



Mercedes-Benz

**Report of the Board of Management
on Agenda Item 8 and 9
of the Annual General Meeting
der Mercedes-Benz Group AG
on 7 May 2025***

Report of the Board of Management on the exclusion of shareholders' subscription rights and rights to sell shares to the Company in connection with the acquisition and sale of treasury shares pursuant to Section 71, Subsection 1, No. 8, Sentence 5 in conjunction with Section 186, Subsection 4, Sentence 2 and Section 186, Subsection 3, Sentence 4 of the German Stock Corporation Act (Aktiengesetz)

Overview

The authorization to acquire and use treasury shares resolved by the Annual General Meeting under Agenda Item 8 on 8 July 2020 has been almost exhausted. As part of two buy-back programs, the Company had acquired treasury shares amounting to almost 10% of its share capital by 29 November 2024 on the basis of this authorization. The treasury shares acquired were cancelled on 13 December 2024 without reducing the share capital.

On 21 February 2024, the Board of Management and Supervisory Board decided to introduce a share buy-back policy. On this basis and subject to the necessary authorization being given at the Annual General Meeting, the future free cash flow of the industrial business (after potential small-scale M&A transactions), which exceeds the dividend payout ratio of approx. 40% of Group Net Income, is to be used to finance share buy-backs with the aim of cancelling these shares. Against this backdrop, it is proposed that a new authorization to purchase treasury shares, limited until 6 May 2030, be granted pursuant to Section 71, Subsection 1, No. 8 of the German Stock Corporation Act (*Aktiengesetz*).

The proposed re-granted authorization to acquire treasury shares within a scope of up to 10% of the share capital is to give the Company the possibility to acquire treasury shares for any permissible purpose and to use them in particular for the purposes of cancelling them under the share buy-back policy but also to finance corporate mergers and acquisitions, to sell them to third parties for cash payment, to fulfill obligations arising from convertible bonds/bonds with warrants, or to transfer them to employees, or to launch the Company's shares on foreign stock

exchanges. The treasury shares may also be offered to all shareholders so as to allow them to acquire Company shares in exchange for the (partial) assignment of their dividend right established by the Annual General Meeting's resolution on the appropriation of profits (share dividend). The authorization is intended to give the Company maximum flexibility and for the optimization of the buy-back also to allow treasury shares to be acquired via multilateral trading systems or with the use of derivatives.

Purchase of treasury shares and exclusion of the shareholders' right to tender

In addition to the acquisition via the stock exchange and via multilateral trading systems, the treasury shares (Mercedes-Benz Shares) can also be acquired by means of a public tender offer addressed to all shareholders of the Company, or by means of a public exchange offer for shares in a company listed on the stock exchange in accordance with Section 3, Subsection 2 of the German Stock Corporation Act (Aktiengesetz), or by a request for submission of offers made by the Company or any of its affiliates within the meaning of Sections 15 et seq. of the German Stock Corporation Act (Aktiengesetz), or by third parties acting on the account of the Company or any of its affiliates.

If the number of Mercedes-Benz Shares tendered or offered by shareholders for purchase or exchange exceeds the total volume of shares that the Company intends to repurchase, the shareholders' right to tender may be excluded to the extent that, instead of in proportion to their quota participations, the repurchase will be in proportion to the Company's shares tendered or offered by each shareholder in order to facilitate the allocation process. The preferential treatment of small lots of up to 100 shares tendered per shareholder and rounding according to commercial principles may also be used to facilitate the allocation process. The Board of Management considers an inherent exclusion of any further shareholders' right to tender to be objectively justified and reasonable vis-à-vis the shareholders.

Use of treasury shares with the exclusion of shareholders' subscription rights

The treasury shares acquired on the basis of the authorization granted by the Annual General Meeting on 7 May 2025 are primarily intended to be cancelled, but can also be used, with the exclusion of shareholders' subscription rights, in certain defined cases:

- In accordance with the share buy-back policy resolved by the Board of Management and Supervisory Board in February 2024 and using the authorization proposed under Agenda Item 8 d) (1), it shall be possible to cancel treasury shares even without a new resolution having to be adopted at a General Meeting. The cancellation of treasury shares is to be possible following a decision by the responsible boards with or without a reduction in share capital, whereby in the latter case the proportion of the share capital represented by each share increases accordingly. In such a case, the Board of Management is authorized to adjust the number of shares specified in the Articles of Incorporation.

- Under the authorization proposed under Agenda Item 8 d) (2), the Board of Management shall be enabled, with the approval of the Supervisory Board, to offer and transfer treasury shares as a non-cash contribution and thus to use them as consideration, in particular in the context of business combinations or in acquiring (also indirectly) companies, businesses, parts of companies, participations or other assets or rights to acquire assets, including receivables against the Company or its affiliates within the meaning of Sections 15 et seq. of the German Stock Corporation Act (Aktiengesetz). International competition and the globalization of the economy require this form of consideration. The proposed authorization is therefore intended to give the Company the necessary flexibility to exploit acquisition opportunities quickly, flexibly and with little detriment to liquidity. The proposed exclusion of shareholders' subscription rights reflects this intention. When determining the valuation ratios, the Company shall ensure that the interests of shareholders are adequately safeguarded, taking into account the stock market price, but without a mathematical reference to it. There are currently no specific plans to use treasury shares in this way.

- Moreover, the authorization proposed under Agenda Item 8 d) (3) shall make it possible, with the approval of the Supervisory Board, to sell shares also in other ways than through the stock exchange or through an offer to all shareholders against cash payment to third parties, for example to institutional investors, or to attract new groups of investors. A precondition for such a sale is that the price achieved (excluding transaction costs) is not significantly lower than the stock exchange price for shares in the Company of the same type at the time of the sale. The possibility of selling repurchased shares held in treasury against cash payment under exclusion of shareholders' subscription rights serves the interests of the Company to obtain the best price possible on the sale. By excluding shareholders' subscription rights, it is possible to place the shares close to the stock market price, i.e., the discount normally associated with subscription rights issues is eliminated. The immediate inflow of funds will avoid the uncertainties of future stock market developments. The portion of the share capital mathematically attributable to treasury shares sold in this way may not exceed 10% of the Company's share capital at the time this authorization becomes effective or of the share capital existing at the time the authorization to sell the shares under exclusion of subscription rights is exercised, if the latter is lower. The orientation towards the stock exchange price takes account of the shareholders' interest in preventing dilution and appropriately protects their assets and voting rights. When determining the selling price, Management shall keep any possible markdown on the quoted stock market price as low as possible, taking into account the conditions of the market. The shareholders are generally able to maintain the relative value of their shareholdings by purchasing shares on the stock exchange, while in the interests of all shareholders, the Company is given additional scope for action to utilize favorable stock market situations at short notice. In addition, it is ensured that the number of treasury shares sold to third parties in return for cash payments with the simplified exclusion of subscription rights in mutatis mutandis application of Section 186, Subsection 3, Sentence

4 of the of the German Stock Corporation Act (Aktiengesetz) together with other shares issued or sold, with the exclusion of shareholders' subscription rights in direct or mutatis mutandis application of this provision, during the term of the authorization until it has been exhausted does not exceed the limit of 10% of the share capital. Shares that were issued or granted are to be issued or granted to service conversion/warrant rights or conversion/warrant obligations from convertible bonds and/or bonds with warrants shall also be included in the calculation of this limit, provided that the corresponding bonds were issued during the term of the authorization in mutatis mutandis application of Section 186, Subsection 3, Sentence 4 of the German Stock Corporation Act (Aktiengesetz). There are currently no specific plans to use treasury shares in this way.

- Furthermore, according to the authorization proposed under Agenda Item 8 d) (4) acquired treasury shares can also be used to fulfill or secure rights or obligations to acquire Company's shares, in particular under or in connection with convertible bonds and/or bonds with warrants ("bonds") issued by the Company or any affiliate of the Company within the meaning of Sections 15 et seq. of the German Stock Corporation Act (Aktiengesetz). This facilitates even more flexible action and, by avoiding the issue of additional shares, allows the avoidance of the dilution effect that is typical of a capital increase. In its decision whether to use treasury shares or to issue new shares when servicing such obligations or rights, the Board of Management will consider the interests of the shareholders appropriately. The same applies to the question of the – also possibly exclusive – serviceability of convertible bonds or bonds with warrants using treasury shares. The exclusion of shareholders' subscription rights is a prerequisite in all such cases. This also applies if a customary market form of dilution protection is granted to the extent that holders of conversion/warrant rights or conversion/warrant obligations on shares in the Company are granted subscription rights to treasury shares in the event of rights issues by the Company to the extent to which they would be entitled after having exercised such rights or fulfilled such obligations. There are currently no specific plans to use treasury shares in this way.
- In addition, according to the authorization proposed under Agenda Item 8 d) (5) it should also be possible to issue shares directly or indirectly to the employees of the Company and its affiliates within the meaning of Sections 15 et seq. of the German Stock Corporation Act (Aktiengesetz), to board members of the Company's affiliates or to third parties, e.g., banks, which assign to those persons the economic ownership and/or the economic benefits of the shares. The issue of shares to these persons enhances the identification of those entitled with the Company and the ownership culture at the Company. This is also in the Company's interest. The same applies to the exclusion of subscription rights required in the event of such use. In order to facilitate the issue of shares for this purpose, the Company is to be allowed to acquire the necessary treasury shares also by means of securities lending, and if necessary, also to use treasury shares to meet the lenders' claim to

repayment. There are currently no specific plans to use treasury shares acquired under this authorization in this way.

- In addition, according to the authorization proposed under Agenda Item 8 d) (6), the Board of Management should be able to use the acquired treasury shares to launch shares in the Company on foreign stock exchanges where the Company's shares have not yet been listed. As a precautionary measure, this will enable the Company to react quickly and flexibly to favorable stock market situations and to broaden its shareholder base abroad. This takes due and reasonable account of the financial interests and voting rights interests of shareholders. The protection of shareholders from dilution is reflected by the requirement that shares may only be launched on foreign stock exchanges at prices that are not substantially below their applicable market prices. The price (excluding transaction costs) at which these shares are launched on other stock exchanges may not be more than 5% below the closing auction price in the Xetra trading system (or in a functionally equivalent successor to the Xetra system) on the last trading day on the Frankfurt/Main Stock Exchange prior to placement. The Board of Management will try to keep any possible markdown on the quoted stock market price as low as possible, taking into account the current market conditions at the time. Interested shareholders may maintain their level of shareholding at substantially identical conditions by acquiring further shares on the market. There are currently no specific plans to use treasury shares acquired under this authorization in this way.
- Finally, it should be possible according to Agenda Item 8 d) (7) to offer the treasury shares to all shareholders so as to allow them to acquire Company shares in exchange for the (partial) assignment of their dividend right established by the Annual General Meeting's resolution on the appropriation of profits (share dividend). There are currently no specific plans to use treasury shares acquired under this authorization in this way.

During the term of this authorization, the total of treasury shares used with the exclusion of shareholders' subscription rights may not account for a notional share of more than 10% of the share capital at the time this authorization becomes effective or of the share capital existing at the time of the authorization being exercised, if the latter is lower. If, during the term of this authorization and until it is exercised, other authorizations to issue or sell shares in the Company or to issue rights that enable or oblige the subscription of shares in the Company are exercised and the subscription right is excluded in the process, this shall be counted towards the aforementioned 10% limit.

Acquisition using derivatives

Through the resolution of the Annual General Meeting proposed under Agenda Item 9, the Company shall have the opportunity to acquire shares in the Company in accordance with Section 71, Subsection 1, Number 8 of the German Stock Corporation Act (Aktiengesetz), in addition to

the acquisition options provided for under Agenda Item 8, with the approval of the Supervisory Board, also by using derivatives. This additional alternative expands the Company's ability to structure the acquisition of treasury shares optimally. The Board of Management intends to apply derivatives only as a supplement to the conventional share buy-back. The use of put options, call options and forward purchases or a combination of these instruments (hereinafter, "derivatives") may – also in combination with other admissible transactions not covered by this authorization – be advantageous for the Company compared to direct purchases of the shares. The authorization proposed under Agenda Item 9 does not result in overshooting the maximum limit (provided for in Agenda Item 8) for the repurchase of Company's shares of up to 10% of the share capital existing when the Annual General Meeting passes the resolution or the share capital existing as of the date on which the authorization is exercised, if the latter value is lower, but merely enables the purchase of treasury shares using derivative financial instruments within that scope up to an additional upper limit of 5% of the share capital existing when the Annual General Meeting passes the resolution.

The derivative transactions are to be concluded with an independent credit institution or with companies operating in accordance with Section 53, Subsection 1, Sentence 1 or Section 53b, Subsection 1 or Subsection 7 of the German Banking Act (*Kreditwesengesetz*) or a consortium of such credit institutions or companies. The term of the derivatives must be chosen in such a way that the repurchase of Company's shares pursuant to the terms and conditions of the derivatives takes place no later than 6 May 2030. This ensures that after the expiration of the authorization to acquire treasury shares on 6 May 2030, the Company will no longer acquire treasury shares on the basis of this authorization. Furthermore, the maturity of a derivative is limited to 18 months.

When selling put options, the Company grants the purchaser of the put options the right to sell Mercedes-Benz Shares to the Company at a price specified in the put options ("exercise price"). As the so-called option writer, the Company is obliged to acquire the number of Mercedes-Benz Shares specified in the put option at the exercise price. As consideration, the Company receives an option premium when it sells the put options, substantially equivalent to the value of the selling right taking into consideration the exercise price, the term of the options, and the volatility of the Mercedes-Benz Share price. If the put option is exercised, the option premium paid by the purchaser of the put options reduces the total consideration paid by the Company for the acquisition of the Mercedes-Benz Shares. Exercise of the put option makes financial sense for the holders if the price of Mercedes-Benz Shares is below the exercise price, because the holders can then sell shares to the Company at the higher exercise price. From the Company's perspective, a share buy-back with the use of put options has the advantage that the exercise price is already defined on the date when the options are concluded. However, there is no cash flow until the day of exercise. Furthermore, the price paid by the Company to acquire the Mercedes-Benz Shares is below the share price at the time when the options are concluded due to the option premium received by the Company. If the options are not exercised because the share price is above the

exercise price on the date of exercise, the Company cannot acquire treasury shares in this way. However, it has the advantage of the option premium it received when the options were sold.

When acquiring call options, in return for the payment of an option premium, the Company receives the right to buy a predefined number of Mercedes-Benz Shares at a predefined price (“exercise price”) from the seller of the options, the option writer. The Company thus buys the right to acquire treasury shares. Exercise of the call options makes financial sense for the Company if the price of Mercedes-Benz Shares is above the exercise price, because it can then buy the shares from the option writer at the lower exercise price.

In the case of a forward purchase, the Company acquires the Mercedes-Benz Shares in accordance with the contract from the forward seller on a fixed future date at an acquisition price agreed at the time of conclusion of the forward purchase transaction. It may be expedient for the Company to enter into forward purchase contracts in order to satisfy its need for Company’s shares on the forward settlement date at the forward price.

The terms and conditions of the derivatives must ensure that the derivatives are only serviced with shares acquired in compliance with the principle of equal treatment; acquisition on the stock exchange is sufficient for this purpose. This requirement ensures that shareholders are not economically disadvantaged by the use of derivatives.

Exclusion of shareholders’ subscription rights and rights to sell shares to the Company with the use of derivatives

Any claims on the part of shareholders to conclude such derivative transactions with the Company are excluded in accordance with Section 186, Subsection 3, Sentence 4 of the German Stock Corporation Act (Aktiengesetz). The shareholders also have no right to conclude derivative transactions insofar as in connection with the intended acquisition of treasury shares with the use of derivatives there is a preferred offer for the conclusion of derivative transactions related to lower numbers of shares. Shareholders have the right to sell their Mercedes-Benz shares to the Company only to the extent that the Company is obligated to accept shares from them under the concluded derivative contracts. Otherwise, the use of derivatives in share repurchases would not be possible, and the Company would not be able to reap the benefits thus opened up.

Having carefully weighed the interests of shareholders and the Company, the Management considers the non-granting of the shareholders’ right to tender their shares to be justified. The price agreed on in the relevant derivative and to be paid per Mercedes-Benz Share upon exercise of a put option or in fulfillment of a forward purchase may not exceed the average price of a Mercedes-Benz Share determined at the close of Xetra trading (or at the close of a functionally equivalent successor to the Xetra system) on the Frankfurt Stock Exchange on the last three days of trading before the conclusion of the respective derivative transaction by more than 10% and may not be more than 20% lower than that price (in each case excluding transaction costs, but

taking into consideration the option premium received or paid). The price agreed on in the relevant derivative and to be paid per Mercedes-Benz Share upon exercise of a call option may not exceed the average price of a Mercedes-Benz Share determined at the close of Xetra trading (or at the close of a functionally equivalent successor to the Xetra system) on the Frankfurt Stock Exchange on the last three days of trading before the conclusion of the respective derivative transaction by more than 10% and may not be more than 10% lower than that price.

The price paid by the Company for derivatives shall not be significantly higher, and the price received by the Company for derivatives shall not be significantly lower, than the theoretical market price of the respective derivative calculated in accordance with generally accepted actuarial methods. Among other factors, the predetermined exercise price shall be taken into account when determining the theoretical market price. The determination of both option premium and exercise price/forward price in the manner described above and the commitment to be included in the terms and conditions of the derivative contract to satisfy the exercise of options or the fulfillment of forward purchases by utilizing only Company's shares that were previously acquired subject to compliance with the principle of equal treatment, are designed to rule out economic disadvantages for existing shareholders from such a repurchase of Company's shares. Since the Company receives or pays a fair market price, the shareholders not involved in the derivative transactions do not suffer any substantial loss in value. In this respect, this is comparable to the position of shareholders in the case of a share repurchase on the stock exchange, where also not all shareholders are able to actually sell shares to the Company. Both the regulations governing the structure of the derivatives and the regulations governing the shares suitable for delivery ensure that full account is also taken of the principle of equal treatment of shareholders in this form of purchase.

Report on the utilization of the authorization to acquire treasury shares and to use derivatives

In case of a utilization of the authorization to acquire treasury shares and to use derivative financial instruments, the Board of Management will notify the following Annual General Meeting of this fact.

Stuttgart, 11.03.2025

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