, 2020			At December 31, 2019		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Derivative financial instruments used in hedge accounting	115	252	367	899	287	1,186
Financial liabilities recognized at fair value through profit or loss	26	14	40	45	7	52
Liabilities from residual value guarantees	929	820	1,749	1,138	921	2,059
Liabilities from wages and salaries	1,565	42	1,607	1,165	33	1,198
Accrued interest expenses	885	-	885	1,065	-	1,065
Deposits received	501	511	1,012	568	585	1,153
Other	2,606	332	2,938	2,872	279	3,151
Miscellaneous other financial liabilities	6,486	1,705	8,191	6,808	1,818	8,626
	<b>6,627</b>	<b>1,971</b>	<b>8,598</b>	<b>7,752</b>	<b>2,112</b>	<b>9,864</b>

### D.63

#### Deferred income

	At December 31, 2020			At December 31, 2019		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Deferral of sales revenue received from sales with residual-value guarantees	288	560	848	306	565	871
Deferral of advance rental payments received from operating lease arrangements	975	890	1,865	1,009	927	1,936
Other deferred income	331	117	448	309	106	415
	<b>1,594</b>	<b>1,567</b>	<b>3,161</b>	<b>1,624</b>	<b>1,598</b>	<b>3,222</b>



**D.64****Contract and refund liabilities**

In millions of euros	At December 31,	
	2020	2019
Service and maintenance contracts and extended warranties	6,166	6,504
Other contract liabilities	1,678	1,337
Contract liabilities	7,844	7,841
Obligations from sales transactions	4,627	5,200
Other refund liabilities	485	590
Refund liabilities	5,112	5,790
Contract and refund liabilities	12,956	13,631
thereof non-current	5,787	6,060
thereof current	7,169	7,571

**27. Contract and refund liabilities**

Table [7 D.64](#) shows the composition of contract and refund liabilities.

**28. Other liabilities**

Table [7 D.65](#) shows the composition of other liabilities.

**D.65****Other liabilities**

In millions of euros	At December 31, 2020			At December 31, 2019		
	Current	Non-current	Total	Current	Non-current	Total
Income tax liabilities	1,001	953	1,954	1,128	582	1,710
Other tax liabilities	2,214	1	2,215	1,909	–	1,909
Miscellaneous other liabilities	189	27	216	183	4	187
	3,404	981	4,385	3,220	586	3,806

## 29. Consolidated Statement of Cash Flows

### Calculation of funds

At December 31, 2020, cash and cash equivalents included restricted funds of €133 million (2019: €64 million). The restricted funds primarily relate to subsidiaries where exchange controls apply so that the Group has restricted access to the funds.

### Cash provided by operating activities

Changes in other operating assets and liabilities are shown in table [D.66](#).

The decrease in provisions in comparison to the prior year period was significantly related to prior year effects that primarily resulted from provisions for warranties and customer goodwill obligations as well as provisions for litigation risks and regulatory proceedings. The increase of the provisions in the prior year period related to ongoing governmental and legal proceedings and measures taken with regard to Mercedes-Benz diesel vehicles, as well as recalls of vehicles especially related to Takata airbags. In addition, the other provisions led to an increase especially due to the review and prioritization of the product portfolio at the Mercedes-Benz Vans segment. The increase of the miscellaneous other assets and liabilities in comparison to the prior year period was highly affected by the worldwide consequences of the covid-19 pandemic. Positive effects resulted from tax rebates and liabilities in connection with VAT as well as liabilities related to employees which were partially offset by negative effects in connection with contract liabilities.

Table [D.67](#) shows cash flows included in cash provided by operating activities. In the prior year period the cash effect of a carried out off-balance-sheet ABS transaction was shown in the cash flow provided by operating activities. The transaction resulted in a cash inflow of €0.9 billion.

The line item other non-cash expense and income within the reconciliation of profit before income taxes to cash provided by operating activities in the reporting year primarily comprised the Group's share in the profit/loss of companies accounted for using the equity method as well as an impairment loss with respect to its investment in BAIC Motor due to a reassessment of the business development in light of the covid-19 pandemic. In the prior year, the line item primarily comprised the Group's share in the profit/loss of companies accounted for using the equity method and effects due to the review and prioritization of the product portfolio at the Mercedes-Benz Vans segment.

### D.66

#### Changes in other operating assets and liabilities

	2020	2019
In millions of euros		
Provisions	-323	5,217
Financial instruments	-31	104
Miscellaneous other assets and liabilities	1,007	320
	653	5,641

### D.67

#### Cash flows included in cash provided by operating activities

	2020	2019
In millions of euros		
Interest paid	-158	-725
Interest received	179	337
Dividends received from equity-method investments	1,783	1,202
Dividends received from other shareholdings	25	94

### D.68

#### Changes in liabilities arising from financing activities

	2020	2019
In millions of euros		
Cash flows	-9,503	9,404
Changes in foreign exchange rates	-7,023	2,130
Fair value changes	-584	157
Other changes	997	5,310

### Cash used for financing activities

Cash used for financing activities includes cash flows from hedging the currency risks of financial liabilities. In 2020, cash used for financing activities included payments for the reduction of outstanding leasing liabilities of €729 million (2019: €701 million).

Table [D.68](#) includes changes in liabilities arising from financing activities, divided into cash and non-cash components. The decrease in other changes in comparison to the prior year primarily resulted from the initial application of lessee accounting according to IFRS 16 in the prior year.

### 30. Legal proceedings

Daimler AG and its subsidiaries are confronted with various legal proceedings, claims as well as governmental investigations and orders (legal proceedings) on a large number of topics, including vehicle safety, emissions, fuel economy, financial services, dealer, supplier and other contractual relationships, intellectual property rights (including but not limited to patent infringement actions), warranty claims, environmental matters, antitrust matters (including actions for damages) as well as investor litigation. Product-related litigation involves claims alleging faults in vehicles. Some of these claims are asserted by way of class actions. If the outcome of such legal proceedings is detrimental to Daimler 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.

#### **Diesel emission behavior: governmental proceedings**

As already reported, several authorities and institutions worldwide were, and still are, active in the form of inquiries, investigations, procedures and/or orders. These activities particularly relate to test results, the emission control systems used in Mercedes-Benz diesel vehicles and/or Daimler's interaction with the relevant authorities as well as related legal issues and implications, including, but not limited to, under applicable environmental, criminal and antitrust laws.

In the United States, Daimler AG and Mercedes-Benz USA, LLC (MBUSA) reached agreements in the third quarter of 2020 with various authorities to settle civil and environmental claims regarding emission control systems of certain diesel vehicles. The involved US authorities are the environmental agencies Environmental Protection Agency (»EPA«) and California Air Resources Board (»CARB«), the Environmental and Natural Resources Division of the U.S. Department of Justice (»DOJ«), the California Attorney General's Office as well as the U.S. Customs and Border Protection (»CBP«).

The authorities take the position that Daimler failed to disclose Auxiliary Emission Control Devices (AECs) in certain of its US diesel vehicles and that several of these AECs are illegal defeat devices. As part of these settlements, Daimler denies the allegations by the authorities and does not admit liability, but has agreed to, among other things, pay civil penalties, conduct an emission modification program for affected vehicles, provide extended warranties, undertake a nationwide mitigation project, take certain corporate compliance measures and make other payments. The company has cooperated fully with the US authorities. The settlements are subject to final court approval. Upon approval, they will be final and effective. Daimler expects costs of the settlements with the US authorities of approximately USD 1.5 billion. The estimated cost for the US consumer class action mentioned below amounts to around USD 700 million. In addition, Daimler estimates further expenses of a mid three-digit-million Euro amount to fulfill requirements of these settlements.

As already reported, in April 2016, the DOJ requested that Daimler conduct an internal investigation. While Daimler has conducted such internal investigation as part of DOJ's investigation, DOJ's investigation is ongoing. In Canada, the Canadian environmental regulator Environment and Climate Change Canada (»ECCC«) is conducting an investigation in connection with Diesel exhaust emissions. Daimler continues to cooperate with the investigating authorities.

In Germany, the Stuttgart district attorney's office is conducting criminal investigation proceedings against Daimler employees on the suspicion of fraud and criminal advertising. In February 2019, the Stuttgart district attorney's office also initiated a formal investigation proceeding against Daimler AG with respect to an administrative offense. In September 2019, it issued a fine notice against Daimler based on a negligent violation of supervisory duties in the amount of €870 million which has become legally binding, thereby concluding the administrative offense proceedings against Daimler.

Since 2018, the German Federal Motor Transport Authority ("KBA") has repeatedly issued subsequent auxiliary provisions for the EC type approvals of certain Mercedes-Benz diesel vehicles, and has ordered mandatory recalls as well as, in some cases, stops of the first registration. In each of those cases, it held that certain calibrations of specified functionalities in certain Mercedes-Benz diesel vehicles are to be qualified as impermissible defeat devices. Daimler has a contrary legal opinion on this question. Since 2018, however, it has (in view of KBA's interpretation of the law as a precautionary measure) implemented a temporary delivery and registration stop with respect to certain models, also covering the used car, leasing and financing businesses, and is constantly reviewing whether it can lift this delivery and registration stop in whole or in part. Daimler has filed timely objections against the KBA's administrative orders mentioned above. In early 2021, the KBA issued objection orders (»Widerspruchsbescheide«) in certain of the proceedings not following the arguments brought forward by Daimler. Since Daimler still does not have a different understanding of the relevant legal provisions, it currently analyzes whether the controversial questions at issue should be clarified in a court of law. Irrespective of such objections and possibly following lawsuits, Daimler continues to cooperate fully with the KBA. The new calibrations requested by KBA are being processed, and for a substantial proportion of the vehicles, the relevant software has already been approved by KBA;

the related recalls have insofar been initiated. It cannot be ruled out that under certain circumstances, software updates may have to be reworked, or further delivery and registration stops may be ordered or resolved by the Company as a precautionary measure, also with regard to the used car, leasing and financing businesses. In the course of its regular market supervision, the KBA is routinely conducting further reviews of Mercedes-Benz vehicles and is asking questions about technical elements of the vehicles. In addition, Daimler continues to be in a dialogue with the German Ministry for Transport and Digital Infrastructure (BMVI) to conclude the analysis of the diesel-related emissions matter and to further the update of affected customer vehicles. In light of the aforementioned administrative orders issued by the KBA, and continued discussions with the KBA and the BMVI, it cannot be ruled out completely that additional administrative orders may be issued in the course of the ongoing and/or further investigations. Since September 1, 2020, this also applies to other responsible authorities of other Member States and the European Commission which conduct market surveillance under the new European Type Approval Regulation and can take measures upon assumed non-compliance, irrespective of the place of the original type approval.

In the course of its formal investigation into possible collusion on clean emission technology, the European Commission sent a statement of objections to Daimler and other automobile manufacturers in April 2019. In this context, Daimler filed an application for immunity from fines (leniency application) with the European Commission some time ago.

In addition to the abovementioned authorities, national cartel authorities and other authorities of various foreign States, the South Korean Ministry of Environment, the South Korean competition authority (Korea Fair Trade Commission) and the Seoul public prosecutor's office (South Korea) are conducting various investigations and/or procedures in connection with Diesel exhaust emissions.

Daimler continues to fully cooperate with the authorities and institutions.

#### **Diesel emission behavior: consumer actions and other lawsuits in the United States, Canada, Germany and other States**

Since the beginning of 2016, several consumer class actions in U.S. federal district courts have been pending in the U.S., which have been consolidated into a consolidated class action against Daimler AG and MBUSA before the US District Court for New Jersey. In the class action, plaintiffs alleged that Daimler AG and MBUSA used devices that impermissibly impair the effectiveness of emission control systems in reducing nitrogen-oxide (NO<sub>x</sub>) emissions and which cause excessive emissions from vehicles with diesel engines. In addition, plaintiffs alleged that consumers were deliberately deceived in connection with the advertising of Mercedes-Benz diesel vehicles.

In the third quarter of 2020, Daimler AG and MBUSA reached a settlement with plaintiffs' counsel of this consumer class action. As part of the settlement, Daimler AG and MBUSA deny the material factual allegations and legal claims asserted by the class action plaintiffs, but have agreed to provide payments to certain current and former diesel vehicle owners and lessees. The estimated cost of the class action settlement is approximately USD 700 million. Daimler expects costs of the settlements with the US authorities mentioned above in the amount of approximately USD 1.5 billion. In addition, Daimler estimates further expenses of a mid three-digit-million Euro amount to fulfill requirements of these settlements. The settlement with the US consumer class action plaintiffs is still subject to final court approval.

In a separate lawsuit filed by the State of Arizona in January 2019, the plaintiff claims that, amongst others, Daimler AG and MBUSA deliberately deceived consumers in connection with advertising Mercedes-Benz diesel vehicles. Consumer class actions containing similar allegations were filed against Daimler AG and further Group companies in Canada in April 2016 and in the United Kingdom since May 2020 as well as against Daimler AG in Israel in February 2019. In a separate lawsuit filed by the Environmental Protection Commission of Hillsborough County, Florida in September 2020, the plaintiff claims that, amongst others, Daimler AG and MBUSA violated municipal regulations prohibiting vehicle tampering and other conduct by using alleged devices claimed to impair the effectiveness of emissions control systems.

In Germany, a large number of customers of diesel vehicles have filed lawsuits for damages or rescission of sales contracts. They assert that the vehicles contained inadmissible defeat devices and/or showed impermissibly high emission or consumption values. They refer to, in particular, the German Federal Motor Transport Authority's recall orders (see above). Given the current development of case numbers, we expect a continued high number of lawsuits being filed in this respect.

Furthermore, a class action against Daimler AG and other Group companies was filed in the Netherlands on June 23, 2020. The class action makes allegations comparable to the aforementioned US and Canadian class actions relating to all Euro 5 and 6 diesel vehicles sold in the EU between 2009 and 2019. The plaintiff, a foundation under the laws of the Netherlands, is representing Dutch claimants and seeks certification of an opt-out Netherlands class (Dutch claimants are participating in the class action by law). In the course of the proceedings, other claimants who bought such vehicles in the EU market have the option to declare participation in the class action (opt-in). Furthermore, the plaintiff is seeking declarations of law concerning the customers' entitlement to nullify or rescind their vehicle purchase contracts, to demand replacement of their vehicle and/or to demand damages. After the extension of the deadline granted by court, two further foundations filed statements of claim in court on December 30, 2020. The court has now to determine the lead plaintiff.

Daimler AG and the respective other affected companies of the Group regard the lawsuits set out before as being without merit and will – except for the US consumer class action settlement – defend against the claims.

In Germany, a multitude of lawsuits by investors alleging the violation of disclosure requirements is pending against Daimler AG. In addition, some investors have raised out-of-court claims for damages. The investors contend that Daimler AG did not immediately disclose inside information in connection with the emission behavior of its diesel vehicles and that it had made false and misleading public statements. They further claim that the purchase price of the financial instruments acquired by them (in particular Daimler shares) would have been lower if Daimler AG had complied with its disclosure duties. Daimler AG regards these allegations and claims as being without merit and will defend itself against them. In this context, both investors as well as Daimler AG have filed motions to initiate model proceedings in accordance with the Act on Model Proceedings in Capital Markets Disputes (KapMuG). On January 14, 2021, the Stuttgart Regional Court issued an order for reference to commence such model case proceedings before the Stuttgart Higher Regional Court. Daimler AG will continue to defend against the investors' allegations also in these model case proceedings.

#### **Accounting assessment of the legal proceedings in connection with diesel emission behavior**

With respect to the legal proceedings described in the two preceding chapters, in accordance with IAS 37.92 no further information is disclosed with respect to whether, or to what extent, provisions have been recognized and/or contingent liabilities have been disclosed, so as not to prejudice Daimler's position. For recognized provisions, this does not apply to the extent a settlement has been reached or a proceeding has been concluded. A contingent liability from the class actions in the Netherlands cannot currently be measured.

#### **Antitrust law proceedings (including actions for damages)**

Starting on July 25, 2017, a number of class actions were filed in the United States and Canada against Daimler AG and other manufacturers of automobiles as well as various of their North American subsidiaries. Plaintiffs allege to have suffered damages because defendants engaged in anticompetitive behavior relating to vehicle technology, costs, suppliers, markets, and other competitive attributes, including diesel emissions control technology, since the 1990s. On October 4, 2017, all pending US class actions were centralized in one proceeding by the Judicial Panel on multidistrict litigation and transferred to the U.S. District Court for the Northern District of California. On March 15, 2018, plaintiffs in the US antitrust class action amended and consolidated their complaints into two pleadings, one on behalf of consumers and the other on behalf of dealers. On June 17, 2019, the court granted motions to dismiss in the consolidated US class action proceedings, albeit with leave to amend, and on August 15, 2019, the plaintiffs filed amended complaints making similar allegations. On March 31, 2020, the court granted motions to dismiss these first amended US class action complaints, albeit with leave to amend. On June 26, 2020, the plaintiffs filed second amended complaints. On October 23, 2020, the court granted motions to dismiss these second amended complaints in their entirety, with prejudice, ending the litigation in the US district court. Plaintiffs have appealed the dismissal. Daimler AG and MBUSA regard the US and Canadian lawsuits as being without merit, and will defend against the claims. This contingent liability cannot currently be measured.

In late October 2017, the European Commission conducted preannounced inspections with Daimler in Stuttgart (as well as further inspections with other manufacturers). In this context, Daimler AG has filed a leniency application with the European Commission some time ago. In the third quarter of 2018, the European Commission opened a formal investigation into possible collusion on clean emission technology. In the course of such investigation, the European Commission, in April 2019, sent a statement of objections to Daimler and other automobile manufacturers to which Daimler responded in good time. At present, Daimler does not expect this issue to have any material impact on the Group's profitability, cash flow and financial situation.

Following the settlement decision by the European Commission adopted on July 19, 2016, concluding the trucks antitrust proceedings, Daimler AG and Daimler Truck AG are facing customers' claims for damages to a considerable degree. Respective legal actions, class actions and other forms of legal redress have been initiated in various states in and outside of Europe and should further be expected. Daimler is taking appropriate legal remedies to defend itself. In accordance with IAS 37.92, no further information is disclosed with respect to whether, or to what extent, provisions have been recognized and/or contingent liabilities have been disclosed, so as not to prejudice Daimler's position.

#### **Class-action lawsuits Takata airbag inflators**

As already reported, class actions in connection with Takata airbags are pending in Canada, the United States and Israel, and a new collective action lawsuit was recently filed in Argentina. The lawsuits are based on the allegation that, along with Takata entities and many other companies that sold vehicles equipped with Takata airbag inflators, Daimler entities were allegedly negligent in selling such vehicles, purportedly not recalling them quickly enough, and failing to provide an adequate replacement airbag inflator. In detail: In August 2016, Mercedes-Benz Canada (MB Canada) was added as a defendant to a putative nationwide class action that remains pending in Ontario Superior Court. In addition, Daimler AG and MBUSA were named as defendants along with Takata companies in June 2017, in a US nationwide class action, which was filed in New Jersey Federal Court. In the third quarter of 2017, such lawsuit was transferred to federal court in the Southern District of Florida for consolidation with other multidistrict litigation proceedings. Further class action lawsuits in the USA were integrated into the multiple district proceedings. One of the multidistrict litigation complaints also asserts claims by automotive recyclers who allege injury because they are not able to re-sell salvaged airbag inflators that are subject to the Takata recall. In February 2019, Daimler AG and its non-subsidiary Israeli distributor (Colmobil) were named as defendants in an Israel-wide class action alleging inadequacy of Takata recall efforts in Israel and that action remains pending. In September 2020, Mercedes-Benz Argentina S.A. was named as a defendant in an Argentine class action alleging inadequacy of Takata recall efforts in Argentina as well as a failure to warn consumers about a potential defect. Daimler AG continues to regard all these lawsuits brought with regard to Mercedes-Benz vehicles as being without merit, and the Daimler Group affiliates respectively affected will further defend themselves against the claims. Contingent liabilities were disclosed to a low extent for this topic.

#### **Accounting estimates and management judgments relating to all legal proceedings**

The Group recognizes provisions in connection with pending or threatened proceedings to the extent 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 Daimler's operating results and cash flows for a particular reporting period, Daimler believes that it should not exert a sustained influence on the Group's financial position.

### **31. Contingent liabilities and other financial obligations**

#### **Contingent liabilities**

At December 31, 2020, the best estimate for obligations from **contingent liabilities** was €2,832 million (2019: €1,600 million). The increase in contingent liabilities is related to the legal proceedings described in [Note 30](#).

#### **Other financial obligations**

At December 31, 2020, other financial obligations exist from the **acquisition of intangible assets, property, plant and equipment and lease property** of €3,698 million (2019: €4,613 million).

In addition, the Group had issued **irrevocable loan commitments** at December 31, 2020. These loan commitments had not been utilized as of that date. Further information with respect to these commitments is provided in [Note 33](#).

## 32. Financial instruments

### Carrying amounts and fair values of financial instruments

Table 7 D.69 shows the carrying amounts and fair values of the respective classes of the Group's financial instruments.

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, 2020		At December 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
In millions of euros				
<b>Financial assets</b>				
Receivables from financial services	96,185	98,115	103,661	104,930
Trade receivables	10,649	10,649	12,332	12,332
Cash and cash equivalents	23,048	23,048	18,883	18,883
Marketable debt securities and similar investments	6,397	6,397	8,655	8,655
Recognized at fair value through other comprehensive income	3,314	3,314	5,323	5,323
Recognized at fair value through profit or loss	2,657	2,657	2,858	2,858
Measured at cost	426	426	474	474
<b>Other financial assets</b>				
Equity instruments and debt instruments	1,311	1,311	860	860
Recognized at fair value through other comprehensive income	942	942	482	482
Recognized at fair value through profit or loss	369	369	378	378
Other financial assets recognized at fair value through profit or loss	74	74	27	27
Derivative financial instruments used in hedge accounting	2,145	2,145	1,191	1,191
Other receivables and miscellaneous other financial assets	2,942	2,942	3,328	3,328
	<b>142,751</b>	<b>144,681</b>	148,937	150,206
<b>Financial liabilities</b>				
Financing liabilities	142,095	144,972	157,540	159,288
Trade payables	12,378	12,378	12,707	12,707
<b>Other financial liabilities</b>				
Financial liabilities recognized at fair value through profit or loss	40	40	52	52
Derivative financial instruments used in hedge accounting	367	367	1,186	1,186
Miscellaneous other financial liabilities	8,065	8,065	8,491	8,491
<b>Contract and refund liabilities</b>				
Obligations from sales transactions	4,627	4,627	5,200	5,200
	<b>167,572</b>	<b>170,449</b>	185,176	186,924

**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, 2020 and December 31, 2019.

**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, other financial assets**

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

*Equity Instruments* are recognized at fair value through other comprehensive income or at fair value through profit or loss. Equity instruments recognized through other comprehensive income are included in table 7 D.69 and comprise on the one hand the part of the investments in Aston Martin Lagonda Global Holdings plc, which is recognized at fair value through other comprehensive income, and on the other hand the investments in Farasis Energy (Ganzhou) Co. Ltd. and BAIC BluePark New Energy Technology Co. Ltd. The remaining investments recognized at fair value through other comprehensive income comprise further investments not material on an individual basis. Daimler does not generally intend to sell its equity instruments which are presented at December 31, 2020.

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; currency options are measured with option-pricing models using market data.
- derivative interest rate hedging contracts; the fair values of interest rate hedging instruments (e.g. interest rate swaps) are calculated on the basis of the discounted estimated future cash flows (taking account of credit premiums and default risks) using market interest rates appropriate to the remaining terms of the financial instruments.
- derivative commodity hedging contracts; the fair values of commodity hedging contracts (e.g. commodity forwards) are determined on the basis of current reference prices with consideration of forward premiums and discounts and default risks.

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

**Financing liabilities**

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

**Trade payables**

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

**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.



**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.

**Offsetting of financial instruments**

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

Table [7 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.

**Measurement hierarchy**

Table [7 D.71](#) provides an overview of the classification into measurement hierarchies of financial assets and liabilities recognized at fair value (according to IFRS 13).

At the end of each reporting period, Daimler reviews the necessity of reclassification between the measurement hierarchies.

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

Table [7 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**

	At December 31, 2020			At December 31, 2019		
	Gross and net amounts of financial instruments in the Consolidated Statement of Financial Position	Amounts subject to a master netting arrangement	Net amounts	Gross and net amounts of financial instruments in the Consolidated Statement of Financial Position	Amounts subject to a master netting arrangement	Net amounts
In millions of euros						
Other financial assets <sup>1</sup>	2,219	-270	1,949	1,218	-542	676
Other financial liabilities <sup>2</sup>	407	-270	137	1,238	-542	696

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

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

**D.71****Measurement hierarchy of financial assets and liabilities recognized at fair value**

	At December 31, 2020				At December 31, 2019			
	Total	Level 1 <sup>1</sup>	Level 2 <sup>2</sup>	Level 3 <sup>3</sup>	Total	Level 1 <sup>1</sup>	Level 2 <sup>2</sup>	Level 3 <sup>3</sup>
In millions of euros								
Financial assets recognized at fair value								
Marketable debt securities	5,971	4,243	1,728	-	8,181	5,254	2,927	-
Recognized at fair value through other comprehensive income	3,314	1,590	1,724	-	5,323	2,396	2,927	-
Recognized at fair value through profit or loss	2,657	2,653	4	-	2,858	2,858	-	-
Equity instruments and debt instruments	1,311	736	276	299	860	275	270	315
Recognized at fair value through other comprehensive income	942	665	156	121	482	205	158	119
Recognized at fair value through profit or loss	369	71	120	178	378	70	112	196
Other financial assets recognized at fair value through profit or loss	74	-	73	1	27	-	27	-
Derivative financial instruments used in hedge accounting	2,145	-	2,145	-	1,191	-	1,191	-
	<b>9,501</b>	<b>4,979</b>	<b>4,222</b>	<b>300</b>	<b>10,259</b>	<b>5,529</b>	<b>4,415</b>	<b>315</b>
Financial liabilities recognized at fair value								
Financial liabilities recognized at fair value through profit or loss	40	-	40	-	52	-	52	-
Derivative financial instruments used in hedge accounting	367	-	367	-	1,186	-	1,186	-
	<b>407</b>	<b>-</b>	<b>407</b>	<b>-</b>	<b>1,238</b>	<b>-</b>	<b>1,238</b>	<b>-</b>

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, 2020				At December 31, 2019			
	Total	Level 1 <sup>1</sup>	Level 2 <sup>2</sup>	Level 3 <sup>3</sup>	Total	Level 1 <sup>1</sup>	Level 2 <sup>2</sup>	Level 3 <sup>3</sup>
In millions of euros								
Fair values of financial assets measured at cost								
Receivables from financial services	98,115	-	98,115	-	104,930	-	104,930	-
Fair values of financial liabilities measured at cost								
Financing liabilities	144,972	69,468	75,504	-	159,288	66,203	93,085	-
thereof bonds	79,254	69,083	10,171	-	87,139	65,187	21,952	-
thereof liabilities from ABS transactions	16,727	385	16,342	-	14,024	1,016	13,008	-
thereof other financing liabilities	48,991	-	48,991	-	58,125	-	58,125	-

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.73****Carrying amounts of financial instruments according to measurement categories**

In millions of euros	At December 31,	
	2020	2019
<b>Assets</b>		
Financial assets measured at (amortized) cost	103,308	108,344
Receivables from financial services <sup>1</sup>	66,243	73,327
Trade receivables	10,649	12,332
Cash and cash equivalents	23,048	18,883
Marketable debt securities and similar investments	426	474
Other receivables and miscellaneous other financial assets	2,942	3,328
Financial assets recognized at fair value through other comprehensive income	4,256	5,805
Marketable debt securities and similar investments	3,314	5,323
Equity and debt instruments	942	482
Financial assets recognized at fair value through profit or loss	3,100	3,263
Marketable debt securities and similar investments	2,657	2,858
Equity and debt instruments	369	378
Other financial assets recognized at fair value through profit or loss <sup>2</sup>	74	27
<b>Liabilities</b>		
Financial liabilities measured at (amortized) cost	167,066	183,831
Trade payables	12,378	12,707
Financing liabilities <sup>3</sup>	142,095	157,540
Miscellaneous other financial liabilities <sup>4</sup>	7,966	8,384
Obligations from sales transactions	4,627	5,200
Financial liabilities recognized at fair value through profit or loss <sup>2</sup>	40	52

1 This does not include lease receivables of €29,942 million (2019: €30,334 million) as these are not assigned to a measurement category.

2 Financial instruments classified as held for trading purposes. These figures comprise financial instruments that are not used in hedge accounting.

3 This does not include liabilities from lease transactions of €3,747 million (2019: €4,240 million) as these are not assigned to a measurement category.

4 This does not include liabilities from financial guarantees of €99 million (2019: €107 million) as these are not assigned to a measurement category.

**Measurement categories**

The carrying amounts of financial instruments according to measurement categories are shown in table [7 D.73](#).

The table [7 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.

**Net gains or losses**

Table [7 D.74](#) shows the net gains/losses on financial instruments included in the Consolidated Statement of Income (excluding derivative financial instruments used in hedge accounting).

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

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

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

Net gains/losses on other financial assets recognized at fair value through other comprehensive income are primarily attributable to the effects of currency translation.

Net gains/losses on financial assets measured at (amortized) cost (excluding the interest income/expense shown below) primarily comprise impairment losses (including reversals of impairment losses) of €824 million (2019: €551 million) that are charged to cost of sales, selling expenses and other financial income/expense, net. Foreign currency gains and losses are also included.

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

**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 [7 D.75](#).

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

## Information on derivative financial instruments

### Use of derivatives

The 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, currency risks and commodity price risks, which have been defined as risk categories. For these hedging

purposes, the Group mainly uses currency forward transactions, cross currency interest rate swaps, interest rate swaps, options and commodity forwards.

Table 7 D.76 shows the amounts for the transactions designated as hedging instruments.

### D.74

#### Net gains/losses

	2020	2019
In millions of euros		
Equity and debt instruments recognized at fair value through profit or loss	-30	-79
Other financial assets and financial liabilities recognized at fair value through profit or loss <sup>1</sup>	182	-150
Equity instruments recognized at fair value through other comprehensive income	1	3
Other financial assets recognized at fair value through other comprehensive income	-1	3
Financial assets measured at (amortized) cost	-1,219	-493
Financial liabilities measured at (amortized) cost	-103	204

1 Financial instruments classified as held for trading; these amounts relate to financial instruments that are not used in hedge accounting.

### D.75

#### Total interest income and total interest expense

	2020	2019
In millions of euros		
Total interest income	5,261	5,876
thereof from financial assets and liabilities measured at (amortized) costs	5,210	5,719
thereof from financial assets recognized at fair value through other comprehensive income	51	157
Total interest expense	-2,658	-3,550
thereof from financial assets and liabilities measured at (amortized) costs	-2,658	-3,550
thereof from financial assets recognized at fair value through other comprehensive income	-	-

### D.76

#### Amounts for the transactions designated as hedging instruments

	Foreign currency risk		Interest rate risk		Commodity risk
	Cash flow hedges <sup>1</sup>	Hedges of net investments in foreign operations	Cash flow hedges <sup>2</sup>	Fair value hedges <sup>2</sup>	Cash flow hedges <sup>1</sup>
In millions of euros					
<b>December 31, 2020</b>					
<b>Carrying amount of the hedging instruments</b>					
Other financial assets current	264	-	14	122	23
Other financial assets non-current	392	-	67	1,249	14
Other financial liabilities current	51	-	51	11	2
Other financial liabilities non-current	107	-	125	20	-
<b>Fair value changes<sup>3</sup></b>	<b>1,230</b>	<b>-</b>	<b>72</b>	<b>709</b>	<b>29</b>
<b>December 31, 2019</b>					
<b>Carrying amount of the hedging instruments</b>					
Other financial assets current	76	-	10	62	37
Other financial assets non-current	64	-	20	907	15
Other financial liabilities current	817	-	72	8	2
Other financial liabilities non-current	147	-	94	46	-
<b>Fair value changes<sup>3</sup></b>	<b>-1,558</b>	<b>-1</b>	<b>-204</b>	<b>848</b>	<b>113</b>

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.

**D.77****Fair value hedges**

In millions of euros	Interest rate risk	
	2020	2019
Carrying amounts of the hedged items		
Financing liabilities current	13,170	13,831
Financing liabilities non-current	13,921	28,407
thereof hedge adjustments		
Financing liabilities current	548	461
Financing liabilities non-current	634	478
Fair value changes of the hedged items <sup>1</sup>	-712	-846
Accumulated amount of hedge adjustments from inactive hedges remaining in the statement of financial position	26	-40

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

**D.78****Ineffectiveness of fair value hedges**

In millions of euros	Interest rate risk	
	2020	2019
Cost of sales	-	-
Interest expense	-3	2

**Fair value hedges**

The Group uses fair value hedges primarily for hedging interest rate risks.

The amounts of the items hedged with fair value hedges are included in table [D.77](#).

The amounts relating to hedge ineffectiveness for items designated as fair value hedges are shown in table [D.78](#).

**Cash flow hedges and hedges of net investments in foreign operations**

The Group uses cash flow hedges for hedging currency risks, interest rate risks and commodity price risks.

Daimler also partially hedges the foreign currency risk of selected investments with the application of derivative or non-derivative financial instruments.

The amounts related to items designated as cash flow hedges and as hedges of net investments in foreign operations 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](#).

In 2020, cash flow hedges with a nominal volume of €4,325 million were de-designated because the cash flows secured with these instruments could no longer be classified as highly probable. The de-designation of these derivatives, which is largely attributable to the covid-19 pandemic, mainly relates to cash flows in US dollars, British pounds and Canadian dollars, and led to reclassification from the reserves for derivative financial instruments to revenue of €26 million (losses) and to cost of sales of €2 million (gains).

**D.79****Cash flow hedges and hedges of net investments in foreign operations**

In millions of euros	2020			2019		
	Foreign currency risk	Interest rate risk	Commodity risk	Foreign currency risk	Interest rate risk	Commodity risk
Fair value changes of the hedged items <sup>1</sup>	-1,192	-72	-30	1,533	204	-115
Thereof hedges of net investments in foreign operations	-			1		
Balance of the reserves for derivative financial instruments (before taxes)						
Continuing hedges	491	-124	38	-745	-78	53
Thereof hedges of currency risks in the automotive business <sup>2</sup>	-28	-	-5	-401	-	-17
Discontinued/terminated hedges	-270	-	-	-271	-3	-
Thereof hedges of net investments in foreign operations	-270			-270		

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

2 De-designation and re-designation of hedging instruments at January 1, 2019, differentiated for Mercedes-Benz Cars & Vans and Daimler Trucks & Buses. Further information is provided in the section related to exchange rate risk in Note 33.

**D.80****Gains and losses on cash flow hedges and hedges of net investments in foreign operations**

Line item in the Statement of Income in which the ineffectiveness and the reclassifications are included	2020			2019		
	Revenues	Cost of sales	Other financial income/expense, net	Cost of sales	Interest expense	Cost of sales
Gains and losses recognized in other comprehensive income <sup>1</sup>	934	4	244	53	19	30
Hedge ineffectiveness recognized in the Statement of Income	44	4	-	-	-	-1
Reclassification of hedge effectiveness from other comprehensive income to the Statement of Income						
For hedges for which the hedged future cash flows are no longer expected to occur	26	-1	-	-	-	1
For hedges that have been transferred because the hedged item has affected profit or loss <sup>2</sup>	221	-	-244	-64	-52	-
Gains and losses recognized in other comprehensive income <sup>1</sup>	-1,414	2	-121	-84	-120	114
Hedge ineffectiveness recognized in the Statement of Income	-27	-	-	-	-	-1
Reclassification of hedge effectiveness from other comprehensive income to the Statement of Income						
For hedges for which the hedged future cash flows are no longer expected to occur	13	-	-	-	1	-2
For hedges that have been transferred because the hedged item has affected profit or loss <sup>2</sup>	791	-	118	43	84	-

1 The amount in other financial income/expense, net includes €0 million (2019: minus €1 million) for hedges of net investments in foreign operations.

2 The amount in other financial income/expense, net includes €0 million (2019: minus €3 million) for hedges of net investments in foreign operations.

**D.81****Reconciliation of reserves for derivative financial instruments**

In millions of euros

<b>Balance at January 1, 2019</b>	-95
Changes in fair values (before taxes)	-1,616
Foreign currency risk	-1,533
Interest rate risk	-197
Commodity price risk – inventory purchases	114
Reclassification to profit and loss (before taxes)	1,050
Foreign currency risk	922
Interest rate risk	128
Reclassification to cost of acquisition of non-financial assets (before taxes)	-71
Foreign currency risk – procurement	-3
Commodity price risk – inventory purchases	-68
Other	-
Taxes on changes in fair values and reclassifications	186
<b>Balance at December 31, 2019</b>	-546
Changes in fair values (before taxes)	1,266
Foreign currency risk	1,163
Interest rate risk	72
Commodity price risk – inventory purchases	31
Reclassification to profit and loss (before taxes)	-117
Foreign currency risk	-1
Interest rate risk	-116
Reclassification to cost of acquisition of non-financial assets (before taxes)	6
Foreign currency risk – procurement	43
Commodity price risk – inventory purchases	-37
Other	4
Taxes on changes in fair values and reclassifications	-347
<b>Balance at December 31, 2020</b>	266

Table [7 D.81](#) shows the reconciliation of the reserves for derivative instruments (excluding reserves for hedges of net investments in foreign operations).

The reserves for derivative instruments include reserves for hedge costs of minus €7 million (2019: €0 million).

At December 31, 2020, the balance of reserves for hedges of net investments in foreign operations amounted to €189 million (2019: €189 million).

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 [7 D.82](#).

At December 31, 2020, Daimler utilized derivative instruments with a maximum maturity of 38 months (2019: 48 months) as hedges for currency risks arising from future transactions.

**Nominal values of derivative financial instruments**

Table [7 D.82](#) 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 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 [7 D.83](#).

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

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

Explanations of the hedging of exchange rate risks, interest rate risks and commodity price risks can be found in

[Note 33](#) in the sub-item finance market risk.

**D.82****Nominal amounts of derivative financial instruments**

	At December 31, 2020				At December 31, 2019			
	Maturity of nominal amounts				Maturity of nominal amounts			
	<1 year	1 year up to 5 years	>5 years	Total	<1 year	1 year up to 5 years	>5 years	Total
In millions of euros								
Foreign currency risk	22,985	7,349	-	30,334	26,945	10,877	-	37,822
Interest rate risk	14,999	32,673	8,249	55,921	20,421	42,215	7,654	70,290
Fair value hedges	8,710	16,836	7,457	33,003	12,653	29,805	7,654	50,112
thereof major derivative financial instruments affected by the reform of the interest rate bench- mark								
in the currency USD	5,273	4,869	1,772	11,914	7,608	10,058	1,969	19,635
in the currency GBP	-	2,002	-	2,002	294	2,319	-	2,613
Cash Flow Hedges	6,289	15,837	792	22,918	7,768	12,410	-	20,178
thereof major derivative financial instruments affected by the reform of the interest rate bench- mark <sup>1</sup>								
in the currency USD	2,331	7,818	672	10,821	3,560	6,655	-	10,215
in the currency GBP	501	1,612	-	2,113	217	1,117	-	1,334
Commodity risk	159	69	-	228	259	140	-	399

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 33.

**D.83****Average prices of hedging instruments for the major risks**

	At December 31,	
	2020	2019
Foreign currency risk		
USD per €	1,15	1.17
CNY per €	8,06	8.14
GBP per €	0,90	0.88
Interest rate risk		
Fair value hedges		
Average interest rate – €	0.98%	-0.92%
Average interest rate – USD	1.97%	-0.21%
Cash flow hedges		
Average interest rate – €	-0.23%	-0.84%
Average interest rate – USD	-1.00%	-0.57%
Commodity risk		
Platinum (in € per troy ounce)	905	814
Palladium (in € per troy ounce)	1,980	1,245



### 33. Management of financial risks

#### General information on financial risks

As a result of its businesses and the global nature of its operations, Daimler is exposed in particular to market risks from changes in foreign currency exchange rates and interest rates, while commodity price risks arise from procurement. An equity price risk results from investments in listed companies. In addition, the Group is exposed to credit risks from its leasing and financing activities and from its business operations (trade receivables). Furthermore, the 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 Daimler's profitability, liquidity and capital resources and financial position.

Daimler 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 Group's risk management processes for financial risks are based are designed to identify and analyze these risks throughout the Group, to set appropriate risk limits and controls and to monitor the risks by means of reliable and up-to-date administrative and information systems. The guidelines and systems are regularly reviewed and adjusted to changes in markets and products.

#### D.84

##### Maximum risk positions of financial assets, irrevocable loan commitments and financial guarantees

	Note	Maximum risk position 2020	Maximum risk position 2019
In millions of euros			
Liquid assets		29,445	27,538
Receivables from financial services	14	96,185	103,661
Trade receivables	19	10,649	12,332
Derivative financial instruments used in hedge accounting (assets only)	16	2,145	1,191
Derivative financial instruments not used in hedge accounting (assets only)	16	74	27
Other receivables and financial assets	16	2,942	3,328
Irrevocable loan commitments		2,109	2,038
Financial guarantees		563	728

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

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

#### 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 7 D.84](#) shows the maximum risk positions at the balance sheet date.

#### Liquid assets

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

### Receivables from financial services

Daimler's financing and leasing activities are primarily focused on supporting the sales of the Group's automotive products. As a consequence of these activities, the Group is exposed to credit risk, which is monitored and managed based on defined standards, guidelines and procedures. Daimler 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 Daimler Mobility refer to the entire financing and leasing business, unless otherwise specified.

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

The Daimler Mobility segment has guidelines setting the framework for effective risk management at a global as well as a local level. In particular, these rules deal with minimum requirements for all risk-relevant credit processes, the definition of financing products offered, the evaluation of customer quality, requests for collateral and the treatment of unsecured loans and non-performing claims. The limitation of concentration risks is implemented primarily by means of global limits, which refer to single customer exposures. At December 31, 2020, exposure to the biggest 15 customers did not exceed 3.4% of the total portfolio (2019: 4.4%).

With respect to its financing and lease activities, the Group holds collateral for customer transactions limiting actual credit risk through its fair value. The value of collateral generally depends on the amount of the financed assets. The financed vehicles usually serve as collateral. Furthermore, Daimler Mobility 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 worsening of payment behavior or other causes of a credit risk are recognized, collection procedures are initiated by claims management to obtain the overdue payments of the customer, to take possession of the asset financed or leased or, alternatively, to renegotiate the impaired contract. 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 by Daimler Mobility. The design of these programs, however, led to the modification being assessed as not significant.

At the beginning of the covid-19 pandemic, a crisis guideline was issued very promptly, specifying how customers can be supported as flexible as possible, but still risk management oriented, with extensions of payment terms. Credit risk development was discussed at all meetings of the crisis task force at Daimler Mobility since the beginning of the crisis. Furthermore, a collection task force managed the best possible preparation of debt collection activities.

The allowance ratio increased significantly compared to the level of the previous year due to increased provisions for credit risks against the backdrop of the worsened economic outlook in connection with the covid-19 pandemic and national programs and programs of Daimler Mobility offered to support the customers.

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

**Trade receivables**

Trade receivables are mostly receivables from worldwide sales of vehicles and spare parts. The credit risk from trade receivables encompasses the default risk of customers, e.g., dealers and general distribution companies, as well as other corporate and private customers. In order to identify credit risks, Daimler assesses the creditworthiness of customers. Daimler 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, Daimler 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 creditworthiness of the customers, Daimler 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 19](#).

**Derivative financial instruments**

The Group uses derivative financial instruments exclusively for hedging financial risks that arise from its operational business, financing activities or liquidity management. Daimler 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, Daimler is exposed to credit risk only to a small extent with respect to its derivative financial instruments. In accordance with the Group's risk policy, most derivatives are contracted with counterparties which have an external rating of "A" or better.

**Other receivables and financial assets**

With respect to other receivables and financial assets included in other financial assets in 2020 and 2019, Daimler is exposed to credit risk only to a small extent.

**Irrevocable loan commitments**

The Daimler Mobility segment in particular is exposed to credit risk from irrevocable loan commitments to end customers and retailers. At December 31, 2020, irrevocable loan commitments amounted to €2,109 million (2019: €2,038 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 €563 million at December 31, 2020 (2019: €728 million) and include liabilities recognized at December 31, 2020 in the amount of €99 million (2019: €107 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 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.

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

The funds raised are used to finance working capital and capital expenditure as well as the cash needs of the lease and financing business and unexpected liquidity needs. In accordance with internal guidelines, the refunding of the lease 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, 2020, liquidity amounted to €29.4 billion (2019: €27.5 billion). In 2020, significant cash inflows resulted from the operations of the industrial business. Furthermore, dividend payments received from Beijing Benz Automotive Co., Ltd. had a positive effect on liquidity. Cash outflows resulted in particular from investments in intangible assets and property, plant and equipment and income taxes paid. At Daimler Mobility, net cash inflows of the leasing and sales-financing activities mainly resulted from the portfolio reduction in the context of the corona crisis. There were also effects from cash inflows and outflows in connection with the cash flow from financing activities.

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

In general, Daimler makes use of a broad spectrum of financial instruments to cover its funding requirements. Depending on funding requirements and market conditions, Daimler issues commercial paper, bonds (including green bonds), debt obligations and financial instruments secured by receivables in various currencies. Bank credit facilities are also used to cover financing requirements. Potential downgrades of Daimler's credit ratings could have a negative impact on the Group's financing. Since July 2018, Daimler has had a syndicated credit facility with a volume of €11 billion with a consortium of international banks at its disposal. Exercising an optional extension

of one year grants additional financial flexibility for Daimler until 2025. As of December 31, 2020, this credit line had not been utilized. Furthermore, at the beginning of April 2020, an additional credit line in the amount of €12.0 billion was agreed upon with an international consortium of banks. After capital-market transactions were carried out which led to a reduction of this credit line, the available amount as of December 31, 2020 is € 8.8 billion.

In addition, customer deposits at Mercedes-Benz Bank are used as a further source of refinancing.

Table [7 D.85](#) provides an overview of how the future liquidity situation of the Group can be affected by the cash flows from liabilities, financial guarantees and irrevocable loan commitments as of December 31, 2020.

Information on the Group's financing liabilities is also provided in [Note 24](#).

## D.85

### Liquidity runoff for liabilities and financial guarantees<sup>1</sup>

	Total	2021	2022	2023	2024	2025	≥ 2026
In millions of euros							
Financing liabilities <sup>2</sup>	153,433	61,924	32,742	18,635	9,377	7,313	23,442
thereof lease liabilities	4,195	746	597	497	405	347	1,603
Derivative financial instruments <sup>3</sup>	457	320	93	16	23	-2	7
thereof with gross settlement	289	204	50	8	22	-2	7
Cash outflows	15,198	12,652	1,818	271	337	-	120
Cash inflows	-14,909	-12,448	-1,768	-263	-315	-2	-113
thereof with net settlement	168	116	43	8	1	-	-
Cash outflows	168	116	43	8	1	-	-
Trade payables <sup>4</sup>	12,378	12,368	3	5	2	-	-
Miscellaneous other financial liabilities excluding accrued interest and liabilities from financial guarantees	7,207	5,525	728	354	304	109	187
Obligations from sales	4,627	4,627	-	-	-	-	-
Irrevocable loan commitments <sup>5</sup>	2,109	2,109	-	-	-	-	-
Financial guarantees <sup>6</sup>	563	563	-	-	-	-	-
	180,774	87,436	33,566	19,010	9,706	7,420	23,636

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 Daimler can be required to pay. The customer deposits of Mercedes-Benz Bank are mostly considered in this analysis to mature within the first year.

(b) The cash flows of floating-interest financial instruments are estimated on the basis of forward rates.

2 The stated cash flows of financing liabilities consist of their undiscounted principal and interest payments.

3 The undiscounted sum of the cash flows of the derivative financial liabilities is shown for the respective year.

4 The cash outflows of trade payables are undiscounted.

5 The maximum available amounts are stated.

6 The maximum potential obligations under the issued 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.

Daimler is exposed to country risk mainly resulting from cross-border funding or collateralization of Group companies and customers, 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.

Daimler 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 Daimler's risk-oriented country exposure management; it assigns all countries to risk classes, with consideration of capital market indications of country risks.

## Finance market risks

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

Daimler manages market risks to minimize the impact of fluctuations in foreign exchange rates, interest rates and commodity prices on the earnings of the Group and its segments. The Group calculates its overall net-exposure to these market risks to provide the basis for hedging decisions, which include the selection of hedging instruments and the determination of hedging volumes and the corresponding periods. The hedging strategy is specified at Group level and uniformly implemented in the segments. Decisions regarding 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 Daimler risk management committees. Net-exposures are the basis for the hedging strategies and are updated regularly.

Certain existing benchmark interest rates including those of the London Interbank Offer Rate (for USD, GBP, CHF and JPY) will be comprehensively and internationally reformed by the end of 2021. As a result, those interest rates will be 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, the existing benchmark interest rates are still applied as reference rates in financial markets and have an impact on the valuation of financial transactions. This also applies for financial instruments in hedging relationships with a maturity beyond the end of 2021. With EURIBOR reform already implemented, the material share of interest rate risk hedging relationships affected by the benchmark reform is based on the currencies USD and GBP.

Daimler expects the conversion of reference rates of hedging instruments and their underlying transactions to be identical and without material delay in time. Daimler continues to consider the economic relationship and thus the continuation of hedge accounting to be still existing as of December 31, 2020.

The nominal values of the affected derivative financial instruments can be found in table [7 D.82](#).

The effect of the application of the new interest rates on the Consolidated Financial Statements is currently being reviewed. In order to conduct financial transactions based on the new indices, Daimler is preparing 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, Daimler employs value-at-risk analyses. In performing these analyses, Daimler quantifies its market risk due to changes in foreign currency exchange rates and interest rates and certain commodity prices on a regular basis by predicting the potential loss over a target time horizon (holding period) and confidence level.

The value-at-risk calculations employed:

- express potential losses in fair values, and
- assume a 99% confidence level and a holding period of five days.

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

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

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

### Exchange rate risk

*Transaction risk and currency risk management.* The global nature of Daimler's businesses exposes cash flows to risks arising from fluctuations in exchange rates. These risks primarily relate to fluctuations between the euro and the US dollar, the Chinese renminbi, the British pound and other currencies such as currencies of growth markets. In the operating vehicle business, the Group's exchange rate risk primarily arises when revenue is generated in a currency that is different from the currency in which the costs of revenue are incurred, it may be inadequate to cover the costs if the value of the currency in which the revenue is generated declined in the interim relative to the value of the currency in which the costs were incurred. This risk exposure primarily affects Mercedes-Benz Cars & Vans, which generates a major portion of its revenue in foreign currencies and incurs manufacturing costs primarily in euros. Daimler Trucks & Buses is also exposed to transaction risks, but only to a minor degree because of its global production network and the overall lower foreign currency volume. The exposures of these segments serve as a basis for analyzing exchange rate risks at Group level. In addition, the Group is indirectly exposed to transaction risk from its equity-method investments.

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

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

**D.86****Value at risk for exchange rate risk, interest rate risk and commodity price risk**

	2020				2019			
	Period-end	High	Low	Average	Period-end	High	Low	Average
In millions of euros								
Exchange rate risk (from derivative financial instruments)	328	897	328	522	333	528	333	422
Interest rate risk	129	368	121	192	131	156	34	94
Commodity price risk (from derivative financial instruments)	12	100	12	38	18	25	17	21

The Group'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 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 five years, as well as the average hedge ratios. Reflecting the character of the underlying risks, the hedge ratios decrease with increasing maturities. At year-end 2020, foreign exchange management showed an unhedged position in the automotive business in calendar year 2021 for the underlying forecasted cash flows in US dollars of 44%, for the underlying forecasted cash flows in Chinese renminbi of 52% and for the underlying forecasted cash flows in British pounds of 48%.

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

Table [7 D.86](#) shows the period-end, high, low and average value-at-risk figures of the exchange rate risk for the 2020 and 2019 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 [7 D.82](#).

*Hedge accounting.* When designating derivative financial instruments, a hedge ratio of 1 is applied. In addition, the respective volume, interest curves and currency of the hedge and the underlying transaction as well as maturity dates are matched. The Group ensures an economic relationship between the underlying transaction and the hedging transaction by ensuring consistency of currency, volume and maturity. Option premiums and – since mid-2020 for newly designated hedge relationships – also 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 adjustment of 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.

In the context of focusing on the divisional perspective, the designation of hedge relationships for foreign currency risk existing from the Group perspective from expected future cash flows from business operations, primarily from vehicle sales, have been assigned to Mercedes-Benz Cars & Vans and to Daimler Trucks & Buses starting with 2019. 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, although there has been no change in the overall Group risk management strategy for foreign currency risk. Pursuant to the described methods applied in preparation of the financial statements, this results in the formal discontinuation and immediate redesignation of existing hedge relationships according to the revised differentiation. Further information can be found in table [7 D.79](#). There were no material effects on earnings in 2020 and 2019.



In 2020, 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 Group's investments in liquid assets or refinancing activities are generally selected so that possible currency risks are minimized. Transaction risks arising from liquid assets or payables in foreign currencies that result from the Group's investment or refinancing on money and capital markets are generally hedged against currency risks at the time of investing or refinancing in accordance with Daimler's internal guidelines. The Group uses appropriate derivative financial instruments (e.g. cross-currency interest rate swaps) to hedge against currency risk.

Since currency risks arising from the 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 Daimler's Consolidated Financial Statements, the income and expenses and the assets and liabilities of subsidiaries located outside the euro zone are converted into euros. Therefore, period-to-period changes in 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 Group. Unlike exchange rate transaction risk, exchange rate translation risk does not necessarily affect future cash flows. The Group's equity position reflects changes in book values caused by exchange rates. In general, Daimler does not hedge against exchange rate translation risk.

### Interest rate risk

Daimler uses a variety of interest rate sensitive financial instruments to manage the liquidity needs of the Group. A substantial volume of interest rate sensitive assets and liabilities results from the leasing and sales financing business operated by the Daimler Mobility segment. The Daimler Mobility companies enter into transactions with customers that primarily result in fixed-rate receivables. Daimler'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, Daimler Mobility does not match funding in terms of maturities in order to take advantage of market opportunities. As a result, the Daimler Group is exposed to risks due to changes in interest rates.

An asset/liability committee consisting of members of the Daimler Mobility, Mercedes-Benz Cars & Vans and Daimler Trucks & Buses segments and the Corporate Treasury department manages the interest rate risk by setting targets for the interest rate risk position. The Treasury Risk Management department and the local Daimler companies are jointly responsible for achieving these targets. As separate functions, the Treasury Controlling and the Daimler Mobility Controlling & Reporting department monitors target achievement on a monthly basis. In order to achieve the targeted interest rate risk positions in terms of maturities and interest rate fixing periods, Daimler also uses derivative financial instruments such as interest rate swaps. Daimler 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. Daimler steers the funding activities of the automotive and financial services businesses at the Group level.

Table [7 D.86](#) shows the period-end, high, low and average value-at-risk figures of the interest rate risk for the 2020 and 2019 portfolios of interest rate sensitive financial instruments and derivative financial instruments of the Group, including the financial instruments of the leasing and sales financing business. Lease liabilities are not included in the value at risk of the interest rate risk. These leasing liabilities have a fixed interest rate and changes in interest rates therefore have no effect on the Group's net profit. The average values have been computed on an end-of-quarter basis.

During the year, the change in the value at risk of interest rate sensitive financial instruments was primarily determined by the development of interest rate volatilities.



*Hedge accounting.* When designating derivative financial instruments, a hedge ratio of 1 is generally applied. The respective volumes, interest 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 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

Daimler is exposed to the risk of changes in commodity prices in connection with procuring raw materials and manufacturing supplies used in production. A small portion of the raw material price risk, primarily relating to forecasted procurement of certain metals, is hedged with the use of derivative financial instruments.

For precious metals, central commodity management shows an unhedged position of 80% of the forecasted commodity purchases at year-end 2020 for calendar year 2021. The corresponding figure at year-end 2019 was 55% for calendar year 2020.

Table [7 D.86](#) shows the period-end, high, low and average value-at-risk figures for the 2020 and 2019 portfolio of derivative financial instruments used to hedge raw material price risk. Average exposure has been computed on an end-of-quarter basis. The transactions underlying the derivative financial instruments are not included in the value-at-risk presentation. See also table [7 D.82](#).

In 2020, the development of the value at risk from commodity hedging was driven in the first quarter by an increase in volatilities and hedging volume. Subsequently, volatilities as well as the hedging volume decreased gradually and so did the value at risk.

*Hedge accounting.* When designating currency derivative financial instruments, Daimler generally applies a hedge ratio of 1. 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 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

Daimler predominantly holds investments in shares of companies which are classified as long-term investments, some of which are accounted for using the equity method, such as BAIC Motor. These investments are not included in a market risk assessment by the Group.

## 34. Segment reporting

### Reportable segments

Until December 31, 2019, the Group's reportable segments were Mercedes-Benz Cars, Daimler Trucks, Mercedes-Benz Vans, Daimler Buses and Daimler Mobility. Since January 1, 2020, the Group's activities are divided into the segments Mercedes-Benz Cars, Mercedes-Benz Vans, Daimler Trucks & Buses and Daimler Mobility. This corresponds to the internal reporting and organizational structure. The Mercedes-Benz Cars and Mercedes-Benz Vans segments are aggregated due to their comparable long term average return on sales as well as their comparable revenue development and capital intensity. In addition, both segments are comparable with regard to the nature of the products and services offered as well as their brands, sales channels and customer profiles.

In order to ensure that the figures for 2020 are comparable with the prior-year figures, the figures for 2019 have been adjusted to the new segment structure. Internal supply relationships within the new segments have been taken into account. Furthermore, in the figures for the previous year, the effects of certain legal issues and equity investments not previously allocated to the segments have been reclassified from the reconciliation to the vehicle segments.

The Mercedes-Benz Cars & Vans segment develops, manufactures and sells passenger cars comprising premium and luxury vehicles of the Mercedes-Benz brand including the brands Mercedes-AMG, Mercedes-Maybach and Mercedes-EQ as well as small cars under the smart brand. The Mercedes me brand comprises the ecosystem of Mercedes-Benz. The vans are mainly sold under the Mercedes-Benz and Freightliner brands.

The Daimler Trucks & Buses segment develops, manufactures and sells trucks under the Mercedes-Benz, Freightliner, FUSO, Western Star and BharatBenz brands. The segment's product range also includes buses of the Mercedes-Benz, Setra, Thomas Built Buses and FUSO brands, as well as bus chassis.

The vehicle segments also sell related spare parts and accessories.

The Daimler Mobility segment supports the sales of the Group's vehicle segments worldwide. Its product portfolio primarily comprises tailored financing and leasing packages for end-customers and dealers, brokering of automotive insurance and banking services. The segment also provides services such as fleet management in Europe, which primarily takes place through the Athlon brand. Furthermore, Daimler Mobility is active in the area of innovative mobility services.

### Internal management and reporting structure

The internal management and reporting structure at the Daimler Group is principally based on the accounting policies that are described in [Note 1](#) in the summary of significant accounting policies according to IFRS.

The measure of the Group's profit or loss used by Daimler'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.

As of the 2020 financial year, the effects of capitalized borrowing costs are recognized in EBIT as well as in the Group's assets and the assets of the segments. To ensure comparability of the figures for the 2020 financial year with those of the previous year, the figures reported for 2019 have been adjusted accordingly.

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

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

Segment assets principally comprise all assets. The vehicle 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. The vehicle 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 Group's operating leases and finance lease receivables are generally borne by the vehicle segments that manufactured the leased equipment. Risk sharing is based on agreements between the respective vehicle segments and Daimler Mobility; the terms vary by vehicle segment and geographic region.

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

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

**D.87****Segment information**

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Total Segments	Recon- ciliation	Daimler Group
In millions of euros						
<b>2020</b>						
External revenue	95,247	33,246	25,816	154,309	-	154,309
Intersegment revenue	3,329	1,425	1,883	6,637	-6,637	-
Total revenue	98,576	34,671	27,699	160,946	-6,637	154,309
Segment profit/loss (EBIT)	5,172	525	1,436	7,133	-530	6,603
thereof profit/loss on equity-method investments	1,410	50	-360	1,100	-303	797
thereof profit/loss from compounding and effects from changes in discount rates of provisions for other risks	-117	-49	-2	-168	-	-168
Segment assets	91,360	24,830	161,265	277,455	-19,681	257,774
thereof carrying amounts of equity-method investments	3,586	527	746	4,859	330	5,189
Segment liabilities	60,168	17,000	146,950	224,118	-22,448	201,670
Additions to non-current assets	15,965	2,104	13,264	31,333	-90	31,243
thereof investments in intangible assets	2,611	160	49	2,820	-1	2,819
thereof investments in property, plant and equipment	4,862	789	39	5,690	51	5,741
Depreciation and amortization of non-current assets	8,893	2,108	7,204	18,205	-62	18,143
thereof amortization of intangible assets	2,038	294	227	2,559	-	2,559
thereof depreciation of property, plant and equipment	5,265	1,056	77	6,398	-	6,398

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

Table 7 D.87 presents segment information at and for the years ended December 31, 2020 and 2019.

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

**Reconciliation**

The reconciliation includes functions and services provided by the Group's headquarters as well as by other companies of the Group not allocated to the segments. In addition, the reconciliation includes projects managed by headquarters.

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Total Segments	Recon- ciliation	Daimler Group
In millions of euros						
<b>2019</b>						
External revenue	103,453	42,955	26,337	172,745	–	172,745
Intersegment revenue	3,444	1,474	2,309	7,227	-7,227	–
Total revenue	106,897	44,429	28,646	179,972	-7,227	172,745
Segment profit/loss (EBIT)	-109	2,672	2,140	4,703	-390	4,313
thereof profit/loss on equity-method investments	1,203	2	-766	439	40	479
thereof profit/loss from compounding and effects from changes in discount rates of provisions for other risks	-164	-71	-3	-238	–	-238
Segment assets	94,490	27,978	174,821	297,289	-18,684	278,605
thereof carrying amounts of equity-method investments	3,640	537	1,107	5,284	665	5,949
Segment liabilities	61,192	17,553	159,838	238,583	-22,258	216,325
Additions to non-current assets	19,761	2,697	16,254	38,712	-4	38,708
thereof investments in intangible assets	3,390	143	103	3,636	–	3,636
thereof investments in property, plant and equipment	5,869	1,105	87	7,061	138	7,199
Depreciation and amortization of non-current assets	7,877	2,087	6,763	16,727	87	16,814
thereof amortization of intangible assets	2,014	285	82	2,381	–	2,381
thereof depreciation of property, plant and equipment	4,259	1,031	72	5,362	8	5,370

**D.88****Reconciliation to Group figures**

	2020	2019
In millions of euros		
Total of segments' profit (EBIT)	7,133	4,703
profit/loss on equity-method investments <sup>1</sup>	-303	40
Other corporate items	-349	-401
Eliminations	122	-29
Group EBIT	6,603	4,313
Total of segments' assets	277,455	297,289
Carrying amount of equity-method investments <sup>2</sup>	330	665
Income tax assets <sup>3</sup>	5,615	5,658
Other corporate items and eliminations	-25,626	-25,007
Segment assets Group	257,774	278,605
Unallocated financial assets (including liquidity) and assets from pensions and similar obligations <sup>3</sup>	27,963	23,833
Total assets Group	285,737	302,438
Total of segments' liabilities	224,118	238,583
Income tax liabilities <sup>3</sup>	3,499	3,099
Other corporate items and eliminations	-25,947	-25,357
Segment liabilities Group	201,670	216,325
Unallocated financial liabilities and liabilities from pensions and similar obligations <sup>3</sup>	21,819	23,272
Total equity Group	62,248	62,841
Total equity and liabilities Group	285,737	302,438

1 In the year 2020, the impairment of Daimler's equity investment in BAIC Motor of €330 million is included.

2 This mainly comprises the carrying amount of the investment in BAIC Motor.

3 Unless allocated to Daimler Mobility.

**Reconciliation**

Reconciliation of the segments amounts to relevant amounts for the Group is shown in table [7 D.88](#).

In 2020, the line item *Other corporate items* primarily comprises expenses of €86 million in connection with ongoing cost-optimization programs. In the prior year, amongst others, expenses in connection with "Project Future" were included.

**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 [7 D.89](#).

**D.89****Revenue and non-current assets by region**

	Revenue		Non-current assets	
	2020	2019	2020	2019
In millions of euros				
Europe	64,226	69,541	68,456	69,478
thereof Germany	25,262	26,339	49,819	49,335
North America	42,937	52,196	24,764	28,497
thereof United States	37,801	45,422	21,979	25,228
Asia	39,944	40,657	4,189	4,565
thereof China	21,343	18,954	474	544
Other markets	7,202	10,351	1,788	2,063
	154,309	172,745	99,197	104,603

## 35. Capital management

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

The average annual net assets are calculated from the average quarterly net assets. The average quarterly net assets are calculated as an average of the net assets at the beginning and the end of the quarter and are shown in table [↗ D.90](#).

The cost of capital of the Group's average net assets is reflected in value added. Value added shows the extent to which the Group achieves or exceeds the minimum return requirements of the shareholders and creditors, thus creating additional value. The required rate of return on net assets, and thus the cost of capital, are 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 Daimler Mobility; in addition, the expected returns on liquidity and on the plan assets of the pension funds which are not allocated to Daimler Mobility are considered with the opposite sign. In the reporting period, the cost of capital used for our internal capital management amounted to 8% after taxes.

The objective of capital management is to increase value added, among other things, by optimizing the cost of capital. This is achieved on the one hand by the management of the net assets, e.g., by optimizing working capital, which is within the operational responsibility of the segments. In addition, taking into account legal regulations, Daimler 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 the operational requirements.

### D.90

#### Average net assets

	2020	2019
In millions of euros		
Mercedes-Benz Cars & Vans	32,768	35,070
Daimler Trucks & Buses	9,513	10,921
Daimler Mobility <sup>1</sup>	14,601	13,961
Net assets of the segments	56,882	59,952
Equity-method investments <sup>2</sup>	463	662
Assets and liabilities from income taxes <sup>3</sup>	2,088	2,720
Other corporate items and eliminations <sup>3</sup>	436	448
Net assets Daimler Group	59,869	63,782

1 Equity.

2 Unless allocated to the segments.

3 Unless allocated to Daimler Mobility.

## 36. Earnings per share

The calculation of basic and diluted earnings per share is based on net profit attributable to shareholders of Daimler AG. Following the expiration of the stock option plan in 2014, dilutive effects no longer exist. The profit attributable to shareholders of Daimler AG (basic and diluted) amounts to €3,627 million (2019: €2,377 million). The weighted average number of shares outstanding (basic and diluted) amounts to 1,069.8 million (2019: 1,069.8 million).

### 37. Related party disclosures

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

#### Related companies

Business transactions with related companies are generally carried out at market terms. Most of the goods and services supplied between the Group and related companies comprise transactions with associated companies and joint ventures and are shown in table [7 D.91](#).

#### Associated companies

As shown in Table [7 D.91](#), the business relationships with associated companies mainly relate to LSH Auto International Limited (LSHAI) and Beijing Benz Automotive Co., Ltd. (BBAC), which are allocated to the Mercedes-Benz Cars & Vans segment.

#### Joint ventures

In business relationships with joint ventures, significant sales of goods and services took place with Fujian Benz Automotive Co., Ltd. (FBAC), which is allocated to the Mercedes-Benz Cars & Vans segment, and with DAIMLER KAMAZ RUS OOO, which is allocated to the Daimler Trucks & Buses segment. In addition, other operating income of €154 million resulted from the contribution of the smart brand to the joint venture smart Automobile Co., Ltd. in the year 2020.

[Note 13](#) provides further details of the business operations of the significant associated companies and joint ventures, as well as significant transactions in the years 2020 and 2019.

#### Contributions to plan assets

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

#### Related persons

Throughout the world, the Group has business relationships with numerous entities that are customers and/or suppliers of the Group. Those customers and/or suppliers include companies that have a connection with some of the members of the Board of Management or of the Supervisory Board and close family members of those board members of Daimler AG or of its subsidiaries.

Board of Management and Supervisory Board members and close family members of those board members may also purchase goods and services from Daimler AG or its subsidiaries as customers. When such business relationships exist, transactions are concluded at market terms.

See [Note 38](#) for information on the remuneration of the board members.

## D.91

### Transactions with related companies

	Sales of goods and services and other income		Purchase of goods and services and other expense		Receivables at December 31, <sup>1</sup>		Payables at December 31, <sup>2</sup>	
	2020	2019	2020	2019	2020	2019	2020	2019
In millions of euros								
Associated companies	13,826	13,505	791	628	2,946	3,324	101	116
thereof LSHAI	6,988	7,230	500	476	713	1,288	17	24
thereof BBAC	6,477	5,880	274	132	2,178	1,966	76	78
Joint ventures	1,296	884	439	187	273	213	131	78

1 After total loss allowances of €70 million (2018: €66 million).

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

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

Remuneration granted in 2020 to the members of the Board of Management and the Supervisory Board who were active in 2020 is shown in table [D.92](#).

Expenses for variable remuneration of the Board of Management with a long-term incentive effect, as shown in table [D.92](#), 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), i.e., for the plans of the years 2017 to 2020. In 2020, the active members of the Board of Management were granted 215,743 (2019: 266,128) phantom shares in connection with the PPSP; the fair value of these phantom shares at the grant date was €9.2 million (2019: €13.3 million). See [Note 21](#) for additional information on share-based payment of the members of the Board of Management.

According to Section 314 Subsection 1 No. 6a of the German Commercial Code (HGB), the overall remuneration granted to the members of the Board of Management, excluding service cost resulting from entitlements to post-employment benefits, amounted to €28.1 million (2019: €24.2 million).

The members of the Supervisory Board are solely granted short-term fixed remuneration for their board and committee activities, the amounts of which depend on their functions in the Supervisory Board. With the exception of remuneration paid to the members representing the employees in accordance with their contracts of employment, no remuneration was paid in 2020 for services provided personally beyond board and committee activities, in particular for advisory or agency services.

The members of the Board of Management do not receive any remuneration for their board activities in the boards of the subsidiaries. These activities are compensated by the remuneration at Daimler AG.

No advance payments or loans were made or abated to members of the Board of Management or to the members of the Supervisory Board of Daimler AG in 2020.

The payments made in 2020 to former members of the Board of Management of Daimler AG and their survivors amounted to €26.0 million (2019: €19.5 million). The pension provisions for former members of the Board of Management and their survivors amounted to €362.5 million as of December 31, 2020 (2019: €355.8 million).

Information regarding the remuneration of the members of the Board of Management and of the Supervisory Board is disclosed on an individual basis in the Remuneration Report, which is part of the Combined Management Report.

[Combined Management Report with Non-Financial Statement](#)

#### D.92

##### Remuneration of the members of the Board of Management and the Supervisory Board

	2020	2019
In millions of euros		
Remuneration of the Board of Management		
Fixed remuneration (base salary) <sup>1</sup>	7.8	8.9
Short-term variable remuneration (50% of annual bonus)	5.6	1.0
Mid-term variable remuneration (50% of annual bonus, "deferral")	5.5	0.9
Variable remuneration with a long-term incentive effect (PPSP)	7.3	11.7
Post-employment benefits (service cost)	2.1	2.0
Termination benefits	–	–
	<b>28.3</b>	<b>24.5</b>
Remuneration of the Supervisory Board <sup>2</sup>		
	<b>5.5</b>	<b>4.6</b>
	<b>33.8</b>	<b>29.1</b>

1 With consideration of the voluntary waiver by the Board of Management of 20% of the fixed remuneration from April 1 to December 31, 2020.

2 With consideration of the voluntary waiver by the Supervisory Board of 20% of the fixed remuneration and of the attendance fee from April 1 to December 31, 2020 and including remuneration for the members of the Supervisory Boards of Mercedes-Benz AG and of Daimler Truck AG pursuant to Section 314 Subsection 1 No. 6a of the German Commercial Code (HGB).



**D.93****Auditor fees**

	2020	2019
In millions of euros		
Audit services	42	52
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	23	28
Other attestation services	7	15
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	5	12
Tax services	2	2
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	.	1
Other services	1	6
thereof KPMG AG Wirtschaftsprüfungsgesellschaft	1	4
	<b>52</b>	<b>75</b>

**39. Auditor fees**

The shareholders of Daimler AG elected KPMG AG Wirtschaftsprüfungsgesellschaft as the external auditor at the Annual Shareholders' Meeting held on July 8, 2020. Table [↗ D.93](#) shows the fees for services provided by KPMG AG Wirtschaftsprüfungsgesellschaft and the companies of the worldwide KPMG network to Daimler AG, the consolidated subsidiaries as well as joint operations.

Audit services relate to the audit of Daimler Group's Consolidated Financial Statements and the year-end 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 particularly provided for voluntary project-supporting audits of IT systems and processes, audits in connection with compliance management systems, or 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 and quality assurance not relevant to accounting.

The decrease in auditor fees compared to the previous year is among other things due to the expenses in 2019 in connection with "Project Future."

**40. Events after the reporting period****Examination of a spin-off and separate listing of Daimler Truck**

On February 3, 2021, the Board of Management of Daimler AG decided, with the consent of the Supervisory Board, to examine the spin-off of Daimler Trucks & Buses including significant parts of the related financial services business (Daimler Truck), and to begin preparations for a separate listing of Daimler Truck before the end of 2021. Within the framework of the proposed transaction, Daimler intends to transfer a majority interest in Daimler Truck to its shareholders. Shareholder approval could be granted at an Extraordinary Shareholders' Meeting of Daimler AG at the end of the third quarter of 2021. Daimler intends to maintain a minority interest in Daimler Truck.

Subject to the approval of the respective boards, the scope to be spun off is expected to be allocated to discontinued operations as of the third quarter of 2021. The amount of income to be recognized in connection with the spin-off cannot be reliably determined at present.

**41. Additional information****German Corporate Governance Code**

The Board of Management and the Supervisory Board of Daimler 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's website at <https://www.daimler.com/documents/company/corporate-governance/declarations/daimler-declaration-en-12-2020.pdf>.

**Information on investments**

The statement of investments of the Daimler Group pursuant to Section 313 Subsection 2 Nos. 1-6 of the German Commercial Code (HGB) is presented in table [↗ F.94](#). In general, cooperations without an equity interest are not reported. Information on equity and earnings and information on investments pursuant to Section 313 Subsection 2 No. 4 of the German Commercial Code is omitted insofar as, pursuant to Section 313 Subsection 3 Sentence 4 of the HGB, such information is of minor relevance for a fair presentation of the profitability, liquidity and capital resources or financial position of the Daimler Group. In addition, the statement of investments indicates which consolidated companies make use of the exemption pursuant to Section 264 Subsection 3 of the HGB and/or Section 264b of the HGB. The Consolidated Financial Statements of Daimler AG release those subsidiaries from the requirements that would otherwise apply.

## D.94

Name of the company	Domicile, country	Equity interest in percent <sup>1</sup>	Footnote
<b>I. Consolidated subsidiaries</b>			
Accumotive GmbH & Co. KG	Kamenz, Germany	100.00	5
Athlon Beheer International B.V.	Schiphol, Netherlands	100.00	
Athlon Beheer Nederland B.V.	Schiphol, Netherlands	100.00	
Athlon Car Lease Belgium N.V.	Machelen, Belgium	100.00	
Athlon Car Lease International B.V.	Schiphol, Netherlands	100.00	
Athlon Car Lease Italy S.R.L.	Rome, Italy	100.00	
Athlon Car Lease Nederland B.V.	Schiphol, Netherlands	100.00	
Athlon Car Lease Polska Sp. z o.o.	Warsaw, Poland	100.00	
Athlon Car Lease Portugal, Ida	Oeiras, Portugal	100.00	
Athlon Car Lease Rental Services B.V.	Schiphol, Netherlands	100.00	
Athlon Car Lease Rental Services Belgium N.V.	Machelen, Belgium	100.00	
Athlon Car Lease S.A.S.	Le Bourget, France	100.00	
Athlon Car Lease Spain, S.A.	Alcobendas, Spain	100.00	
Athlon Dealerlease B.V.	Hoofddorp, Netherlands	100.00	
Athlon France S.A.S.	Le Bourget, France	100.00	
Athlon Germany GmbH	Düsseldorf, Germany	100.00	
Athlon Mobility Consultancy B.V.	Schiphol, Netherlands	100.00	
Athlon Mobility Consultancy N.V.	Machelen, Belgium	100.00	
Athlon Mobility Services UK Limited	Milton Keynes, United Kingdom	100.00	
Athlon Rental Germany GmbH	Düsseldorf, Germany	100.00	
Athlon Sweden AB	Malmö, Sweden	100.00	
Athlon Switzerland AG	Schlieren, Switzerland	100.00	
Atlantis Foundries (Pty.) Ltd.	Atlantis Industria, South Africa	100.00	
Banco Mercedes-Benz do Brasil S.A.	São Paulo, Brazil	100.00	
Brooklands Estates Management Limited	Milton Keynes, United Kingdom	100.00	
Campo Largo Comercio de Veículos e Peças Ltda.	Campinas, Brazil	100.00	
CARS Technik & Logistik GmbH	Wiedemar, Germany	100.00	5
CLIDET NO 1048 (Proprietary) Limited	Centurion, South Africa	100.00	
DA Investments Co. LLC	Wilmington, USA	100.00	
DAF Investments, Ltd.	Wilmington, USA	100.00	
Daimler AG & Co. Anlagenverwaltung OHG	Schönefeld, Germany	100.00	5, 7
Daimler Australia/Pacific Pty. Ltd.	Melbourne, Australia	100.00	
Daimler Brand & IP Management GmbH & Co. KG	Stuttgart, Germany	100.00	5
Daimler Buses North America Inc.	Oriskany, USA	100.00	
Daimler Canada Finance Inc.	Montreal, Canada	100.00	
Daimler Canada Investments Company	Halifax, Canada	100.00	
Daimler Capital Services LLC	Wilmington, USA	100.00	
Daimler Česká republika Holding s.r.o.	Prague, Czech Republic	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 Compra y Manufactura Mexico S. de R.L. de C.V.	Mexico City, Mexico	100.00	
Daimler Export and Trade Finance GmbH	Berlin, Germany	100.00	5
Daimler Finance North America LLC	Wilmington, USA	100.00	
Daimler Financial Services Africa & Asia Pacific Ltd.	Singapore, Singapore	100.00	
Daimler Financial Services India Private Limited	Chennai, India	100.00	
Daimler Financial Services Investment Company LLC	Wilmington, USA	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 Fleet Management GmbH	Stuttgart, Germany	100.00	5
Daimler Fleet Management Singapore Pte. Ltd.	Singapore, Singapore	100.00	
Daimler Fleet Management South Africa (Pty.) Ltd. i. L.	Centurion, South Africa	65.00	4
Daimler Fleet Services A.S.	Istanbul, Turkey	100.00	
Daimler Greater China Ltd.	Beijing, China	100.00	
Daimler Grund Services GmbH	Schönefeld, Germany	100.00	5
Daimler India Commercial Vehicles Private Limited	Chennai, India	100.00	
Daimler Insurance Agency LLC	Wilmington, USA	100.00	

Name of the company	Domicile, country	Equity interest in percent <sup>1</sup>	Footnote
Daimler Insurance Services GmbH	Stuttgart, Germany	100.00	5
Daimler Insurance Services UK Limited	Milton Keynes, United Kingdom	100.00	
Daimler International Finance B.V.	Utrecht, Netherlands	100.00	
Daimler International Nederland B.V.	Utrecht, Netherlands	100.00	
Daimler Investments US LLC	Wilmington, USA	100.00	
Daimler Ladungsträger GmbH	Böblingen, Germany	100.00	5
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 Mobility & Technology Service Co., Ltd.	Beijing, China	100.00	
Daimler Mobility AG	Stuttgart, Germany	100.00	5
DAIMLER MOBILITY AUSTRALIA PTY LTD	Melbourne, Australia	100.00	
Daimler Mobility Brasil Holding S.A.	São Paulo, Brazil	100.00	
Daimler Mobility Services GmbH	Leinfelden-Echterdingen, Germany	100.00	5
Daimler Nederland B.V.	Utrecht, Netherlands	100.00	
Daimler Nederland Holding B.V.	Utrecht, Netherlands	100.00	
Daimler North America Corporation	Wilmington, USA	100.00	
Daimler North America Finance Corporation	Newark, USA	100.00	
Daimler Northeast Asia Parts Trading and Services Co., Ltd.	Beijing, China	100.00	
Daimler Parts Brand GmbH	Stuttgart, Germany	100.00	5
Daimler Re Brokers GmbH	Bremen, Germany	74.90	5
Daimler Re Insurance S.A. Luxembourg	Luxembourg, Luxembourg	100.00	
Daimler Real Estate GmbH	Berlin, Germany	100.00	5
Daimler Retail Receivables LLC	Farmington Hills, USA	100.00	
DAIMLER SERVICIOS CORPORATIVOS MEXICO S. DE R.L. DE C.V.	Mexico City, Mexico	100.00	
Daimler South East Asia Pte. Ltd.	Singapore, Singapore	100.00	
Daimler Truck AG	Stuttgart, Germany	100.00	5
Daimler Truck and Bus Australia Pacific Pty. Ltd.	Mulgrave, 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 Fuel Cell GmbH & Co. KG	Kirchheim unter Teck, Germany	100.00	5
Daimler Truck Vermögens- und Beteiligungsgesellschaft mbH	Stuttgart, Germany	100.00	5
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	Zwartkop, South Africa	100.00	
Daimler Trucks Canada Ltd.	Mississauga, Canada	100.00	
Daimler Trucks Korea Ltd.	Seoul, South Korea	100.00	
Daimler Trucks North America LLC	Portland, USA	100.00	
Daimler Trucks Remarketing Corporation	Portland, USA	100.00	
Daimler Trucks Retail Trust 2019-1	Wilmington, USA	0.00	3
Daimler Trucks Retail Trust 2020-1	Wilmington, USA	0.00	3
Daimler Trust Holdings LLC	Farmington Hills, USA	100.00	
Daimler Trust Leasing Conduit LLC	Wilmington, USA	100.00	
Daimler Trust Leasing LLC	Farmington Hills, USA	100.00	
Daimler UK Limited	Milton Keynes, United Kingdom	100.00	
Daimler Vans Hong Kong Limited	Hong Kong, China	67.55	
Daimler Vans USA, LLC	Wilmington, USA	100.00	
Daimler Vehículos Comerciales Mexico S. de R.L. de C.V.	Mexico City, Mexico	100.00	
Daimler Vermögens- und Beteiligungsgesellschaft mbH	Stuttgart, Germany	100.00	5
Daimler Verwaltungsgesellschaft für Grundbesitz mbH	Schönefeld, Germany	100.00	5
Daimler Vorsorge und Versicherungsdienst GmbH	Berlin, Germany	100.00	5
Detroit Diesel Corporation	Detroit, USA	100.00	
Detroit Diesel Remanufacturing LLC	Detroit, USA	100.00	
DTFC Holding GmbH	Stuttgart, Germany	100.00	5
EHG Elektroholding GmbH	Stuttgart, Germany	100.00	5
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	

Name of the company	Domicile, country	Equity interest in percent <sup>1</sup>	Footnote
EvoBus Česká republika s.r.o.	Prague, Czech Republic	100.00	
EvoBus Danmark A/S	Koege, Denmark	100.00	
EvoBus France S.A.S.U.	Sarcelles, France	100.00	
EvoBus GmbH	Stuttgart, Germany	100.00	5
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	
FOTIC - MB Leasing No. 1 Single Fund Trust	Beijing, China	0.00	3
Freightliner Custom Chassis Corporation	Gaffney, USA	100.00	
Friesland Lease B.V.	Drachten, Netherlands	51.11	
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 1 OHG	Schönefeld, Germany	100.00	5, 7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 2 OHG	Schönefeld, Germany	100.00	5, 7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 3 OHG	Schönefeld, Germany	100.00	5, 7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 4 OHG	Schönefeld, Germany	100.00	5, 7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 5 OHG	Schönefeld, Germany	100.00	5, 7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 6 OHG	Schönefeld, Germany	100.00	5, 7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Alpha 7 OHG	Schönefeld, Germany	100.00	5, 7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Beta OHG	Schönefeld, Germany	100.00	5, 7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Delta OHG	Schönefeld, Germany	100.00	5, 7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Epsilon OHG	Schönefeld, Germany	100.00	5, 7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Gamma 1 OHG	Schönefeld, Germany	100.00	5, 7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Gamma 2 OHG	Schönefeld, Germany	100.00	5, 7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Gamma 3 OHG	Schönefeld, Germany	100.00	5, 7
Grundstücksverwaltungsgesellschaft Daimler AG & Co. Gamma 4 OHG	Schönefeld, Germany	100.00	5, 7
Grundstücksverwaltungsgesellschaft EvoBus GmbH & Co. OHG	Schönefeld, Germany	100.00	5, 7
Interleasing Luxembourg S.A.	Windhof, Luxembourg	100.00	
Koppievew Property (Pty) Ltd	Zwartkop, South Africa	100.00	
LBBW AM – Daimler Re Insurance	Luxembourg, Luxembourg	0.00	3
LBBW AM – MBVEXW	Stuttgart, Germany	0.00	3
LEONIE FSM DVB GmbH	Stuttgart, Germany	100.00	5
Mascot Truck Parts Canada Ltd (2017)	Mississauga, Canada	100.00	
Mascot Truck Parts USA LLC	Wilmington, USA	100.00	
MBarc Credit Canada Inc.	Mississauga, Canada	100.00	
MBLD Mercedes-Benz Leasing Deutschland GmbH	Stuttgart, Germany	100.00	5
MDC Power GmbH	Kölleda, Germany	100.00	5
Mercedes AMG High Performance Powertrains Ltd	Brixworth, United Kingdom	100.00	
Mercedes Benz Otomotiv Ticaret ve Hizmetler A.S.	Istanbul, Turkey	66.91	
Mercedes pay AG	Zug, Switzerland	100.00	
Mercedes pay S.A. – in liquidation	Luxembourg, Luxembourg	100.00	4
Mercedes-AMG GmbH	Affalterbach, Germany	100.00	5
Mercedes-Benz - Aluguer de Veiculos, Lda.	Mem Martins, Portugal	100.00	
Mercedes-Benz (China) Ltd.	Beijing, China	75.00	
Mercedes-Benz (Thailand) Limited	Bangkok, Thailand	100.00	
Mercedes-Benz AG	Stuttgart, Germany	100.00	5
Mercedes-Benz Antwerpen N.V.	Antwerp, Belgium	100.00	
Mercedes-Benz Argentina S.A.U.	Buenos Aires, Argentina	100.00	
Mercedes-Benz Asia GmbH	Stuttgart, Germany	100.00	5
Mercedes-Benz Assuradeuren B.V.	Utrecht, Netherlands	100.00	
Mercedes-Benz Australia/Pacific Pty Ltd	Melbourne, Australia	100.00	
Mercedes-Benz Auto Finance Ltd.	Beijing, China	100.00	
Mercedes-Benz Auto Lease Trust 2018-B	Wilmington, USA	0.00	3
Mercedes-Benz Auto Lease Trust 2019-A	Wilmington, USA	0.00	3
Mercedes-Benz Auto Lease Trust 2019-B	Wilmington, USA	0.00	3
Mercedes-Benz Auto Lease Trust 2020-1	Wilmington, USA	0.00	3

Name of the company	Domicile, country	Equity interest in percent <sup>1</sup>	Footnote
Mercedes-Benz Auto Lease Trust 2020-A	Wilmington, USA	0.00	3
Mercedes-Benz Auto Lease Trust 2020-B	Wilmington, USA	0.00	3
Mercedes-Benz Auto Receivables Trust 2018-1	Wilmington, USA	0.00	3
Mercedes-Benz Auto Receivables Trust 2019-1	Wilmington, USA	0.00	3
Mercedes-Benz Auto Receivables Trust 2020-1	Wilmington, USA	0.00	3
Mercedes-Benz Auto Receivables Trust 2020-A	Wilmington, USA	0.00	3
Mercedes-Benz Bank AG	Stuttgart, Germany	100.00	
Mercedes-Benz Bank GmbH	Eugendorf, Austria	100.00	
Mercedes-Benz Bank Polska S.A.	Warsaw, Poland	100.00	
Mercedes-Benz Bank Rus OOO	Moscow, Russian Federation	100.00	
Mercedes-Benz Bank Service Center GmbH	Berlin, Germany	100.00	5
Mercedes-Benz Banking Service GmbH	Saarbrücken, Germany	100.00	5
Mercedes-Benz Belgium Luxembourg S.A.	Brussels, Belgium	100.00	
Mercedes-Benz Bordeaux S.A.S.	Begles, France	100.00	
Mercedes-Benz Broker Argentina S.A.	Buenos Aires, Argentina	99.00	
Mercedes-Benz Broker Biztosítási Alkusz Hungary Kft.	Budapest, Hungary	100.00	
Mercedes-Benz Brooklands Limited	Milton Keynes, United Kingdom	100.00	
Mercedes-Benz Camiones y Buses Argentina SAU.	Buenos Aires, Argentina	100.00	
Mercedes-Benz Canada Inc.	Toronto, Canada	100.00	
Mercedes-Benz Capital Rus OOO	Moscow, Russian Federation	100.00	
Mercedes-Benz Cars & Vans Brasil - Indústria e Comércio De Veículos Ltda.	São Bernardo do Campo, Brazil	100.00	
Mercedes-Benz Cars Česká republika s.r.o.	Prague, Czech Republic	100.00	
Mercedes-Benz Cars UK Limited	Milton Keynes, United Kingdom	100.00	
Mercedes-Benz CharterWay S.A.S.	Montigny-le-Bretonneux, France	100.00	
Mercedes-Benz CharterWay S.r.l.	Trent, Italy	100.00	
Mercedes-Benz Compañía Financiera Argentina S.A.	Buenos Aires, Argentina	100.00	
Mercedes-Benz Connectivity Services GmbH	Stuttgart, Germany	100.00	5
Mercedes-Benz Corretora de Seguros Ltda	São Paulo, Brazil	100.00	
Mercedes-Benz CPH A/S	Horsholm, Denmark	100.00	
Mercedes-Benz Credit Pénzügyi Szolgáltató Hungary Zrt.	Budapest, Hungary	100.00	
Mercedes-Benz Customer Solutions GmbH	Stuttgart, Germany	100.00	5
Mercedes-Benz Danmark A/S	Copenhagen, Denmark	100.00	
Mercedes-Benz Dealer Bedrijven B.V.	The Hague, Netherlands	100.00	
Mercedes-Benz do Brasil Assessoria Comercial Ltda.	São Paulo, Brazil	100.00	
Mercedes-Benz do Brasil Ltda.	São Bernardo do Campo, Brazil	100.00	
Mercedes-Benz Drogenbos N.V.	Drogenbos, Belgium	100.00	
Mercedes-Benz Espana, S.A.U.	Alcobendas, Spain	100.00	
Mercedes-Benz Europa NV/SA	Woluwe-Saint-Lambert, Belgium	100.00	
Mercedes-Benz ExTra LLC	Wilmington, USA	100.00	
Mercedes-Benz Finance Co., Ltd.	Tokyo, Japan	95.11	
Mercedes-Benz Financial Services Australia Pty. Ltd.	Melbourne, Australia	100.00	
Mercedes-Benz Financial Services Austria GmbH	Eugendorf, Austria	100.00	
Mercedes-Benz Financial Services BeLux NV	Brussels, Belgium	100.00	
Mercedes-Benz Financial Services Canada Corporation	Mississauga, Canada	100.00	
Mercedes-Benz Financial Services Česká republika s.r.o.	Prague, Czech Republic	100.00	
Mercedes-Benz Financial Services España, E.F.C., S.A.	Alcobendas, Spain	100.00	
Mercedes-Benz Financial Services France S.A.	Montigny-le-Bretonneux, France	100.00	
Mercedes-Benz Financial Services Hong Kong Ltd.	Hong Kong, China	80.00	
Mercedes-Benz Financial Services Italia S.p.A.	Rome, Italy	100.00	
Mercedes-Benz Financial Services Korea Ltd.	Seoul, South Korea	80.00	
Mercedes-Benz Financial Services Nederland B.V.	Nieuwegein, Netherlands	100.00	
Mercedes-Benz Financial Services New Zealand Ltd	Auckland, New Zealand	100.00	
Mercedes-Benz Financial Services Portugal - Sociedade Financeira de Crédito S.A.	Mem Martins, Portugal	100.00	
Mercedes-Benz Financial Services Rus OOO	Moscow, Russian Federation	100.00	
Mercedes-Benz Financial Services Schweiz AG	Schlieren, Switzerland	100.00	
Mercedes-Benz Financial Services Slovakia s.r.o.	Bratislava, Slovakia	75.00	
Mercedes-Benz Financial Services South Africa (Pty) Ltd	Centurion, South Africa	100.00	

Name of the company	Domicile, country	Equity interest in percent <sup>1</sup>	Footnote
Mercedes-Benz Financial Services Sp. zo.o.	Warsaw, Poland	100.00	
Mercedes-Benz Financial Services Taiwan Ltd.	Taipei, Taiwan	51.00	
Mercedes-Benz Financial Services UK Limited	Milton Keynes, United Kingdom	100.00	
Mercedes-Benz Financial Services USA LLC	Wilmington, USA	100.00	
Mercedes-Benz Finans Danmark A/S	Copenhagen, Denmark	100.00	
Mercedes-Benz Finans Sverige AB	Malmö, Sweden	100.00	
Mercedes-Benz Finansal Kiralama Türk A.S.	Istanbul, Turkey	100.00	
Mercedes-Benz Finansman Türk A.S.	Istanbul, Turkey	100.00	
Mercedes-Benz Formula E Limited	Brackley, United Kingdom	100.00	
Mercedes-Benz Försäljnings AB	Malmö, Sweden	100.00	
Mercedes-Benz France S.A.S.	Montigny-le Bretonneux, France	100.00	
Mercedes-Benz Fuel Cell GmbH	Kirchheim unter Teck, Germany	100.00	
Mercedes-Benz Grand Prix Ltd.	Brackley, United Kingdom	100.00	
Mercedes-Benz Hellas Single-Member S.A.	Kifissia, Greece	100.00	
Mercedes-Benz Hong Kong Limited	Hong Kong, China	100.00	
Mercedes-Benz India Private Limited	Pune, India	100.00	
Mercedes-Benz Insurance Agency (Beijing) Co., Ltd.	Beijing, China	100.00	
Mercedes-Benz Insurance Broker S.R.L.	Voluntari, Romania	100.00	
Mercedes-Benz Insurance Services Nederland B.V.	Utrecht, Netherlands	100.00	
Mercedes-Benz Insurance Services Taiwan Ltd.	Taipei, Taiwan	100.00	
Mercedes-Benz Investment Company LLC	Wilmington, USA	100.00	
Mercedes-Benz Italia S.p.A.	Rome, Italy	100.00	
Mercedes-Benz Japan Co., Ltd.	Tokyo, Japan	100.00	
Mercedes-Benz Korea Limited	Seoul, South Korea	51.00	
Mercedes-Benz Leasing (Thailand) Co., Ltd.	Bangkok, Thailand	100.00	
Mercedes-Benz Leasing Co., Ltd.	Beijing, China	65.00	
Mercedes-Benz Leasing do Brasil Arrendamento Mercantil S.A.	Barueri, Brazil	100.00	
Mercedes-Benz Leasing GmbH	Stuttgart, Germany	100.00	5
Mercedes-Benz Leasing Hrvatska d.o.o.	Zagreb, Croatia	100.00	
Mercedes-Benz Leasing IFN S.A.	Bucharest, Romania	100.00	
Mercedes-Benz Leasing Kft.	Budapest, Hungary	100.00	
Mercedes-Benz Leasing Polska Sp. z o.o.	Warsaw, Poland	100.00	
Mercedes-Benz Leasing Taiwan Ltd.	Taipei, Taiwan	100.00	
Mercedes-Benz Leasing Treuhand GmbH	Stuttgart, Germany	100.00	5
Mercedes-Benz Ludwigsfelde GmbH	Ludwigsfelde, Germany	100.00	5
Mercedes-Benz Malaysia Sdn. Bhd.	Puchong, Malaysia	100.00	
Mercedes-Benz Manhattan, Inc.	Wilmington, USA	100.00	
Mercedes-Benz Manufacturing (Thailand) Limited	Bangkok, Thailand	100.00	
Mercedes-Benz Manufacturing Hungary Kft.	Kecskemet, Hungary	100.00	
Mercedes-Benz Manufacturing Poland sp. z o. o.	Jawor, Poland	100.00	
Mercedes-Benz Master Owner Trust	Wilmington, USA	0.00	3
Mercedes-Benz Mechelen N.V.	Mechelen, Belgium	100.00	
Mercedes-Benz Mexico, S. de R.L. de C.V.	Mexico City, Mexico	100.00	
Mercedes-Benz Minibus GmbH	Dortmund, Germany	100.00	5
Mercedes-Benz Mitarbeiter-Fahrzeuge Leasing GmbH	Stuttgart, Germany	100.00	5
Mercedes-Benz Mobility Korea Ltd.	Seoul, South Korea	100.00	
Mercedes-Benz Nederland B.V.	Utrecht, Netherlands	100.00	
Mercedes-Benz New Zealand Ltd	Auckland, New Zealand	100.00	
Mercedes-Benz Österreich GmbH	Eugendorf, Austria	100.00	
Mercedes-Benz Paris SAS	Port-Marly, France	100.00	
Mercedes-Benz Parts Logistics Eastern Europe s.r.o.	Prague, Czech Republic	100.00	
Mercedes-Benz Parts Logistics Ibérica, S.L.U.	Azuqueca de Henares, Spain	100.00	
Mercedes-Benz Parts Logistics UK Limited	Milton Keynes, United Kingdom	100.00	
Mercedes-Benz Parts Manufacturing & Services Ltd.	Shanghai, China	100.00	
Mercedes-Benz Polska Sp. z.o.o	Warsaw, Poland	100.00	
Mercedes-Benz Portugal, S.A.	Mem Martins, Portugal	100.00	
Mercedes-Benz PRAHA s.r.o.	Prague, Czech Republic	100.00	
Mercedes-Benz Renting, S.A.	Alcobendas, Spain	100.00	

Name of the company	Domicile, country	Equity interest in percent <sup>1</sup>	Footnote
Mercedes-Benz Research & Development North America, Inc.	Wilmington, USA	100.00	
Mercedes-Benz Retail Belgium NV/SA	Woluwe-Saint-Lambert, Belgium	100.00	
Mercedes-Benz Retail Group UK Limited	Milton Keynes, United Kingdom	100.00	
Mercedes-Benz Retail, S.A.	Madrid, Spain	100.00	
Mercedes-Benz Retail, Unipessoal Lda.	Mem Martins, Portugal	100.00	
Mercedes-Benz Risk Solutions South Africa (Pty.) Ltd.	Centurion, South Africa	100.00	
Mercedes-Benz Roma S.p.A.	Rome, Italy	100.00	
Mercedes-Benz Romania S.R.L.	Bucharest, Romania	100.00	
Mercedes-Benz Russia AO	Moscow, Russian Federation	100.00	
Mercedes-Benz Schweiz AG	Schlieren, Switzerland	100.00	
Mercedes-Benz Service Leasing S.R.L.	Bucharest, Romania	100.00	
Mercedes-Benz Services Correduria de Seguros, S.A.	Alcobendas, Spain	100.00	
Mercedes-Benz Services Malaysia Sdn Bhd	Selangor, Malaysia	100.00	
Mercedes-Benz Servicios S.A.U	Buenos Aires, Argentina	100.00	
Mercedes-Benz Sigorta Aracilik Hizmetleri A.S.	Istanbul, Turkey	100.00	
Mercedes-Benz Sosnowiec Sp. z o.o.	Sosnowiec, Poland	100.00	
Mercedes-Benz South Africa Ltd	Pretoria, South Africa	100.00	
Mercedes-Benz Sverige AB	Malmö, Sweden	100.00	
Mercedes-Benz Taiwan Ltd.	Taipei, Taiwan	51.00	
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-Pieters-Leeuw, Belgium	100.00	
Mercedes-Benz Trucks Česká 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 U.S. International, Inc.	Vance, USA	100.00	
Mercedes-Benz Ubezpieczenia Sp. z o.o.	Warsaw, Poland	100.00	
Mercedes-Benz USA, LLC	Wilmington, USA	100.00	
Mercedes-Benz V.I. Lyon SAS	Genas, France	100.00	
Mercedes-Benz V.I. Paris Ile de France SAS	Wissous, France	100.00	
Mercedes-Benz Vans Česká republika s.r.o	Prague, Czech Republic	100.00	
Mercedes-Benz Vans España, S.L.U.	Madrid, Spain	100.00	
Mercedes-Benz Vans Mobility GmbH	Berlin, Germany	100.00	5
Mercedes-Benz Vans Nederland B.V.	Utrecht, Netherlands	100.00	
Mercedes-Benz Vans UK Limited	Milton Keynes, United Kingdom	100.00	
Mercedes-Benz Vans, LLC	Wilmington, USA	100.00	
Mercedes-Benz Vermögens- und Beteiligungsgesellschaft mbH	Stuttgart, Germany	100.00	5
Mercedes-Benz Versicherung AG	Stuttgart, Germany	100.00	5
Mercedes-Benz Vietnam Ltd.	Ho Chi Minh City, Vietnam	70.00	
Mercedes-Benz Warszawa Sp. z o.o.	Warsaw, Poland	100.00	
Mercedes-Benz Waterloo S.A.	Braine-L'Alleud, Belgium	100.00	
Mercedes-Benz Wavre S.A.	Wavre, Belgium	100.00	
Mercedes-Benz Wemmel N.V.	Wemmel, Belgium	100.00	
Mercedes-Benz Wholesale Receivables LLC	Wilmington, USA	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	

Name of the company	Domicile, country	Equity interest in percent <sup>1</sup>	Footnote
Mitsubishi Fuso Truck of America, Inc.	Logan Township, USA	100.00	
Multifleet G.I.E	Le Bourget, France	50.10	7
P.T. Mercedes-Benz Indonesia	Bogor, Indonesia	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	
PT Mercedes-Benz Distribution Indonesia	Jakarta, Indonesia	100.00	
Renting del Pacifico S.A.C.	Lima, Peru	100.00	
Sandown Motor Holdings (Pty) Ltd	Bryanston, South Africa	62.62	
SelecTrucks of America LLC	Portland, USA	100.00	
SelecTrucks of Toronto, Inc.	Mississauga, Canada	100.00	
Silver Arrow Australia 2019-1	Melbourne, Australia	0.00	3
Silver Arrow Australia Trust 2019-1	Melbourne, Australia	0.00	3
Silver Arrow Australia Trust 2020-1	Melbourne, Australia	0.00	3
Silver Arrow Canada GP Inc.	Mississauga, Canada	100.00	
Silver Arrow Canada LP	Mississauga, Canada	100.00	7
Silver Arrow China 2020-1 Retail Auto Loan Asset Backed Notes Trust	Beijing, China	0.00	3
Silver Arrow China 2020-2 Retail Auto Loan Asset Backed Notes Trust	Beijing, China	0.00	3
Silver Arrow China Mercedes-Benz Leasing Co., Ltd. 2020-1	Beijing, China	0.00	3
Silver Arrow France	Saint-Denis, France	0.00	3
Silver Arrow Korea 2020-1	Seoul, South Korea	0.00	3
Silver Arrow Lease Facility Trust	Wilmington, USA	0.00	3
Silver Arrow Merfina 2019-1 S.r.l.	Milan, Italy	0.00	3
Silver Arrow S.A.	Luxembourg, Luxembourg	0.00	3
smart France S.A.S.	Hambach, France	100.00	
Special Lease Systems (SLS) B.V	Schiphol, Netherlands	100.00	
Star Assembly SRL	Sebes, Romania	100.00	
Sterling Truck Corporation	Portland, USA	100.00	
Sumperská správa majetku k.s.	Prague, Czech Republic	100.00	7
Thomas Built Buses of Canada Limited	Calgary, Canada	100.00	
Thomas Built Buses, Inc.	High Point, USA	100.00	
TORC Robotics, Inc.	Blacksburg, USA	75.61	
Ucafleet S.A.S	Le Bourget, France	65.00	
Ukuvela Holdings Proprietary Limited	Atlantis Industria, South Africa	100.00	
Ukuvela Properties (Pty.) Ltd.	Atlantis Industria, South Africa	100.00	
Vierzehnte Vermögensverwaltungsgesellschaft DVB mbH	Stuttgart, Germany	100.00	5
Western Star Trucks Sales, Inc	Portland, USA	100.00	
Zuidlease B.V.	Sittard, Netherlands	51.00	

## II. Unconsolidated subsidiaries<sup>2</sup>

Accumotive Verwaltungs-GmbH	Kamenz, Germany	100.00	
Achtzehnte Vermögensverwaltungsgesellschaft DVB mbH	Stuttgart, Germany	100.00	
AEG Olympia Office GmbH	Stuttgart, Germany	100.00	
Anota Fahrzeug Service- und Vertriebsgesellschaft mbH	Berlin, Germany	100.00	
Circulo Cerrado S.A. de Ahorro para Fines Determinados	Buenos Aires, Argentina	74.47	
Cúspide GmbH	Stuttgart, Germany	100.00	
Daimler Automotive de Venezuela C.A.	Valencia, Venezuela	100.00	
Daimler Brand & IP Management Verwaltung GmbH	Stuttgart, Germany	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, United Arab Emirates	100.00	
Daimler Financial Services UK Trustees Ltd.	Milton Keynes, United Kingdom	100.00	
Daimler Gastronomie GmbH	Esslingen am Neckar, Germany	100.00	
Daimler Group Services Berlin GmbH	Berlin, Germany	100.00	
Daimler Group Services Madrid, S.A.U.	San Sebastián de los Reyes, Spain	100.00	
Daimler Innovation Technology (China) Co., Ltd.	Beijing, China	100.00	



Name of the company	Domicile, country	Equity interest in percent <sup>1</sup>	Footnote
Daimler International Assignment Services USA, LLC	Wilmington, USA	100.00	
Daimler Mitarbeiter Wohnfinanz GmbH	Stuttgart, Germany	100.00	
Daimler Pensionsfonds AG	Stuttgart, Germany	100.00	6
Daimler Protics GmbH	Leinfelden-Echterdingen, Germany	100.00	
Daimler Purchasing Coordination Corp.	Wilmington, USA	100.00	
Daimler Truck Fuel Cell Canada INC.	Vancouver, Canada	100.00	
Daimler Truck Verwaltungsgesellschaft für Grundbesitz mbH	Schönefeld, Germany	100.00	
Daimler Trucks Asia Taiwan Ltd.	Taipei, Taiwan	51.00	
Daimler TSS GmbH	Ulm, Germany	100.00	
Daimler UK Share Trustee Ltd.	Milton Keynes, United Kingdom	100.00	
Daimler UK Trustees Limited	Milton Keynes, United Kingdom	100.00	
Daimler Unterstützungskasse GmbH	Stuttgart, Germany	100.00	
Dreizehnte Vermögensverwaltungsgesellschaft DVB mbH	Stuttgart, Germany	100.00	
DTB Tech & Data Hub, Unipessoal Lda	Tramagal, Portugal	100.00	
DTFC Verwaltungsgesellschaft mbH	Kirchheim unter Teck, Germany	100.00	
EvoBus Reunion S. A.	Le Port, France	96.00	
EvoBus Russland OOO	Moscow, Russian Federation	100.00	
Fleetboard Logistics GmbH	Volkach, Germany	100.00	
LAB1886 GmbH	Stuttgart, Germany	100.00	
Lapland Car Test Aktiebolag	Arvidsjaur, Sweden	100.00	
LEONIE DMS DVB GmbH	Stuttgart, Germany	100.00	
Li-Tec Battery GmbH	Kamenz, Germany	100.00	
MB GTC GmbH Mercedes-Benz Gebrauchtteile Center	Neuhausen auf den Fildern, Germany	100.00	
MBition GmbH	Berlin, Germany	100.00	
Mercedes pay USA LLC	Wilmington, USA	100.00	
Mercedes-Benz Cars Middle East FZE	Dubai, United Arab Emirates	100.00	
Mercedes-Benz Consulting GmbH	Leinfelden-Echterdingen, Germany	100.00	
Mercedes-Benz Customer Assistance Center Maastricht N.V.	Maastricht, Netherlands	100.00	
Mercedes-Benz Egypt S.A.E.	New Cairo, Egypt	100.00	
Mercedes-Benz Energy GmbH	Kamenz, Germany	100.00	
Mercedes-Benz G GmbH	Raaba, Austria	100.00	
Mercedes-Benz Group Services Phils., Inc.	Cebu City, Philippines	100.00	
Mercedes-Benz Hungária Kft.	Budapest, Hungary	100.00	
Mercedes-Benz IDC Europe S.A.S.	Valbonne, France	100.00	
Mercedes-Benz Manufacturing and Import Egypt	New Cairo, Egypt	100.00	
Mercedes-Benz Manufacturing Rus Ltd	Moscow, Russian Federation	80.00	
Mercedes-Benz Motorsport Limited	Brackley, United Kingdom	100.00	
Mercedes-Benz Museum GmbH	Stuttgart, Germany	100.00	
Mercedes-Benz OD GmbH	Stuttgart, Germany	100.00	
Mercedes-Benz Project Consult GmbH	Stuttgart, Germany	100.00	
Mercedes-Benz Research & Development Tel Aviv Ltd.	Tel Aviv, Israel	100.00	
Mercedes-Benz Research and Development India Private Limited	Bangalore, India	100.00	
Mercedes-Benz Slovakia s.r.o.	Bratislava, Slovakia	100.00	
Mercedes-Benz Subscription Services USA LLC	Wilmington, USA	100.00	
Mercedes-Benz Trucks MENA Holding GmbH	Stuttgart, Germany	100.00	
Mercedes-Benz Vans Mobility S.L.U.	Alcobendas, Spain	100.00	
Mercedes-Benz Vehículos Comerciales Argentina SAU i.L.	Buenos Aires, Argentina	100.00	4
Mercedes-Benz Venezuela S.A.	Valencia, Venezuela	100.00	
Mercedes-Benz.io GmbH	Stuttgart, Germany	100.00	
Mercedes-Benz.io Portugal Unipessoal Lda.	Lisbon, Portugal	100.00	
Mercedes ServiceCard Beteiligungsgesellschaft mbH	Kleinostheim, Germany	51.00	
Montajes y Estampaciones Metálicas, S.L.	Esparraguera, Spain	51.00	
NAG Nationale Automobil-Gesellschaft Aktiengesellschaft	Stuttgart, Germany	100.00	
Porcher & Meffert Grundstücksgesellschaft mbH & Co. Stuttgart OHG	Schönefeld, Germany	100.00	7
R.T.C. Management Company Limited	Banbury, United Kingdom	88.89	
RepairSmith, Inc.	El Segundo, USA	100.00	
Sechste Vermögensverwaltungsgesellschaft Zeus mbH	Stuttgart, Germany	100.00	
SelecTrucks Comércio de Veículos Ltda	Mauá, Brazil	100.00	

Name of the company	Domicile, country	Equity interest in percent <sup>1</sup>	Footnote
Star Transmission srl	Cugir, Romania	100.00	
STARKOM, proizvodnja in trgovina d.o.o.	Maribor, Slovenia	100.00	
T.O.C (Schweiz) AG	Schlieren, Switzerland	51.00	
trapoFit GmbH	Chemnitz, Germany	100.00	
Vierte Vermögensverwaltung PV GmbH	Stuttgart, Germany	100.00	
Zweite Vermögensverwaltung PV GmbH	Stuttgart, Germany	100.00	
Zweite Vermögensverwaltungsgesellschaft Zeus mbH	Stuttgart, Germany	100.00	
<b>III. Joint operations accounted for using proportionate consolidation</b>			
Cooperation Manufacturing Plant Aguascalientes, S.A.P.I de C.V.	Aguascalientes, Mexico	54.01	
<b>IV. Joint operations accounted for using the equity method</b>			
North America Fuel Systems Remanufacturing LLC	Kentwood, USA	50.00	
<b>V. Joint ventures accounted for using the equity method</b>			
Beijing Foton Daimler Automotive Co., Ltd	Beijing, China	50.00	
Daimler Kamaz Trucks Holding GmbH	Vienna, Austria	50.00	
Enbase Power GmbH	Munich, Germany	25.10	
Fujian Benz Automotive Co., Ltd.	Fuzhou, China	50.00	
IONITY Holding GmbH & Co. KG	Munich, Germany	20.00	
MB Service Japan Co., Ltd.	Hitachi, Japan	33.40	
Movinx GmbH	Berlin, Germany	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	
Shenzhen DENZA New Energy Automotive Co. Ltd.	Shenzhen, China	50.00	
smart Automobile Co., Ltd.	Ningbo, China	50.00	
Wei Xing Tech. Co., Ltd.	Hangzhou, China	50.00	
YOUR NOW Holding GmbH	Munich, Germany	50.00	
<b>VI. Associated companies accounted for using the equity method</b>			
BAIC Motor Corporation Ltd.	Beijing, China	9.55	
Beijing Benz Automotive Co., Ltd.	Beijing, China	49.00	
Blacklane GmbH	Berlin, Germany	29.17	
Bolt Technology OÜ	Tallinn, Estonia	8.67	
FUSO LAND TRANSPORT & Co. Ltd.	Kawasaki, Japan	21.67	
KAMAZ PAO	Naberezhnye Chelny, Russian Federation	15.00	
Kanagawa Mitsubishi Fuso Truck & Bus Sales Co., Ltd.	Yokohama, Japan	43.83	
LSH Auto International Limited	Hong Kong, China	15.00	
Mobility Trader Holding GmbH	Berlin, Germany	11.11	
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	
There Holding B.V.	Rijswijk, Netherlands	29.74	
Toll4Europe GmbH	Berlin, Germany	15.00	
Verimi GmbH	Berlin, Germany	14.79	
Via Transportation Inc.	New York, USA	9.73	
Wagenplan B.V.	Almere, Netherlands	50.00	
<b>VII. Joint operations, joint ventures, associated companies and substantial other investments accounted for at (amortized) cost<sup>2</sup></b>			
AFCC Automotive Fuel Cell Cooperation Corp.	Burnaby, Canada	50.10	4
Aston Martin Lagonda Global Holdings Plc	Gaydon, United Kingdom	11.85	
BDF IP Holdings Ltd.	Burnaby, Canada	33.00	
Beijing Mercedes-Benz Sales Service Co., Ltd.	Beijing, China	51.00	
COBUS Industries GmbH	Wiesbaden, Germany	40.82	
Esslinger Wohnungsbau GmbH	Esslingen am Neckar, Germany	26.57	

Name of the company	Domicile, country	Equity interest in percent <sup>1</sup>	Footnote
European Center for Information and Communication Technologies - EICT GmbH	Berlin, Germany	25.00	
EvoBus Hungária Kereskedelmi Kft.	Budapest, Hungary	33.33	
G2VP I, LLC	Menlo Park, USA	5.71	
Gottapark, Inc.	San Francisco, USA	18.09	
Grundstücksgesellschaft Schlossplatz 1 mbH & Co. KG	Berlin, Germany	18.37	7
H2 Mobility Deutschland GmbH & Co. KG	Berlin, Germany	2.90	
hap2U SAS	Pontcharra, France	34.59	
IVU Traffic Technologies AG	Berlin, Germany	5.25	
Laureus World Sports Awards Limited	London, United Kingdom	50.00	
Mercedes ServiceCard GmbH & Co. KG	Kleinstheim, Germany	51.00	
MFTB Taiwan Co., Ltd.	Taipei, Taiwan	33.40	
National Automobile Industry Company Ltd.	Jeddah, Saudi Arabia	26.00	
Omuta Unso Co., Ltd.	Ohmuta, Japan	33.51	
PDB - Partnership for Dummy Technology and Biomechanics GbR	Ingolstadt, Germany	20.00	7
Proterra Inc.	Burlingame, USA	6.22	
Rally Bus Corp.	Buffalo, USA	15.13	
Sila Nanotechnologies Inc.	Dover, USA	11.64	
SK Gaming Beteiligungs GmbH	Cologne, Germany	33.33	
smart-BRABUS GmbH	Bottrop, Germany	50.00	
STARCAM s.r.o.	Most, Czech Republic	51.00	
TASIAP GmbH	Stuttgart, Germany	60.00	
Toyo Kotsu Co., Ltd.	Sannoseki, Japan	28.20	
VfB Stuttgart 1893 AG	Stuttgart, Germany	11.75	
Volocopter GmbH	Bruchsal, Germany	8.62	
what3words Ltd.	London, United Kingdom	9.98	

1 Shareholding pursuant to Section 16 of the German Stock Corporation Act (AktG)

2 For the accounting of unconsolidated subsidiaries, joint operations, joint ventures and associated companies we refer to Note 1.

3 Control due to economic circumstances

4 In liquidation

5 Qualification for exception pursuant to Section 264 Subsection 3 and Section 264b of the German Commercial Code (HGB)

6 Control over the investment of the assets. No consolidation of the assets due to the contractual situation.

7 Daimler AG or one or several consolidated subsidiaries, is/are the partner(s) with unlimited liability.