

Chairman's Letter

Dear Shareholders,

For 140 years, the history of the automobile – and, with it, that of our company – has followed a clear direction: the ambition to continuously redefine progress.

This anniversary year is marked by the largest product launch programme in the history of our brand; by 2027, more than 40 new models will be introduced. They combine tradition and innovation and embody our promise to build the world's most desirable cars.

The past financial year was shaped by significant challenges that continue to define the environment for our industry – from tariffs and shifting markets to regulation. Against this backdrop, we took key decisions that will strengthen our direction for the years ahead.

As Chairman of the Supervisory Board, I support and oversee this course together with the full Board, in close cooperation with the Board of Management, guided by our responsibility to you, our shareholders. With this in mind, I would like to review the past financial year and consider the framework conditions under which Mercedes-Benz is implementing its strategy in a consistent and flexible manner.

Framework conditions

The automotive industry continues to undergo a period of radical change. Technological transformation, shifting market structures, regulatory frameworks, trade conflicts and geopolitical tensions are challenging established business models and approaches. At the same time, we have adapted quickly to new realities including a volatile tariff environment, intense competition in China and uncertain regulatory conditions in Europe. As a result, our company once again demonstrated its resilience in 2025, underpinned by a strong product portfolio, consistent cost and efficiency discipline, and the outstanding commitment of our global Mercedes-team.

I would like to thank all Mercedes-Benz employees whose dedication and passion have contributed significantly to our success. It is in challenging times like these that dedicated teams make a difference. My thanks also go to the Board of Management, including those who stepped down from the Board in the past year, as well as to my fellow Supervisory Board members for the excellent and trusting cooperation.

Strategy

Since the invention of the automobile in 1886, Mercedes-Benz has built an extraordinary legacy of innovation across decades and generations, always driven by the ambition to rethink mobility. We continue to advance mobility by leveraging new technological opportunities while pursuing a flexible powertrain strategy aligned with market realities, encompassing high-tech electrified combustion engines as well as future-oriented battery-electric technologies.

We are investing specifically in areas that create long-term value. The key factor is a broad-based, attractive and innovative product portfolio combined with an efficient and sustainable cost structure.

Decarbonisation remains a central element of our sustainable business strategy. Electrifying our product portfolio is the biggest lever here. In the medium term, we are aiming for a global sales share of around 40% for battery-electric vehicles and plug-in hybrids. We are confident that our strategy will sustainably strengthen Mercedes-Benz, further consolidate technological excellence and help shape the future of individual mobility – just as we have done for 140 years.

Results for the 2025 financial year and capital allocation

With earnings before interest and taxes (EBIT) of €5.8 billion, earnings per share of €5.34 and free cash flow from our industrial business of €5.4 billion, results for the 2025 financial year were in line with our guidance, but significantly below 2024. Strong demand for our Top-End vehicles, consistent cost discipline and solid cash generation helped the company to navigate a complex and dynamic global environment.

On this basis, our capital allocation remains clearly defined and disciplined. It combines financing our strategic priorities with an attractive dividend payout for our shareholders and the consistent implementation of our established share buyback policy¹.

In line with this, Mercedes-Benz launched a further share buyback programme in November 2025 with a volume of up to €2 billion², to be executed on the stock exchange over a period of up to 12 months. In addition, the Board of Management and the Supervisory Board propose a dividend of €3.50 per dividend-entitled share to the Annual General Meeting 2026 (2024: €4.30).

Annual General Meeting

After careful consideration and involving the Chairman of the Supervisory Board as the statutory chairman of the meeting, the Board of Management has decided to hold the 2026 Annual General Meeting in a virtual format. The basis for this is the authorisation in the Articles of Incorporation, which is limited until 24 July 2027. In reaching its decision, the Board of Management considered the interests of both the company and shareholders, in particular the safeguarding of shareholder rights, cost and sustainability considerations, and the agenda of this year's Annual General Meeting.

The Board of Management and the Supervisory Board continuously monitor developments in Annual General Meeting formats in the market, consider feedback from the ongoing dialogue with investors and shareholder associations, and incorporate this into their considerations for future proposals regarding the format of the Annual General Meeting.

Supervisory Board

The composition of the Supervisory Board follows a clearly defined requirements and qualifications profile, ensuring that the body supports the strategic development and the external challenges of Mercedes-Benz with expertise and independence.

On the recommendation of the Nomination Committee, the Supervisory Board therefore proposes to the Annual General Meeting 2026 the election of Dr Katharina Beumelburg and Dr Rashmi Misra, as well as the re-election of Marco Gobetti. These proposals also represent an orderly, competence-based succession to the departing members Dame Polly Courtice and Professor Dr Helene Svahn.

With Dr Katharina Beumelburg, we strengthen the Supervisory Board's expertise in sustainability and transformation. Her experience in implementing global decarbonisation strategies as well as in sustainability, innovation, the energy transition and industrial transformation is of great importance for the further development of Mercedes-Benz. Dr Rashmi Misra adds recognised expertise in artificial intelligence and digital technologies to the body and provides important impetus for innovation and competitiveness. With the re-election of Marco Gobetti, we ensure continuity in a key value driver of our business. His international experience in leading global premium brands supports the consistent further development of our premium and brand strategy.

With these election proposals, we strengthen the Supervisory Board's competencies in line with the requirements profile in key areas for the future and create a balanced combination of renewal and continuity in the interest of the long-term success of Mercedes-Benz.

The independence of the proposed individuals and their sufficient time availability, taking existing mandates into account, have been reviewed.

¹ This states that any future free cash flow from the industrial business, (as available post potential small-scale M&A) generated beyond the approximately 40% dividend payout ratio of Group Net Income, shall be used to fund share buybacks with the purpose of redeeming shares.

² not including incidental costs

Board of Management

With the personnel decisions taken in the reporting year, the Supervisory Board is pursuing the goal of preserving experience and continuity in the company's leadership while also setting targeted impulses for the next phase of transformation. In doing so, we strengthen the focus on technological excellence, consistent customer orientation and operational efficiency. The Supervisory Board is convinced that Mercedes-Benz, with its current management team, has the right balance of experience, renewal and responsibility to secure the company's long-term competitiveness.

Remuneration

The remuneration of the Board of Management was again the subject of intensive discussions in the Presidential Committee and the Supervisory Board during the 2025 financial year. Against the backdrop of the current economic and strategic framework conditions, we carefully reviewed the appropriateness of Board of Management remuneration and decided not to increase the target remuneration, which was last adjusted in 2023.

At the same time, we further developed the remuneration system. The new system approved by the Annual General Meeting in May 2025 came into effect on 1 January 2026.³ Feedback from our dialogue with investors has also been incorporated in its design.

The updated system sharpens the methodology for performance-related remuneration of the Board of Management while increasing the clarity and measurability of the underlying targets and reducing complexity. In addition, strategically important long-term ESG targets — such as CO₂-related metrics and the share of battery-electric vehicles and plug-in hybrids (xEV) in total sales — continue to play a decisive role in intensifying the sustainable development of the Mercedes-Benz Group. Overall, the new system ensures more demanding targets and in parallel maintains a consistent incentive effect between the Board of Management and the further management levels⁴.

In a time of profound change, the personnel renewals in the Board of Management in 2025 led to temporarily higher total expenses. These resulted from temporary double staffing arrangements and were a deliberate

strategic investment to ensure stability and a smooth transition.

Diesel emissions issues

In recent years, Mercedes-Benz has consistently worked on addressing the proceedings relating to diesel emissions and has thereby tangibly increased legal certainty for the company and its shareholders. One example of this is the settlements reached with several U.S. states at the end of 2025, some of which are still subject to court approval.⁵ These settlements will conclude the remaining environmental and consumer protection proceedings in the United States. It remains the case that Mercedes-Benz maintains full transparency and cooperation with authorities worldwide and keeps the capital market regularly informed.

The Committee for Legal Affairs continuously monitors the ongoing proceedings in connection with diesel emissions and assesses them with the involvement of legal advisers to the Supervisory Board. The Supervisory Board is regularly informed in this regard and, on this basis, continues to fully fulfil its statutory duties of oversight and care.

For well over a decade, we have been consistently further developing our company-wide compliance and integrity standards. Clear responsibilities, binding guidelines, regular training and systematic risk and control processes are firmly embedded in our corporate culture and are continuously reviewed. Our objective remains to prevent potential misconduct at an early stage, ensure transparency and safeguard sustainable, compliant conduct.

Antitrust matters

Furthermore, antitrust matters continue to be an important issue for the Supervisory Board. In the concluded proceedings of the European Commission and the South Korean antitrust authority relating to anticompetitive conduct regarding exhaust aftertreatment systems for cars with diesel engines (SCR⁶), the company did not have to pay a fine due to its cooperation with the authorities; no further fines are expected in this antitrust matter. This also applies to the

³ [Remuneration System 2026](#)

⁴ executives of the other management levels 1-3 and parts of level 4

⁵ [Mercedes-Benz resolves remaining environmental and consumer protection proceedings regarding diesel emissions in the United States](#)

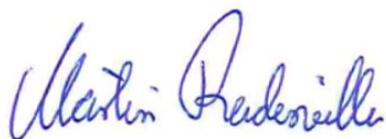
⁶ Selective catalytic reduction

concluded proceedings of the European Commission and the British Competition and Markets Authority (CMA) in the field of end-of-life vehicle disposal. The company has been cooperating extensively with the authorities from an early stage. The Supervisory Board is still reviewing potential compensation claims against current or former members of the Board of Management regarding the antitrust matters including the trucks proceedings already concluded by the European Commission; those potential claims have remained with the company irrespective of the spinoff of the truck and bus business. The Supervisory Board has fully performed its supervision tasks under stock corporation law. This was confirmed again in February 2026 in an amended expert opinion by Professor Dr Mathias Habersack; an updated statement is attached to this letter.⁷

Dear Shareholders, we approach the tasks ahead with optimism and great determination. The innovative strength of our workforce, the global presence of Mercedes-Benz and responsible corporate governance provide a solid foundation for this. The Supervisory Board will continue to support this path constructively and monitor it attentively in the interest of sustainable value creation.

It is my great pleasure to welcome you to this year's virtual Annual General Meeting on 16 April 2026.

Yours sincerely,



Dr Martin Brudermüller

⁷ [Chairmans letter - annex antitrust](#)