



Interim Report Q1 2022

Mercedes-Benz Group



Contents

INTERIM MANAGEMENT REPORT	3 – 20
Business development	3
Important events	4
Profitability	6
Cash flows	11
Financial position	16
Risk and opportunity report	18
Outlook	19
INTERIM CONSOLIDATED FINANCIAL STATEMENTS	21 – 45
Consolidated Statement of Income	21
Consolidated Statement of Comprehensive Income	22
Consolidated Statement of Financial Position	23
Consolidated Statement of Cash Flows	25
Consolidated Statement of Changes in Equity	26
Notes to the Interim Consolidated Financial Statements	28
AUDITOR'S REVIEW REPORT	46
INFORMATION ON THE INTERNET	47

Cover photo: The EQE sporty business Saloon.

Interim Management Report

- **Unit sales of Mercedes-Benz Cars of 487,000 vehicles significantly below the prior-year level**
- **Unit sales of Mercedes-Benz Vans of 88,500 vehicles at the prior-year level**
- **Revenue of €34.9 billion (Q1 2021: €32.9 billion)**
- **Group EBIT of €5.2 billion (Q1 2021: €4.7 billion); adjusted Group EBIT of €5.3 billion (Q1 2021: €4.4 billion)**
- **Net profit of €3.6 billion (Q1 2021: €3.5 billion)**
- **Free cash flow of the industrial business of €1.2 billion (Q1 2021: €1.3 billion)**

Business development

At the beginning of the year, the development of the **global car market** continued to be characterised by bottlenecks in the availability of semiconductors. In addition, the effects of the war in Ukraine have recently weighed on market development, especially in the Europe region.

In the first quarter, the global market was slightly below the prior-year level. However, the European market fell well short of the comparatively high level of the previous year. The US market for cars and light trucks also recorded a significant loss compared to the previous year. There, too, the market level was still very robust in the first quarter of 2021, before the semiconductor crisis worsened later in the year. In the Chinese market, the current wave of covid-19 made itself increasingly felt in March; for the quarter as a whole, however, car sales were still significantly above the previous year's level.

These conditions also influenced key **van markets**. In the Europe region, market development decreased sharply both in the combined segment of mid-size and large vans and in the segment of small vans. The US market for large vans also contracted considerably. In China, a market volume roughly at the prior-year level was observed in the segment for mid-size vans.

Mercedes-Benz Cars sold 487,000 cars of the Mercedes-Benz and smart brands worldwide in the first quarter of 2022 (Q1 2021: 538,900). The drop in unit sales was mainly caused by global supply chain bottlenecks for semiconductors, while continuing high market demand. A total of 151,300 vehicles (Q1 2021: 165,400) were sold in Europe (European Union, United Kingdom, Switzerland and Norway). Mercedes-Benz Cars sold 50,000 vehicles in its core market of Germany (Q1 2021: 56,100). In China, which is Mercedes-Benz Cars' biggest sales market, unit sales reached 186,100 (Q1 2021: 208,100), while subject to the effects of supply chain bottlenecks for semiconductors and local lockdown measures. Mercedes-Benz Cars delivered 64,700 vehicles in the United States (Q1 2021: 72,800).

Mercedes-Benz Vans posted unit sales of 88,500 worldwide from January through March 2022 (Q1 2021: 88,400), despite ongoing supply bottlenecks for certain semiconductor components. At 52,700 units, unit sales in the core region of Europe (European Union, United Kingdom, Switzerland and Norway) were substantially lower than in the previous year (Q1 2021: 57,500). We sold 19,700 vehicles in Germany during this period (Q1 2021: 20,400). In North America (United States, Canada and Mexico), sales reached a record level of 17,400 units in the first quarter (Q1 2021: 11,100), driven, in particular, by a big rise in the United States to 14,800 units (Q1 2021: 9,500). In China, unit sales amounted to 8,100 vehicles and were thus slightly lower than in the prior year (Q1 2021: 8,500).

In the first quarter of 2022, the new business of **Mercedes-Benz Mobility** dropped sharply by 13% to €14.5 billion. One reason are the effects of the semiconductor-related supply bottlenecks and the slightly decreased proportion of leased and financed vehicles in unit sales. The fact that the prior-year figure still included the Daimler commercial vehicle business that was spun off and hived down must also be taken into consideration.

In North America, new business was significantly lower than in the previous year. This result was particularly affected by the spin-off and hive-down of the Daimler commercial vehicle business. In Germany, by contrast, new business was at the prior-year level, while it increased significantly in China. The spin-off and hive-down of Daimler's commercial vehicle business had no effects on Germany or China. At the end of March 2022, contract volume amounted to €134.4 billion and was thus at the same level as at the end of 2021. Athlon and Daimler Fleet Management had a total of 382,000 contracts at the end of the quarter. This corresponded to a contract volume of €6.6 billion.

The **investments in property, plant and equipment** of the **Mercedes-Benz Group** amounted to €0.9 billion in the first quarter of 2022 (Q1 2021: €1.2 billion). Of this amount, €0.8 billion (Q1 2021: €1.1 billion) was attributable to Mercedes-Benz Cars and €18 million (Q1 2021: €29 million) to Mercedes-Benz Vans.

The **research and development expenditure** of the **Mercedes-Benz Group** amounted to €2.0 billion in the first quarter (Q1 2021: €2.4 billion), of which €0.6 billion (Q1 2021: €0.6 billion) was capitalised. At €1.9 billion (Q1 2021: €1.9 billion), Mercedes-Benz Cars accounted for a majority of the research and development expenditure. During the reporting period, Mercedes-Benz Vans had research and development expenditure of €84 million (Q1 2021: €119 million).

Important events

Daimler embarks on a new era as Mercedes-Benz Group

On 1 February 2022, Daimler AG became Mercedes-Benz Group AG. With its renaming, the company completed the historic realignment that began last year and was approved by the shareholders with an overwhelming majority. The new Mercedes-Benz Group is thus fully concentrating on its passenger car brands Mercedes-Benz, Mercedes-AMG, Mercedes-Maybach and Mercedes-EQ as well as vans. As a focused manufacturer with the most valuable luxury automotive brand in the world, the Group will be able to fully develop its economic potential in the future and better exploit its competitive strengths.

Parallel to the renaming of Daimler AG, Daimler Mobility AG also received a new designation: Under the name Mercedes-Benz Mobility AG, the company offers mobility services for passenger cars and vans in the areas of financing, leasing and insurance. In addition, the finance and mobility division enables Mercedes-Benz customers to use their vehicles flexibly via rental and subscription models, fleet management and digital services for charging and payment.

Mercedes-Benz strengthens Supervisory Board with experts for sustainability and luxury-goods industry

Two new members are to be appointed to the Supervisory Board of Mercedes-Benz Group AG. As the Company announced on 23 February 2022, the current Supervisory Board members Bader M. Al Saad and Prof. Dr. Clemens Börsig will step down from their positions at the end of the 2022 Annual General Meeting, when their current periods of office expire. At that Annual General Meeting on 29 April 2022, Dame Polly Courtice and Marco Gobetti will be proposed for election to the Supervisory Board as their successors.

Dame Polly Courtice graduated from the University of Cape Town and has a Master of Arts from Cambridge University. From 1989, she was Deputy Director – and from 2000 to 2021, Director – of the University of Cambridge Institute for Sustainability Leadership (CISL).

Marco Gobbetti holds a Bachelor in Business Administration from the American University of Washington D.C. Gobbetti began his career in management at Bottega Veneta, followed by CEO positions at luxury brands Valextra and Moschino. From 2017 to 2021, he was CEO of Burberry Group plc. Since January 2022, Marco Gobbetti has been CEO of Salvatore Ferragamo S.p.A.

New battery plant sets stage for EQS SUV production in the United States

On 15 March 2022, Mercedes-Benz opened a new battery plant in Bibb County, Alabama, a few months ahead of the start of production of new all-electric Mercedes-EQ vehicles in the United States. The new battery factory underscores the importance of the United States within the Mercedes-Benz global production network and the status of Alabama as an export hub for luxury SUVs also in the electric era.

Mercedes-Benz will produce the EQS SUV and EQE SUV in Alabama, as part of a global push to produce eight all-electric vehicles at seven locations on three continents. The state-of-the-art battery factory in Bibb County will supply batteries for these new models.

Mercedes-Benz Cars aims to slash CO₂ emissions by more than 50% by end of this decade

At its first digital ESG (Environment, Social and Governance) Conference for investors and analysts on 11 April 2022, Mercedes-Benz announced measures aimed at cutting CO₂ emissions, creating lasting value for all stakeholders. The company aims to at least halve CO₂ emissions per passenger car over the lifecycle by the end of this decade compared to 2020 levels. To achieve this goal, the key levers include: electrifying the vehicle fleet, charging with green energy, improving battery technology, an extensive use of recycled materials and renewable energy in production.

Profitability, cash flows and financial position

The Group comprises the segments Mercedes-Benz Cars, Mercedes-Benz Vans and Mercedes-Benz Mobility. The segments Mercedes-Benz Cars and Mercedes-Benz Vans were combined into one reportable segment until 31 December 2021 due to comparable longer-term average returns on sales as well as comparable sales development and capital intensity. After the spin-off and hive-down of the commercial vehicle business in December 2021, the two segments have been reported separately from 1 January 2022. The comparison period has been adjusted accordingly.

To provide a better insight into the Group's profitability, cash flows and financial position, the condensed statement of income, the condensed statement of cash flows and the condensed statement of financial position are shown for the "Industrial Business" and for "Mercedes-Benz Mobility" as well as for the Mercedes-Benz Group. The industrial business represents the residual between the Group and Mercedes-Benz Mobility.

In order to provide a more transparent presentation of the ongoing business, adjusted figures for both the Group and the segments are additionally calculated and reported. The adjustments include individual items where they lead to material effects in a reporting year. These individual items may relate in particular to legal proceedings and related measures, restructuring measures and M&A transactions. Further information on the management system can be found in the Annual Report 2021 in the Corporate Profile section of the Combined Management Report with Non-Financial Statement.

The spin-off and hive-down of essential parts of the former Daimler Trucks & Buses segment, including the associated financial services business (Daimler commercial vehicle business), was completed with its entry in the commercial register on 9 December 2021. As of 31 March 2022, Mercedes-Benz Group held a minority interest of around 30% in Daimler Truck Holding AG. The shares are included in the consolidated financial statements using the equity method and are presented as an investment not allocated to the segments in the reconciliation of the reportable segments to the Group.

Income and expenses related to assets and liabilities of the former Daimler Trucks & Buses segment that were spun off and hived down or held for sale were classified and reported as "discontinued operations" in 2021.

Individual participations and business activities of the Mercedes-Benz Group in several countries will not be sold to Daimler Truck Holding AG, its subsidiaries or third parties until 2022 or 2023 and are therefore reported as "held for sale".

Detailed information is provided in Note 2 of the interim consolidated financial statements.

Profitability

Mercedes-Benz Group statement of income for the three-month period ended 31 March 2022

The **revenue** was slightly above the prior-year period at €34,858 million in the first quarter of 2022 (Q1 2021: €32,882 million), despite lower sales volumes. Also adjusted for positive exchange-rate effects, it was slightly higher than in the same quarter of the previous year. The increase in revenue was primarily due to the substantial improvement in net pricing and the improved sales structure at the Mercedes-Benz Cars and Mercedes-Benz Vans segments.

EBIT was €5,229 million in the first quarter of 2022 and was thus also slightly above the level of the same quarter of the previous year (Q1 2021: €4,701 million). Exchange-rate effects had a positive net impact.

The increase in the cost of sales was mainly due to expenses in connection with adjustments of the business activities in Russia and higher raw material costs.

Selling expenses and general administrative expenses were at the level of the same quarter of the previous year.

Research and non-capitalised development costs were slightly below the same quarter of the previous year, partly due to cyclical lower expenses for development projects.

In the first quarter of 2022, the other operating income primarily includes both income of €385 million from the sale of shares in Mercedes-Benz Grand Prix Ltd. and €514 million from the sale of the retail activities in Canada. In the same quarter of the previous year, income of €604 million was included in connection with the new fuel cell joint venture cellcentric GmbH & Co. KG (cell-centric).

The increase in other operating expense resulted from increased expenses of €281 million in connection with ongoing governmental and court proceedings and measures taken relating to Mercedes-Benz diesel vehicles.

In the first quarter of 2021 other financial income included income of €179 million in connection with the IPO of the charging infrastructure operator Chargepoint, Inc.

The **net interest expense** in the first quarter of 2022 amounted to €42 million (Q1 2021: €43 million).

The **income tax expense** recognised in the first quarter of 2022 amounted to €1,601 million (Q1 2021: €1,188 million). The tax rate was 30.9% (Q1 2021: 25.5%). In the first quarter of 2021, the effective tax rate was reduced due to the formation of the fuel-cell joint venture cellcentric GmbH & Co. KG as the income was only subject to a deferred tax expense for corporate income tax.

Net profit from continuing operations of €3,586 million was slightly higher than in the same quarter of the previous year (Q1 2021: €3,470 million).

In the same quarter of the previous year the **net profit from discontinued operations, after taxes** of €903 million included the income and expenses in connection with the assets and liabilities of the former Daimler Trucks & Buses segment.

Net profit for the first quarter thus amounted to €3,586 million (Q1 2021: €4,373 million). Net profit of €96 million is attributable to **non-controlling interests** (Q1 2021: €83 million). The net profit attributable to the **shareholders of Mercedes-Benz Group AG** amounted to €3,490 million (Q1 2021: €4,290 million) leading to a decrease in **earnings per share** to €3.26 (Q1 2021: €4.01).

The calculation of earnings per share (basic) is based on an unchanged average number of outstanding shares of 1,069.8 million.

Table A.01 shows the condensed statement of income of the Mercedes-Benz Group as well as of the industrial business and Mercedes-Benz Mobility.

Table A.02 shows both the composition of Group EBIT by segment and the reconciliation as well as the reconciliation of EBIT to adjusted EBIT.

A.01

Condensed consolidated statement of income for the three-month period ended 31 March

	Mercedes-Benz Group		Industrial Business		Mercedes-Benz Mobility	
	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021
In millions of euros						
Revenue	34,858	32,882	28,076	25,916	6,782	6,966
Cost of sales	-26,894	-25,496	-21,160	-19,588	-5,734	-5,908
Gross profit	7,964	7,386	6,916	6,328	1,048	1,058
Selling expenses	-2,225	-2,215	-2,065	-2,046	-160	-169
General administrative expenses	-610	-679	-428	-485	-182	-194
Research and non-capitalised development costs	-1,377	-1,516	-1,377	-1,516	-	-
Other operating income	998	961	954	922	44	39
Gains/losses on equity-method investments, net	382	497	402	487	-20	10
Other financial income, net	97	267	94	267	3	-
EBIT	5,229	4,701	4,496	3,957	733	744
Interest expense	-42	-43	-41	-41	-1	-2
Profit from continuing operations, before taxes	5,187	4,658	4,455	3,916	732	742
Income taxes	-1,601	-1,188	-1,394	-994	-207	-194
Profit from continuing operations	3,586	3,470	3,061	2,922	525	548
Profit from discontinued operations, after taxes	-	903	-	903	-	-
Net profit	3,586	4,373	3,061	3,825	525	548
thereof profit attributable to non-controlling interests	96	83				
thereof profit attributable to shareholders of Mercedes-Benz Group AG	3,490	4,290				
thereof from continuing operations	3,490	3,398				
thereof from discontinued operations	-	892				
Earnings per share (in euros)						
for profit attributable to shareholders of Mercedes-Benz Group AG						
Basic	3.26	4.01				
thereof from continuing operations	3.26	3.18				
thereof from discontinued operations	-	0.83				
Diluted	3.26	4.01				
thereof from continuing operations	3.26	3.18				
thereof from discontinued operations	-	0.83				

EBIT for the three-month period ended 31 March 2022

The **Mercedes-Benz Cars** segment was influenced by the following material factors:

- Strongly improved net pricing
- Favourable product mix
- Positive development of used car business
- Lower unit sales due to worldwide shortage of semiconductor components
- Higher raw material costs
- Product related expenses
- The first quarter of 2021 was positively impacted by IPO of Chargepoint, Inc.

The adjustments of the **Mercedes-Benz Cars** segment comprise:

- Income of €478 million in connection with the restructuring of the sales activities in Canada (M&A transaction)
- Income of €385 million related to the change in the investment structure of the motorsport business (M&A transaction)
- Expenses of €658 million in connection with the adjustment of the business activities in Russia
- Expenses of €177 million in connection with ongoing governmental and court proceedings and measures taken relating to Mercedes-Benz diesel vehicles

The **Mercedes-Benz Vans** segment was influenced by the following material factors:

- Strongly improved net pricing
- Favourable product mix
- Positive development of used vehicle business
- Higher raw material costs
- Disruption in production network due to shortage of semiconductor components

The adjustments of the **Mercedes-Benz Vans** segment comprise:

- Income of €36 million in connection with the restructuring of the sales activities in Canada (M&A transaction)

- Expenses of €103 million in connection with ongoing governmental and court proceedings and measures taken relating to Mercedes-Benz diesel vehicles
- Expenses of €51 million in connection with the adjustments of the business activities in Russia

The **Mercedes-Benz Mobility** segment shows the significant developments listed below:

- Improved operative business performance at Mobility Services and Fleet Management
- Margin benefiting from lower refinancing costs compared to Q1 previous year
- Favourable foreign exchange-rate development
- Reduced volume due to Daimler Truck spin-off, supply constraints and lower market penetration
- Higher expenses due to increased project costs and dissynergies from Daimler Truck spin-off
- Increased credit risk reserve due to business activities in Russia

The EBIT of the **reconciliation** is at the same level as the first quarter of the previous year. The earnings contribution of the at-equity investment in Daimler Truck Holding AG is slightly negative in the first quarter of 2022, as the pro-rata net profit of Daimler Truck Holding AG is offset by the depreciation of assets from the purchase price allocation.

The **reconciliation** mainly includes the following adjustments:

- Income of €37 million from the no longer recognised depreciation and amortisation of the non-current assets of the Mercedes-Benz Mobility segment held for sale (M&A transaction)
- Expenses of €18 million, mainly in connection with the sale of individual investments and business activities to Daimler Truck in 2022 (M&A transaction)

A.02

EBIT for the three-month period ended 31 March

	Mercedes-Benz Group	Mercedes-Benz Cars	Mercedes-Benz Vans	Mercedes-Benz Mobility	Reconciliation
In millions of euros					
Q1 2022					
Revenue	34,858	25,836	3,687	6,782	-1,447
Cost of sales	-26,894	-19,653	-2,890	-5,734	1,383
Gross profit	7,964	6,183	797	1,048	-64
Selling expenses	-2,225	-1,761	-299	-160	-5
General administrative expenses	-610	-364	-59	-182	-5
Research and non-capitalised development costs	-1,377	-1,277	-75	-	-25
Other income/expense	1,477	1,490	-16	27	-24
EBIT	5,229	4,271	348	733	-123
Legal proceedings (and related measures)	281	177	103	-	1
Restructuring measures	-	-	-	-	-
M&A transactions	-918	-863	-36	-	-19
Expenses in connection with adjustments of the business activities in Russia	709	658	51	-	-
Adjusted EBIT	5,301	4,243	466	733	-141
Return on sales/return on equity (in %)		16.5	9.4	20.2	
Adjusted return on sales/return on equity (in %)¹		16.4	12.6	20.2	

	Mercedes-Benz Group	Mercedes-Benz Cars	Mercedes-Benz Vans	Mercedes-Benz Mobility	Reconciliation
In millions of euros					
Q1 2021					
Revenue	32,882	23,924	3,398	6,966	-1,406
Cost of sales	-25,496	-18,197	-2,691	-5,908	1,300
Gross profit	7,386	5,727	707	1,058	-106
Selling expenses	-2,215	-1,756	-297	-169	7
General administrative expenses	-679	-334	-53	-194	-98
Research and non-capitalised development costs	-1,516	-1,398	-112	-	-6
Other income/expense	1,725	1,551	45	49	80
EBIT	4,701	3,790	290	744	-123
Legal proceedings (and related measures)	75	59	16	-	-
Restructuring measures	361	270	22	36	33
M&A transactions	-693	-604	-	-89	-
Adjusted EBIT	4,444	3,515	328	691	-90
Return on sales/return on equity (in %)		15.8	8.5	20.2	
Adjusted return on sales/return on equity (in %)¹		14.7	9.7	18.7	

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

Cash flows

Free cash flow of the industrial business

The free cash flow of the industrial business is regarded as a key performance indicator for the Mercedes-Benz Group. The free cash flow of the industrial business is derived from the reported cash flows from operating and investing activities in table A.04. The cash flows from sales and purchases of marketable debt securities and similar investments included in cash flows from investing activities are deducted, as those securities are allocated to liquidity and changes in them are thus not a part of the free cash flow. On the other hand, effects in connection with the recognition and measurement of right-of-use assets, which result from lessee accounting and are largely non-cash items, are included in the free cash flow of the industrial business. Other adjustments relate to effects from the financing of the Group's own dealerships and effects from internal deposits within the Group. In addition, the calculation of the free cash flow includes the cash flows to be shown under cash flows from financing activities in connection with the acquisition or disposal of interests in subsidiaries with-out loss of control.

A.03

Condensed statement of cash flows¹

	Mercedes-Benz Group		Industrial Business		Mercedes-Benz Mobility	
	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021
In millions of euros						
Cash and cash equivalents at beginning of period	23,182	23,048	18,033	20,344	5,149	2,704
Profit before income taxes from continuing and discontinued operations	5,187	5,682	4,455	4,940	732	742
Depreciation and amortisation/impairments	1,611	1,816	1,581	1,785	30	31
Other non-cash expenses and income and gains/losses on disposals of assets	-1,284	-2,033	-1,296	-2,035	12	2
Change in operating assets and liabilities						
Inventories	-2,294	-2,075	-2,323	-2,302	29	227
Trade receivables	-462	-326	-566	86	104	-412
Trade payables	1,983	3,020	1,959	2,835	24	185
Receivables from financial services	-1,093	666	-10	-41	-1,083	707
Vehicles on operating leases	1,077	477	-275	-316	1,352	793
Other operating assets and liabilities	-971	-1,808	-832	-1,532	-139	-276
Dividends received from equity-method investments	46	-	46	-	-	-
Income taxes paid	-834	-540	-609	-355	-225	-185
Cash flow from operating activities	2,966	4,879	2,130	3,065	836	1,814
Additions to property, plant and equipment and intangible assets	-1,505	-1,902	-1,495	-1,865	-10	-37
Investments in and disposals of shareholdings	455	639	458	483	-3	156
Acquisitions and sales of marketable debt securities and similar investments	539	311	587	365	-48	-54
Other	102	205	97	202	5	3
Cash flow from investing activities	-409	-747	-353	-815	-56	68
Change in financing liabilities	-7,577	-1,496	-6,448	-813	-1,129	-683
Dividends paid	-48	-78	-39	-70	-9	-8
Other transactions with shareholders	-19	-82	-19	-82	-	-
Internal equity and financing transactions	-	-	924	750	-924	-750
Cash flow from financing activities	-7,644	-1,656	-5,582	-215	-2,062	-1,441
Effect of foreign exchange-rate changes on cash and cash equivalents	157	432	146	395	11	37
Cash and cash equivalents at end of period	18,252	25,956	14,374	22,774	3,878	3,182
thereof cash and cash equivalents classified as assets held for sale at end of period	300	-	9	-	291	-

¹ For 2021 the consolidated cash flows from continuing and discontinued operations are presented in the consolidated statement of cash flows. The cash flows from continuing and discontinued operations are shown in Note 2 to the interim consolidated financial statements. A reconciliation from continuing and discontinued operations to profit/loss before income taxes is also included in Note 2 to the consolidated financial statements.

A.04

Free cash flow of the industrial business

In millions of euros	Q1 2022	Q1 2021	Change
Cash flow from operating activities ¹	2,130	3,065	-935
Cash flow from investing activities ¹	-353	-815	+462
Change in marketable debt securities and similar investments ¹	-587	-365	-222
Right-of-use assets ¹	-45	-93	+48
Other adjustments ²	71	-495	+566
Free cash flow of the industrial business	1,216	1,297	-81
Legal proceedings (and related measures)	210	1,063	-853
Restructuring measures	328	455	-127
M&A transactions	-544	-310	-234
Adjusted free cash flow of the industrial business	1,210	2,505	-1,295

1 For 2021 the consolidated cash flows from continuing and discontinued operations are presented

2 For 2021 the free cash flow of the industrial business is adjusted by €0.5 billion for the free cash flow of the spun-off Daimler commercial vehicles business

In the first quarter of 2022, the **free cash flow of the industrial business** amounted to €1.2 billion (Q1 2021: €1.3 billion) and was influenced by the following, partly opposing factors:

- negative development of working capital, mainly due to increased inventory levels as a result of the semi-conductor shortage
- increase in income taxes paid
- payment of €0.9 billion made in 2021 resulting from the settlement of civil and environmental claims made by several US authorities in 2019 in connection with emission control systems used in certain diesel vehicles
- cash inflow from the restructuring of retail activities in Canada of €0.6 billion (Q1 2021: cash inflow of €0.3 billion from the sale of cellcentric)

In the interest of greater transparency in reporting on the ongoing business, we additionally calculate and report an **adjusted free cash flow of the industrial business** of €1.2 billion (Q1 2021: €2.5 billion) in table A.04. The following adjustments were taken into account in the first quarter of 2022 and 2021:

- The legal proceedings include payments by the industrial business in connection with ongoing governmental and legal proceedings and related measures taken with regard to Mercedes-Benz diesel vehicles.
- The restructuring measures include payments made in connection with the personnel-cost-optimisation.
- The M&A transactions mainly include cash inflows from the restructuring of retail activities in Canada (Q1 2021: sale of cellcentric).

As well as being calculated on the basis of the disclosed cash flows from operating and investing activities, the free cash flow of the industrial business can also be calculated on the basis of the cash flows before interest and taxes (CFBIT) of the automotive segments. The reconciliation from the CFBIT of Mercedes-Benz Cars and Mercedes-Benz Vans to the free cash flow of the industrial business also includes the payments for interest and taxes. The other reconciliation items primarily comprise eliminations between the segments and items that are allocated to the industrial business but for which the automotive segments are not responsible. Table A.05 shows the reconciliation of the CFBIT of the automotive segments to the free cash flow of the industrial business.

In the first quarter of 2022, the **free cash flow of the Mercedes-Benz Group** resulted in a cash inflow of €2.1 billion (Q1 2021: €3.2 billion). Besides the effects of the free cash flow of the industrial business, the free cash flow of the Mercedes-Benz Group is mainly affected by the leasing and sales-financing business of Mercedes-Benz Mobility.

In the first quarter of 2022, the **cash flow from financing activities of the Mercedes-Benz Group** (cf. Table A.03) resulted in a cash outflow of €7.6 billion (Q1 2021: €1.7 billion). The change on the same quarter of the prior year is primarily due to the lower net refinancing as a result of the positive cash flow situation.

CFBIT and cash conversion rate of the automotive segments

The **CFBIT of the automotive segments** is derived from the EBIT and the change in net assets, and also includes additions to the right-of-use assets. Table A.06 shows the composition of CFBIT for Mercedes-Benz Cars and Mercedes-Benz Vans for the first quarter of 2022 compared with the same quarter of the previous year. Table A.07 shows the reconciliation from CFBIT to **adjusted CFBIT** and the **adjusted cash conversion rate** for Mercedes-Benz Cars and Mercedes-Benz Vans.

A.05

Reconciliation from CFBIT to the free cash flow of the industrial business

	Q1 2022	Q1 2021
In millions of euros		
CFBIT Mercedes-Benz Cars	1,847	2,268
CFBIT Mercedes-Benz Vans	378	-296
Income taxes paid/refunded	-609	-338
Interest paid/received	-165	-81
Other reconciling items	-235	-256
Free cash flow of the industrial business	1,216	1,297

A.06

CFBIT for the three-month period ended 31 March

	Mercedes-Benz Cars		Mercedes-Benz Vans	
	Q1 2022	Q1 2021	Q1 2022	Q1 2021
In millions of euros				
EBIT	4,271	3,790	348	290
Change in working capital	-884	1,027	55	-181
Net financial investments	414	186	43	-
Net investments in property, plant and equipment and intangible assets	-1,426	-1,540	-34	-46
Depreciation and amortisation/impairments	1,458	1,386	122	115
Other	-1,986	-2,581	-156	-474
CFBIT	1,847	2,268	378	-296

A.07

Reconciliation to adjusted CFBIT for the three-month period ended 31 March

	Mercedes-Benz Cars		Mercedes-Benz Vans	
	Q1 2022	Q1 2021	Q1 2022	Q1 2021
In millions of euros				
CFBIT	1,847	2,268	378	-296
Legal proceedings (and related measures)	123	620	86	442
Restructuring measures	275	369	16	40
M&A transactions	-565	-310	-43	-
Adjusted CFBIT	1,680	2,947	437	186
Adjusted EBIT	4,243	3,515	466	328
Adjusted cash conversion rate¹	0.4	0.8	0.9	0.6

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

Net debt and net liquidity

As can be seen in Table A.03, after taking currency translation into account, the cash and cash equivalents of the Mercedes-Benz Group decreased to €18.3 billion compared with 31 December 2021. Total liquidity for the Group, which also includes marketable debt securities and similar investments, decreased by €5.5 billion to €25.3 billion. **Net debt** at Group level, which primarily results from the refinancing of the leasing and sales-financing business, decreased compared with 31 December 2021 by €1.1 billion to €93.7 billion. See table A.09.

The **net liquidity of the industrial business**, which is shown in table A.08 increased by €1.7 billion to €22.7 billion during this period. The increase is in particular due to the positive free cash flow of the industrial business. Further effects resulted from the transfer of profits from Mercedes-Benz Mobility, as well as positive exchange-rate effects.

A.08

Net liquidity of the industrial business

In millions of euros	31 Mar. 2022	31 Dec. 2021	Change
Cash and cash equivalents	14,374	18,034	-3,660
Marketable debt securities and similar investments	6,014	6,591	-577
Liquidity	20,388	24,625	-4,237
Financing liabilities ¹	2,703	-3,913	+6,616
Market valuation and currency hedges for financing liabilities	-385	293	-678
Financing liabilities (nominal)	2,318	-3,620	+5,938
Net liquidity	22,706	21,005	+1,701

¹ Financing liabilities include liabilities from refinancing of internal dealerships.

A.09

Net debt of the Mercedes-Benz Group

In millions of euros	31 Mar. 2022	31 Dec. 2021	Change
Cash and cash equivalents	18,252	23,182	-4,930
Marketable debt securities and similar investments	7,023	7,579	-556
Liquidity	25,275	30,761	-5,486
Financing liabilities	-118,658	-125,905	+7,247
Market valuation and currency hedges for financing liabilities	-350	327	-677
Financing liabilities (nominal)	-119,008	-125,578	+6,570
Net debt	-93,733	-94,817	+1,084

Refinancing

The Mercedes-Benz Group once again successfully utilised the international money and capital markets for **refinancing** in the first quarter of 2022.

In the first quarter of 2022, the Mercedes-Benz Group had a cash inflow of €0.1 billion from the **issuance of bonds** (Q1 2021: €4.5 billion). The redemption of bonds resulted in cash outflows of €6.6 billion (Q1 2021: €5.5 billion).

In the first quarter of 2022 one **asset-backed securities (ABS) transaction** was conducted in China and generated a volume of CNY 8.0 billion. In addition a further transaction was conducted at the beginning of the second quarter of 2022 in Germany and generated a volume of €0.8 billion.

In addition, since July 2018, the Mercedes-Benz Group has had a syndicated **credit line** of €11 billion, which had not been utilised at 31 March 2022.

Financial position

As of 31 March 2022 the **balance-sheet total** was almost at the level of 31 December 2021. The change includes positive effects from currency translation of €1.9 billion; adjusted for these exchange-rate effects, there was a decrease of €3.7 billion. Mercedes-Benz Mobility accounts for 56% of the Mercedes-Benz Group's total assets; almost unchanged from

31 December 2021. Current assets account for 39% of the balance-sheet total and are thus also at the prior-year level. Current liabilities amount to 35% of total equity and liabilities and are also at the prior-year level.

Table A.10 shows the condensed statement of financial position for the Mercedes-Benz Group as well as for the industrial business and Mercedes-Benz Mobility.

A.10

Condensed statement of financial position

	Mercedes-Benz Group		Industrial Business		Mercedes-Benz Mobility	
	31 Mar. 2022	31 Dec. 2021	31 Mar. 2022	31 Dec. 2021	31 Mar. 2022	31 Dec. 2021
In millions of euros						
Assets						
Intangible assets	15,040	15,005	14,434	14,386	606	619
Property, plant and equipment	27,545	27,859	27,220	27,497	325	362
Equipment on operating leases	43,729	44,471	14,243	14,400	29,486	30,071
Receivables from financial services	82,379	80,625	-80	-83	82,459	80,708
Equity-method investments	13,071	13,588	12,611	13,117	460	471
Inventories	23,946	21,466	23,450	20,976	496	490
Trade receivables	8,053	7,673	7,397	6,875	656	798
Cash and cash equivalents	17,952	23,120	14,365	18,034	3,587	5,086
Marketable debt securities and similar investments	7,023	7,579	6,014	6,591	1,009	988
thereof current	6,149	6,706	5,770	6,289	379	417
thereof non-current	874	873	244	302	630	571
Other financial assets	7,072	6,260	-6,956	-8,207	14,028	14,467
Other assets	8,837	9,043	-379	-152	9,216	9,195
Assets held for sale	3,426	3,142	189	201	3,237	2,941
Total assets	258,073	259,831	112,508	113,635	145,565	146,196
Equity and liabilities						
Equity	78,422	73,167	63,771	58,719	14,651	14,448
Provisions	18,812	21,321	17,903	20,385	909	936
Financing liabilities	118,229	125,843	-2,733	3,877	120,962	121,966
thereof current	52,017	52,300	-17,498	-17,893	69,515	70,193
thereof non-current	66,212	73,543	14,765	21,770	51,447	51,773
Trade payables	12,596	10,655	11,578	9,670	1,018	985
Other financial liabilities	7,459	7,805	4,903	5,089	2,556	2,716
Contract and refund liabilities	10,008	9,909	9,670	9,567	338	342
Other liabilities	11,992	10,962	7,358	6,282	4,634	4,680
Liabilities held for sale	555	169	58	46	497	123
Total equity and liabilities	258,073	259,831	112,508	113,635	145,565	146,196

The decrease in total assets was due to decreased cash and cash equivalents. Opposing effects came from higher receivables from financial services and inventories.

Receivables from financial services increased due to the growth in sales-financing in China and North America. The leasing and sales-financing business as a proportion of 49% of total assets was at the level of the end of last year. **Inventories** increased, partly due to the supply chain bottlenecks for semiconductors.

On the liabilities side of the balance sheet, there were lower financing liabilities and provisions, while equity was above prior-year level.

The Group's **equity** increased, in particular as a result of the positive earnings development. As the balance-sheet total was almost unchanged, the Group's **equity ratio** of 28.3% was therefore above the level of the previous year (31 December 2021: 26.1%); the equity ratio for the industrial business was 51.9% (31 December

2021: 47.0%). **Provisions** of €18.8 billion were below the level of 31 December 2021 (€21.3 billion). Provisions for pensions and similar obligations decreased by €2.4 billion, primarily due to the significant increased discount rate. The funded status of 31 March 2022 was approximately 93%. **Financing liabilities** of €118.2 billion were significantly below the level of previous year (31 December 2021: €125.8 billion). The decrease was due to the lower net refinancing as a result of the positive cash flow situation.

Further information on the assets presented in the statement of financial position and on the Group's equity and liabilities is provided in the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity and the related notes in the Notes to the Interim Consolidated Financial Statements.

Table A.11 shows the derivation of net assets for the automotive segments. They relate to the operating assets and liabilities for which the divisions are responsible.

A.11

Net assets of the automotive segments

	Mercedes-Benz Cars		Mercedes-Benz Vans	
	31 Mar. 2022	31 Dec. 2021	31 Mar. 2022	31 Dec. 2021
In millions of euros				
Intangible assets	13,174	13,088	1,246	1,286
Property, plant and equipment	25,324	25,566	1,913	1,951
Inventories	21,127	18,790	2,398	2,300
Trade receivables	6,403	5,880	1,000	1,016
Other segment assets	24,361	23,171	2,866	2,865
Segment assets	90,389	86,495	9,423	9,418
thereof assets held for sale	54	71	-	-
Trade payables	10,550	8,648	1,069	952
Other segment liabilities	42,439	42,882	7,650	7,717
Segment liabilities	52,989	51,530	8,719	8,669
thereof liabilities held for sale	59	48	-	-
Net assets	37,400	34,965	704	749

Risk and opportunity report

The risks and opportunities that can have a significant influence on the profitability, cash flows and financial position of the Mercedes-Benz Group in 2022, as well as detailed information on our risk and opportunity management system, are presented on pages 130 to 149 of our Annual Report 2021. In addition, we refer to the notes on forward-looking statements provided at the end of this Interim Report.

The extraordinary uncertainties for both the global economy and the business development of the Mercedes-Benz Group continue and are primarily characterised by the various **effects of the Russia-Ukraine War**.

As a result of the greater uncertainties for the global economy and the Group's business development, the general market risks have risen from medium to high compared to the Annual Report 2021.

The regulatory and political risks described in the Annual Report 2021 are still considerable and could further exacerbate the negative effects on production and sales planning. In particular, there continue to be risks associated with energy supplies and from a potential expropriation of assets of Russian subsidiaries. Additional risks result from the fact that business activities in Russia have, until further notice, been adjusted in accordance with the sanctions requirements.

In addition, the **availability of semiconductors and other important industrial precursors** as well as the further **course of the covid-19 pandemic** worldwide, including the consequences of the zero-covid strategy in China, continue to lead to a high degree of uncertainty for assessing the risk and opportunity situation in 2022.

Changes in risks and opportunities are continuously monitored, evaluated and, if appropriate, taken into account in planning during the year.

Legal risks

As described in the chapter "Risk and Opportunity Report" of the Combined Management Report with Non-Financial Declaration to the Annual Report 2021, Mercedes-Benz Group AG and its subsidiaries are confronted with various legal proceedings and claims as well as governmental investigations and orders (legal proceedings) on a large number of topics (please refer to the sub-chapter "Legal Risks" therein).

Compared to the legal proceedings described therein, no significant changes occurred in the reporting period.

Further information on legal proceedings is provided in Note 31 to the consolidated financial statements as at 31 December 2021.

Outlook

The macroeconomic and geopolitical conditions continue to be characterised by an exceptional degree of uncertainty. The main factor contributing to this is the war in Ukraine, with its effects on supply chains and on the availability and the development of prices for energy and raw materials. Further effects due to the rapidly changing situation in Russia and Ukraine are not currently known, but could possibly have substantial negative consequences for our business activities, should it escalate beyond its current state. In addition to further geopolitical uncertainty, the continuing bottlenecks in the supply of semiconductors and other industrial upstream products and the significant inflationary pressure complicate the outlook for consumers and companies. And not least the further course of the pandemic, and in particular the strict countermeasures in China, hold uncertainties for the expected development of the market, supply chain and production.

In view of these circumstances, we now expect the **global car market** to only remain at approximately the previous year's level. Although the Europe region is particularly affected by the situation in Ukraine, we think it probable that this market will increase slightly from its previous low level. The volume of the US market for cars and light trucks is assumed to remain at about the previous year's level. As of today, the Chinese market should still be slightly higher than in the previous year.

The above factors will also continue to influence the **van markets**. In the Europe region, the combined market segment for mid-size and large vans is expected to develop at about the same rate as last year. The segment for small vans will probably also remain more or less unchanged in Europe from last year. The US market for large vans is expected to grow slightly. Sales of mid-size vans are also likely to be somewhat higher than last year in China.

We essentially confirm the forecasts for the key performance indicators that were made in the Annual Report 2021 for 2022 as a whole. Individual updates are indicated in the following.

Mercedes-Benz Cars has the following expectations for 2022 as a whole:

- Unit sales: slightly higher than in the prior year.
- Revenue: slightly higher than the prior-year level.
- Adjusted return on sales: 11.5 – 13%.
- Adjusted cash conversion rate: 0.8 – 1.0.
- Investments in property, plant and equipment: now at the level of the prior year after efficiency measures.
- Research and development expenditure: slightly higher than in the prior year.

Mercedes-Benz Vans has the following expectations for 2022 as a whole:

- Unit sales: slightly higher than in the prior year.
- Revenue: slightly higher than the prior-year level.
- Adjusted return on sales: 8 – 10%.
- Adjusted cash conversion rate: 0.6 – 0.8.
- Investments in property, plant and equipment: significantly higher than in the prior year.
- Research and development expenditure: significantly higher than in the prior year.

Mercedes-Benz Mobility has the following expectations for 2022 as a whole:

- New business: now significantly below the prior-year level.

Here, it must be taken into account that the new business for the year 2021 still included the new business with the vehicles from Daimler Trucks & Buses until the spin-off and hive-down of the Daimler commercial vehicle business took effect on 9 December 2021. In addition, the continuing semiconductor-related supply bottlenecks and the slightly decreased proportion of leased and financed vehicles in unit sales affect new business and revenue.

- Contract volume: slightly below the level of year-end 2021.
- Revenue: now significantly below the prior-year level.

The previous year's revenue of Mercedes-Benz Mobility still included the share of the hived-down and spun-off Daimler commercial vehicle business up to 9 December 2021.

- Adjusted return on equity: 16 – 18%.

For the **Mercedes-Benz Group** we have the following expectations for 2022 as a whole:

- Revenue: slightly higher than the prior-year level.
- EBIT: at the prior-year level.
- Free cash flow of the industrial business: still slightly below the prior-year level.

One of the main reasons for this is that the Group has to make higher tax payments after utilising tax-loss carryforwards in the previous year.

- CO₂ emissions of the new car fleet in Europe (European Union, Norway and Iceland): still at the prior-year level after we surpassed the CO₂ requirements in 2021.

Forward-looking statements:

This document contains forward-looking statements that reflect our current views about future events. The words "anticipate," "assume," "believe," "estimate," "expect," "intend," "may," "can," "could," "plan," "project," "should" and similar expressions are used to identify forward-looking statements. These statements are subject to many risks and uncertainties, including an adverse development of global economic conditions, in particular a decline of demand in our most important markets; a deterioration of our refinancing possibilities on the credit and financial markets; events of force majeure including natural disasters, pandemics, acts of terrorism, political unrest, armed conflicts, industrial accidents and their effects on our sales, purchasing, production or financial services activities; changes in currency exchange rates, customs and foreign trade provisions; a shift in consumer preferences towards smaller, lower-margin vehicles; a possible lack of acceptance of our products or services which limits our ability to achieve prices and adequately utilise our production capacities; price increases for fuel or raw materials; disruption of production due to shortages of materials, labour strikes or supplier insolvencies; a decline in resale prices of used vehicles; the effective implementation of cost-reduction and efficiency-optimisation measures; the business outlook for companies in which we hold a significant equity interest; the successful implementation of strategic cooperations and joint ventures; changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety; the resolution of pending governmental investigations or of investigations requested by governments and the outcome of pending or threatened future legal proceedings; and other risks and uncertainties, some of which are described under the heading "Risk and Opportunity Report" in the current Annual Report or in this Interim Report. If any of these risks and uncertainties materialises or if the assumptions underlying any of our forward-looking statements prove to be incorrect, the actual results may be materially different from those we express or imply by such statements. We do not intend or assume any obligation to update these forward-looking statements since they are based solely on the circumstances at the date of publication.

Consolidated Statement of Income Q1

B.01

Q1 2022 Q1 2021

In millions of euros

Revenue	34,858	32,882
Cost of sales	-26,894	-25,496
Gross profit	7,964	7,386
Selling expenses	-2,225	-2,215
General administrative expenses	-610	-679
Research and non-capitalised development costs	-1,377	-1,516
Other operating income	1,389	1,135
Other operating expense	-391	-174
Gains on equity-method investments, net	382	497
Other financial income, net	97	267
Earnings before interest and taxes (EBIT)	5,229	4,701
Interest income	41	53
Interest expense	-83	-96
Profit from continuing operations, before taxes	5,187	4,658
Income taxes	-1,601	-1,188
Profit from continuing operations	3,586	3,470
Profit from discontinued operations, after taxes	-	903
Net profit	3,586	4,373
thereof profit attributable to non-controlling interests	96	83
thereof profit attributable to shareholders of Mercedes-Benz Group AG	3,490	4,290
thereof from continuing operations	3,490	3,398
thereof from discontinued operations	-	892
Earnings per share (in euros)		
for profit attributable to shareholders of Mercedes-Benz Group AG		
Basic	3.26	4.01
thereof from continuing operations	3.26	3.18
thereof from discontinued operations	-	0.83
Diluted	3.26	4.01
thereof from continuing operations	3.26	3.18
thereof from discontinued operations	-	0.83

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

Consolidated Statement of Comprehensive Income Q1

B.02

	Q1 2022	Q1 2021
In millions of euros		
Net profit	3,586	4,373
Gains/losses on currency translation	451	1,096
Gains/losses on debt instruments	-13	-
Gains/losses on derivative financial instruments	398	-294
Gains/losses from equity-accounted investments	7	-
Items that may be reclassified to profit/loss in the Statement of Income in the future	843	802
Actuarial gains/losses from pensions and similar obligations	930	2,018
Gains/losses on equity instruments	-120	31
Gains/losses from equity-accounted investments	150	-
Items that will not be reclassified to profit/loss in the Statement of Income	960	2,049
Other comprehensive income/loss, net of taxes	1,803	2,851
thereof income/loss attributable to non-controlling interests, after taxes	15	28
thereof income/loss attributable to shareholders of Mercedes-Benz Group AG, after taxes	1,788	2,823
Total comprehensive income/loss	5,389	7,224
thereof income/loss attributable to non-controlling interests	111	111
thereof income/loss attributable to shareholders of Mercedes-Benz Group AG	5,278	7,113

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

Consolidated Statement of Financial Position

B.03

	31 Mar. 2022	31 Dec. 2021
In millions of euros		
Assets		
Intangible assets	15,040	15,005
Property, plant and equipment	27,545	27,859
Equipment on operating leases	43,729	44,471
Equity-method investments	13,071	13,588
Receivables from financial services	48,101	46,955
Marketable debt securities and similar investments	874	873
Other financial assets	3,544	3,181
Deferred tax assets	2,991	3,434
Other assets	1,688	1,536
Total non-current assets	156,583	156,902
Inventories	23,946	21,466
Trade receivables	8,053	7,673
Receivables from financial services	34,278	33,670
Cash and cash equivalents	17,952	23,120
Marketable debt securities and similar investments	6,149	6,706
Other financial assets	3,528	3,079
Other assets	4,158	4,073
Assets held for sale	3,426	3,142
Total current assets	101,490	102,929
Total assets	258,073	259,831

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

B.03

	31 Mar. 2022	31 Dec. 2021
In millions of euros		
Equity and liabilities		
Share capital	3,070	3,070
Capital reserves	11,723	11,723
Retained earnings	60,800	56,190
Other reserves	1,644	968
Equity attributable to shareholders of Mercedes-Benz Group AG	77,237	71,951
Non-controlling interests	1,185	1,216
Total equity	78,422	73,167
Provisions for pensions and similar obligations	2,938	5,359
Provisions for other risks	7,742	7,909
Financing liabilities	66,212	73,543
Other financial liabilities	1,444	1,808
Deferred tax liabilities	5,329	4,488
Deferred income	1,196	1,175
Contract and refund liabilities	3,933	3,980
Other liabilities	714	727
Total non-current liabilities	89,508	98,989
Trade payables	12,596	10,655
Provisions for other risks	8,132	8,053
Financing liabilities	52,017	52,300
Other financial liabilities	6,015	5,997
Deferred income	1,452	1,486
Contract and refund liabilities	6,075	5,929
Other liabilities	3,301	3,086
Liabilities held for sale	555	169
Total current liabilities	90,143	87,675
Total equity and liabilities	258,073	259,831

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

Consolidated Statement of Cash Flows

B.04

	Q1 2022	Q1 2021
In millions of euros		
Profit before income taxes of continuing and discontinued operations	5,187	5,682
Depreciation and amortisation/impairments	1,611	1,816
Other non-cash expense and income	-449	-1,262
Gains (-)/losses (+) on disposals of assets	-835	-771
Change in operating assets and liabilities		
Inventories	-2,294	-2,075
Trade receivables	-462	-326
Trade payables	1,983	3,020
Receivables from financial services	-1,093	666
Vehicles on operating leases	1,077	477
Other operating assets and liabilities	-971	-1,808
Dividends received from equity-method investments	46	-
Income taxes paid	-834	-540
Cash flow from operating activities	2,966	4,879
Additions to property, plant and equipment	-855	-1,186
Additions to intangible assets	-650	-716
Proceeds from disposals of property, plant and equipment and intangible assets	93	229
Investments in shareholdings	-223	-59
Proceeds from disposals of shareholdings	678	698
Acquisition of marketable debt securities and similar investments	-299	-837
Proceeds from sales of marketable debt securities and similar investments	838	1,148
Other	9	-24
Cash flow from investing activities	-409	-747
Change in financing liabilities	-7,577	-1,496
Dividends paid to non-controlling interests	-48	-78
Proceeds from the issue of shares	34	-
Acquisition of treasury shares	-48	-48
Acquisition of non-controlling interests in subsidiaries	-15	-34
Proceeds from disposals of interests in subsidiaries without loss of control	10	-
Cash flow from financing activities	-7,644	-1,656
Effect of foreign exchange-rate changes on cash and cash equivalents	157	432
Net increase/decrease in cash and cash equivalents	-4,930	2,908
Cash and cash equivalents at beginning of period	23,182	23,048
Less cash and cash equivalents classified as assets held for sale at beginning of period	62	-
Cash and cash equivalents at beginning of period (Consolidated statement of financial position)	23,120	23,048
Cash and cash equivalents at end of period	18,252	25,956
Less cash and cash equivalents classified as assets held for sale at end of period	300	-
Cash and cash equivalents at end of period (Consolidated statement of financial position)	17,952	25,956

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

Consolidated Statement of Changes in Equity

B.05

	Share capital	Capital reserves	Retained earnings	Currency translation	Other reserves Items that may be reclassified to profit/loss Equity instruments/ debt instruments
In millions of euros					
Balance at 1 Jan. 2021	3,070	11,551	47,111	-1,516	206
Net profit	-	-	4,290	-	-
Other comprehensive income/loss before taxes	-	-	2,761	1,068	40
Deferred taxes on other comprehensive income/loss	-	-	-743	-	-9
Total comprehensive income/loss	-	-	6,308	1,068	31
Dividends	-	-	-1,444	-	-
Acquisition of treasury shares	-	-	-	-	-
Issue and disposal of treasury shares	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-8	-	-	-
Other	-	-	34	-	-
Balance at 31 Mar. 2021	3,070	11,543	52,009	-448	237
Balance at 1 Jan. 2022	3,070	11,723	56,190	1,427	202
Net profit	-	-	3,490	-	-
Other comprehensive income/loss before taxes	-	-	1,683	440	-161
Deferred taxes on other comprehensive income/loss	-	-	-602	-	27
Total comprehensive income/loss	-	-	4,571	440	-134
Dividends	-	-	-	-	-
Changes in the consolidated group	-	-	-	-	-
Acquisition of treasury shares	-	-	-	-	-
Issue and disposal of treasury shares	-	-	-	-	-
Other	-	-	39	-	-12
Balance at 31 Mar. 2022	3,070	11,723	60,800	1,867	56

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

Interim Report Q1 2022 · Mercedes-Benz Group
Interim Consolidated Financial Statements

Derivative financial instruments	Treasury shares	Equity attributable to shareholders of Mercedes-Benz Group AG	Non-controlling interests	Total equity	
In millions of euros					
269	-	60,691	1,557	62,248	Balance at 1 Jan. 2021
-	-	4,290	83	4,373	Net profit
-422	-	3,447	28	3,475	Other comprehensive income/loss before taxes
128	-	-624	-	-624	Deferred taxes on other comprehensive income/loss
-294	-	7,113	111	7,224	Total comprehensive income/loss
-	-	-1,444	-78	-1,522	Dividends
-	-48	-48	-	-48	Acquisition of treasury shares
-	48	48	-	48	Issue and disposal of treasury shares
-	-	-8	23	15	Changes in ownership interests in subsidiaries
-6	-	28	-	28	Other
-31	-	66,380	1,613	67,993	Balance at 31 Mar. 2021
-661	-	71,951	1,216	73,167	Balance at 1 Jan. 2022
-	-	3,490	96	3,586	Net profit
560	-	2,522	15	2,537	Other comprehensive income/loss before taxes
-159	-	-734	-	-734	Deferred taxes on other comprehensive income/loss
401	-	5,278	111	5,389	Total comprehensive income/loss
-	-	-	-104	-104	Dividends
-	-	-	-38	-38	Changes in the consolidated group
-	-48	-48	-	-48	Acquisition of treasury shares
-	48	48	-	48	Issue and disposal of treasury shares
-19	-	8	-	8	Other
-279	-	77,237	1,185	78,422	Balance at 31 Mar. 2022

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

Notes to the Interim Consolidated Financial Statements

1. Presentation of the Interim Consolidated Financial Statements

General

These condensed Interim Consolidated Financial Statements (Interim Financial Statements) of Mercedes-Benz Group AG and its subsidiaries ("Mercedes-Benz Group" or "the Group") have been prepared in accordance with Section 115 of the German Securities Trading Act (WpHG) and International Accounting Standard (IAS) 34 Interim Financial Reporting.

The Interim Financial Statements comply with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Mercedes-Benz Group AG is a public limited liability company organised 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 Interim Financial Statements 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 authorised the Interim Financial Statements for publication on 27 April 2022. These Interim Financial Statements have been reviewed by the Mercedes-Benz Group's auditors.

Presentation

All significant intercompany accounts and transactions have been eliminated. In the opinion of the management, the Interim Financial Statements reflect all adjustments (i.e., normal recurring adjustments) necessary for a fair presentation of the profitability, liquidity and capital resources, and financial position of the

Group. Earnings in the interim periods presented are not necessarily indicative of the earnings that may be expected for any future period or for the full financial year.

The Interim Consolidated Financial Statements should be read in conjunction with the 31 December 2021 audited and published IFRS Consolidated Financial Statements and notes thereto. The accounting policies applied by the Group in these Interim Financial Statements fundamentally correspond with those applied for the Consolidated Financial Statements for the year 2021.

Estimates and management judgements as a result of the Russo-Ukrainian War

Due to the still not fully foreseeable global consequences of the Russo-Ukrainian War, the estimates and management judgements regarding the recognised assets and liabilities relating to adjustments to business activities in Russia are both particularly subject to increased uncertainty.

On 2 March 2022, the Mercedes-Benz Group decided to stop exporting cars and vans to Russia and cease local production in Russia until further notice. For the first quarter of 2022, it is not expected that there will be a significant and continuing restriction on the exercise of the rights of the Mercedes-Benz Group with respect to the assets or the management of the Russian subsidiaries.

A degree of discretion has been exercised in the consideration and subsequent derivation of the effects of the sanctions and counter-sanctions on business activities, in particular the processing of existing transactions in Russia. In this connection expenses totalling €658 million were incurred in the Mercedes-Benz Cars segment and €51 million were incurred in the Mercedes-Benz Vans segment. In the Mercedes-Benz Mobility segment, expenses of €104 million arose primarily from the

assessment of credit default risks and increased refinancing costs. Most of the expenses are included in the cost of sales.

In addition, there was an increase of around €1.1 billion in contingent liabilities between the end of 2021 and 31 March 2022.

Reportable segments

As of 31 December 2021, the Group comprised the segments Mercedes-Benz Cars, Mercedes-Benz Vans and Mercedes-Benz Mobility. Until 31 December 2021, the Mercedes-Benz Cars and Mercedes-Benz Vans segments were aggregated into one reportable segment due to their comparable long-term average return on sales as well as their comparable revenue development and capital intensity. After the spin-off and hive-down of the commercial vehicle business in December 2021, the two segments are reported separately in external reporting with effect from 1 January 2022. The comparison period has been adjusted accordingly.

2. Spin-off of and hive-down of Daimler's commercial vehicle business

The entry into the commercial register on 9 December 2021 concluded the spin-off and hive-down of a large section of the former Daimler Trucks & Buses segment, including the associated financial services business (Daimler commercial vehicle business). The shareholders of Mercedes-Benz Group AG participated in Daimler Truck Holding AG, which has been listed on the stock exchange since 10 December 2021. The activities that were spun off and hived down were deconsolidated as of 9 December 2021.

As of 31 March 2022, Mercedes-Benz Group holds a minority interest of about 30% in Daimler Truck Holding AG. These shares are included in the consolidated financial statements using the equity method.

Income and expenses in connection with the assets and liabilities of the former Daimler Trucks & Buses segment that have been spun off or are being held for sale according to IFRS 5 have been classified and reported as "discontinued operations" since the third quarter of the previous year. The previous year's figures have been adjusted accordingly, so that as of the first quarter of 2021 a division is made in continuing and discontinued operations in the Consolidated Statement of Income.

Assets and liabilities held for sale

Individual investments or business activities of the Mercedes-Benz Group in various countries will not be sold to Daimler Truck Holding AG, its subsidiaries or third parties until 2022 or 2023. If a sale is scheduled to take place within the next twelve months, the corresponding assets and liabilities as of 31 December 2021 and 31 March 2022 were reported as "held for sale" in accordance with IFRS 5.

The assets and liabilities held for sale shown in the Consolidated Statement of Financial Position as of 31 March 2022 are shown in the table B.06.

B.06

Assets and liabilities of Daimler's commercial vehicle business held for sale

	31 Mar. 2022	31 Dec. 2021
In millions of euros		
Equipment on operating leases	548	533
Receivables from financial services	2,264	2,228
Cash and cash equivalents	300	62
Other financial assets	179	179
Other assets	135	140
Assets held for sale	3,426	3,142
Financial liabilities	493	107
Other liabilities	62	62
Liabilities held for sale	555	169

Effective 1 April 2022, all the shares of six companies of the Mercedes-Benz Mobility segment were sold to the Daimler Truck Group. A total of €1,270 million of assets were transferred in connection with these transactions, as were €116 million of liabilities. The provisional purchase prices including the settlement of the former Mercedes-Benz Group internal financial liabilities of these companies resulted in a cash inflow of €1,170 million. The effect on Group earnings is not significant.

Profit/loss of discontinued operations

In the first quarter of 2021, profit/loss after taxes of discontinued operations only comprises the profit/loss of the ongoing business of the discontinued operations.

Profit/loss of the ongoing business of discontinued operations includes income and expenses for the first quarter of 2021 in connection with the assets and liabilities of the former Daimler Trucks & Buses segment that were deconsolidated in the fourth quarter of 2021.

Table B.07 shows the composition of profit/loss of discontinued operations, after taxes.

B.07

Profit from discontinued operations, after taxes

	Q1 2021
In millions of euros	
Revenue	8,135
Functional costs	-7,666
Other operating income	548
Other operating expense	-21
Gains on equity-method investments, net	35
Other financial income, net	16
Earnings before interest and taxes (EBIT)	1,047
Interest income/expense	-23
Profit/loss from discontinued operations, before income taxes	1,024
Income taxes	-121
Profit/loss from discontinued operations, after income taxes	903

Consolidated statement of cash flows

In the consolidated statement of cash flows, the consolidated cash flows from continuing and discontinued operations are presented for the prior-year period. The cash flows from discontinued operations in the first quarter of 2021 are calculated as the difference between the consolidated cash flows from continuing and discontinued operations and the consolidated cash flows from continuing operations taking into account all elimination entries between continuing and discontinued operations in the discontinued operations.

Table B.08 shows the reconciliation of profit/loss before income taxes of continuing operations in the consolidated statement of income to profit before income taxes of continuing and discontinued operations in the consolidated statement of cash flows.

The individual cash flows are presented in table B.09.

B.08

Reconciliation to profit/loss before income taxes of continuing and discontinued operations

	Q1 2022	Q1 2021
In millions of euros		
Profit/loss before income taxes of continuing operations	5,187	4,658
Profit/loss of discontinued operations, before income taxes	-	1,024
Profit/loss before income taxes of continuing and discontinued operations	5,187	5,682

B.09

Cash flows from continuing and discontinued operations

	Q1 2021		
	Cash flow from discontinued operations	Cash flow from continuing operations	Cash flow total
In millions of euros			
Cash flow from operating activities	300	4,579	4,879
Cash flow from investing activities	-849	102	-747
Cash flow from financing activities	398	-2,054	-1,656

3. Other significant acquisitions and disposals of investments

Sale of interests in Mercedes-Benz Grand Prix Ltd.

In the fourth quarter of 2021, the Mercedes-Benz Group signed the contractual agreements with Motorsports Invest Ltd. and INEOS Industries Holdings Ltd. on the sale of shares of Mercedes-Benz Grand Prix Ltd. Due to the entry into effect of a part of the contractual arrangements entered into in the year 2021, the Group had already reported expenses before taxes of €96 million in other operating expenses, which were included in the Mercedes-Benz Cars segment in the prior year. With the remaining contractual arrangements coming into effect in January 2022, the Group has lost control over Mercedes-Benz Grand Prix Ltd. and will in future include its remaining 33.3% equity interest in the Consolidated Financial Statements using the equity method. The sale of the shares resulted in a gain of €385 million in the Mercedes-Benz Cars segment, which is presented in other operating income.

Sale of retail activities in Canada

In December 2021, the contractual arrangements on the sale of the retail activities in Canada were concluded. The transaction became effective in February 2022 and the Group recognised other operating income of €514 million, which is mainly allocated to the Mercedes-Benz Cars segment in the first quarter of 2022. The cash inflow amounts to €608 million and is also mainly allocated to the Mercedes-Benz Cars segment. Parts of the purchase price were financed by Mercedes-Benz Financial Services in Canada and led to a cash outflow of €393 million at the Mercedes-Benz Mobility segment.

Foundation of the fuel-cell joint venture cellcentric

In November 2020, the Volvo Group and Daimler Truck AG signed a binding agreement on the establishment of a joint venture for fuel-cell activities. They completed the transaction on 1 March 2021. In 2020, the Mercedes-Benz Group had transferred the assets and liabilities of the Group-wide fuel-cell activities to Daimler Truck Fuel Cell GmbH & Co. KG, a wholly owned subsidiary of Daimler Truck AG. Upon completion of the transaction, the Volvo Group acquired 50% of the shares in Daimler Truck Fuel Cell GmbH & Co. KG for €639 million. The two parties agreed to rename the company cellcentric GmbH & Co. KG (cellcentric) with its principal place of business in Nabern, Germany.

Upon completion of the transaction in March 2021, profit before taxes of €1,215 million, of which €624 million is accounted for in particular by the remeasurement of the interest in cellcentric that was held by the Mercedes-Benz Group at that time, and a cash inflow of €634 million were recognised. An income of €604 million was recognised in other operating income at the Mercedes-Benz Cars & Vans segment. The portion attributable to the former Daimler Trucks & Buses segment of €611 million was reported in profit/loss of discontinued operations.

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 B.10. The category type of products and services corresponds to the reportable segments.

Other revenue primarily comprises revenue from the rental and leasing business, interest from the financial services business at Mercedes-Benz Mobility and effects from currency hedging.

B.10

Revenue

	Mercedes-Benz Cars	Mercedes-Benz Vans	Mercedes-Benz Mobility	Total segments	Others ¹	Mercedes-Benz Group
In millions of euros						
Q1 2022						
Europe	8,661	2,116	1,267	12,044	-819	11,225
North America	5,155	770	1,662	7,587	-9	7,578
Asia	10,199	262	37	10,498	-3	10,495
Other markets	1,446	326	21	1,793	-1	1,792
Revenue according to IFRS 15	25,461	3,474	2,987	31,922	-832	31,090
Other revenue	375	213	3,795	4,383	-615	3,768
Total revenue	25,836	3,687	6,782	36,305	-1,447	34,858

	Mercedes-Benz Cars	Mercedes-Benz Vans	Mercedes-Benz Mobility	Total segments	Others ¹	Mercedes-Benz Group
In millions of euros						
Q1 2021						
Europe	8,439	2,208	1,261	11,908	-704	11,204
North America	4,481	410	1,572	6,463	-49	6,414
Asia	8,666	236	45	8,947	-6	8,941
Other markets	1,768	338	31	2,137	46	2,183
Revenue according to IFRS 15	23,354	3,192	2,909	29,455	-713	28,742
Other revenue	570	206	4,057	4,833	-693	4,140
Total revenue	23,924	3,398	6,966	34,288	-1,406	32,882

¹ Others includes eliminations and in Q1 2021 the parts of Daimler's commercial vehicle business remaining in the Mercedes-Benz Group after its spin-off and hive-down which are not presented under discontinued operations. Revenue according to IFRS 15 includes in Q1 2021 €79 million for the parts of Daimler's commercial vehicle business remaining at the Mercedes-Benz Group.

5. Functional costs

The increase in the cost of sales was amongst others due to expenses in connection with adjustments of the business activities in Russia as explained in Note 1.

Selling expenses and general administrative expenses were at the level of the same quarter of the previous year.

Research and non-capitalised development costs were slightly below the same quarter of the previous year, partly due to cyclical lower expenses for development projects.

6. Other operating income and expense

Other operating income amounted to €1,389 million in the first quarter of 2022 (Q1 2021: €1,135 million).

In the first quarter of 2022, the sale of shares in Mercedes-Benz Grand Prix Ltd. resulted in income of €385 million in the segment Mercedes-Benz Cars.

Moreover, in December 2021, the contractual arrangements on the sale of the retail activities in Canada were concluded. The transaction became effective in February 2022 and the Group recognised other operating income of €514 million, which is mainly allocated to the Mercedes-Benz Cars segment, in the first quarter of 2022.

In March 2021, income from the new fuel-cell joint venture cellcentric GmbH & Co. KG (cellcentric) had a positive effect on earnings of €604 million at the Mercedes-Benz Cars segment.

For further information, see Note 3.

Other operating expense was €391 million in the first quarter of 2022 (Q1 2021: €174 million).

The increase in other operating expense resulted from increased expenses of €281 million in connection with ongoing governmental and court proceedings and measures taken relating to Mercedes-Benz diesel vehicles.

7. Other financial income/expense

Table B.11 shows the components of other financial income/expense, net.

B.11

Other financial income/expense, net

	Q1 2022	Q1 2021
In millions of euros		
Income and expense from compounding and effects from changes in discount rates of provisions for other risks	180	57
Miscellaneous other financial income/expense, net	-83	210
	97	267

In the first quarter of 2021, miscellaneous other financial income includes income of €179 million attributable to the segment Mercedes-Benz Cars in connection with the IPO of the charging-infrastructure operator Chargepoint, Inc. and its resulting remeasurement at fair value.

8. Income taxes

Table B.12 shows income before income taxes, income taxes and the derived effective tax rate.

B.12

Income Taxes

	Q1 2022	Q1 2021
In millions of euros		
Income before income taxes	5,187	4,658
Income taxes	-1,601	-1,188
Tax rate	30.9%	25.5%

In the first quarter of 2022, the effective tax rate was largely at the level of the expected tax rate of the Group, i.e. 29.825%.

In the first quarter of 2021, the effective tax rate was reduced due to the formation of the fuel-cell joint venture cellcentric. The income from that transaction was only subject to a deferred tax expense for corporate income tax (15.825% including solidarity surcharge).

9. Intangible assets

The composition of intangible assets is shown in table B.13.

B.13

Intangible assets

	31 Mar. 2022	31 Dec. 2021
In millions of euros		
Goodwill	763	764
Development costs	12,758	12,697
Other intangible assets	1,519	1,544
	15,040	15,005

10. Property, plant and equipment

Property, plant and equipment as presented in the Statement of Financial Position with a carrying amount of €27,545 million (31 December 2021: €27,859 million) also includes right-of-use assets of €2,558 million (31 December 2021: €2,711 million) related to lessee accounting.

Table B.14 shows property, plant and equipment excluding right-of-use assets.

B.14

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

	31 Mar. 2022	31 Dec. 2021
In millions of euros		
Land, land rights and buildings, including buildings on third-party land	8,127	8,225
Technical equipment and machinery	8,434	8,461
Other equipment, factory and office equipment	6,403	6,267
Advance payments and construction in progress	2,023	2,195
	24,987	25,148

11. Equipment on operating leases

At 31 March 2022, the carrying amount of equipment on operating leases was €43,729 million (31 December 2021: €44,471 million). In the first quarter of 2022, additions amounted to €4,102 million (Q1 2021: €5,326 million) and disposals to €3,357 million (Q1 2021: €3,628 million). Depreciation for the three-month period ended 31 March 2022 was €1,843 million (Q1 2021: €2,181 million).

12. Equity-method investments

Table B.15 shows the carrying amounts and gains/losses on equity-method investments.

B.15

Summarised carrying amounts and gains/losses on equity-method investments

	Associated companies	Joint ventures	Total
In millions of euros			
31 Mar. 2022			
Equity-method carrying amount ¹	12,237	834	13,071
Equity result (Q1 2022) ¹	405	-23	382
31 Dec. 2021			
Equity-method carrying amount ¹	12,652	936	13,588
Equity result (Q1 2021) ¹	552	-55	497

¹ Including investor-level adjustments.

Associated companies

As of 31 December 2021, the Mercedes-Benz Group held a 35% stake in **Daimler Truck Holding AG (Daimler Truck)**. In January 2022, about 5% of the shares of Daimler Truck Holding AG were transferred to Daimler Pension Trust e.V. and contributed to the pension-plan assets. As a result of the transaction, the stake in Daimler Truck for the equity-method inclusion was reduced to 30% and thus the equity-method carrying amount decreased by €1,250 million.

The extraordinary contribution of €1,309 million into pension plan assets corresponded to the fair value of the contributed assets at the contribution date. The gain of €59 million from the contribution was not cash effective and is shown under earnings from equity-method investments, which are reported in the reconciliation.

The proportionate earnings of Daimler Truck included in the Mercedes-Benz Group's Consolidated Financial Statements are best possible estimates based on consensus data including provisional investor-level adjustments.

In March 2021, Daimler Financial Services Investment Company LLC sold all its shares in **Via Transportation Inc.**, USA to external shareholders. The sale resulted in income before taxes of €89 million, which was reported in the line item profit/loss on equity-method investments, net. The company had been allocated to the Mercedes-Benz Mobility segment.

Joint ventures

The Mercedes-Benz Group contributed additional equity of €0.1 billion to its investment in the joint venture **Shenzhen DENZA New Energy Automotive Co. Ltd. (DENZA)** in accordance with its shareholding of currently 50% in the first quarter of 2022. The company is allocated to the Mercedes-Benz Cars segment. In the fourth quarter of 2021, the shareholders Daimler Greater China Ltd. and BYD Automotive Industry Co., Ltd. (BYD) signed a contract on the structural realignment of the joint venture. It is intended that the Group will transfer shares of DENZA to BYD in mid-2022. After the equity transfer, Mercedes-Benz Group will hold an equity interest of 10% while BYD will hold 90%. The equity transfer is subject to regulatory approvals.

13. Receivables from financial services

Receivables from financial services are shown in the following table:

B.16

Receivables from financial services

	31 Mar. 2022			31 Dec. 2021		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Sales financing with customers	18,756	32,818	51,574	18,463	32,055	50,518
Sales financing with dealers	8,376	2,818	11,194	7,726	2,432	10,158
Finance lease contracts	7,020	12,235	19,255	7,327	12,117	19,444
Residual-value receivables	550	828	1,378	550	914	1,464
Gross carrying amount	34,702	48,699	83,401	34,066	47,518	81,584
Loss allowances	-424	-598	-1,022	-396	-563	-959
Net carrying amount	34,278	48,101	82,379	33,670	46,955	80,625

14. Inventories

Inventories are comprised as follows:

B.17

Inventories

	31 Mar. 2022	31 Dec. 2021
In millions of euros		
Raw materials and manufacturing supplies	2,892	2,488
Work in progress	4,756	3,969
Finished goods, spare parts and products held for resale	16,235	14,829
Advance payments to suppliers	63	180
	23,946	21,466

15. Equity

Employee share purchase plan

In the first quarter of 2022, Mercedes-Benz Group AG purchased 0.7 million (2021: 0.7 million) Mercedes-Benz shares to be reissued to employees in connection with employee share purchase plans. The purchase was carried out pursuant to Section 71 Subsection 1 No. 2, of the German Stock Corporation Act (AktG) without utilising the authorisation to acquire treasury shares granted by the Annual General Meeting on 8 July 2020. The shares were reissued on 26 January 2022.

Dividend

At the Annual Shareholders' Meeting on 29 April 2022, it will be proposed to pay out €5,349 million of the distributable profit of Mercedes-Benz Group AG as a dividend to the shareholders for the year ended 31 December 2021, equivalent to €5.00 per no-par-value share entitled to a dividend (2021: €1,444 million and €1.35 per share).

16. Pensions and similar obligations

The funded status of pension obligations is shown in table B.18. The significant decrease in the present value of defined benefit obligations resulted in particular from the significant increase in discount rates in Germany from 1.1% as of 31 December 2021 to 1.9% as of 31 March 2022. The significant decrease in the fair value of plan assets is partially compensated by the contribution of the about 5% shares in Daimler Truck Holding AG of €1.3 billion.

17. Provisions for other risks

Provisions for other risks are comprised as shown in table B.19.

B.18

Development of funded status

	31 Mar. 2022	31 Dec. 2021
In millions of euros		
Present value of the defined benefit obligation	25,092	28,504
Fair value of plan assets	23,426	24,212
Funded status	-1,666	-4,292
actuarial loss due to asset ceiling	-14	-14
Net defined benefit liability	-1,680	-4,306
thereof recognised in: Other assets	806	608
thereof recognised in: Provisions for pensions and similar obligations	-2,486	-4,914

B.19

Provisions for other risks

	31 Mar. 2022			31 Dec. 2021		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Product warranties	3,299	3,543	6,842	3,438	3,348	6,786
Personnel and social costs	1,406	2,324	3,730	1,996	2,625	4,621
Litigation risks and regulatory proceedings	1,840	1,447	3,287	1,139	1,499	2,638
Other	1,587	428	2,015	1,480	437	1,917
	8,132	7,742	15,874	8,053	7,909	15,962

18. Financing liabilities

Financing liabilities are comprised as follows:

B.20

Financing liabilities

	31 Mar. 2022			31 Dec. 2021		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Notes/bonds	13,654	46,230	59,884	15,141	51,225	66,366
Commercial paper	60	11	71	57	-	57
Liabilities to financial institutions	15,985	7,867	23,852	14,897	9,100	23,997
Deposits in the direct banking business	11,654	1,892	13,546	11,559	2,032	13,591
Liabilities from ABS transactions	9,767	7,968	17,735	9,572	8,831	18,403
Lease liabilities	483	1,962	2,445	496	2,066	2,562
Loans, other financing liabilities	414	282	696	578	289	867
	52,017	66,212	118,229	52,300	73,543	125,843

19. Legal proceedings

As described in note 31 to the consolidated financial statements as at 31 December 2021, Mercedes-Benz Group AG and its subsidiaries are confronted with various court proceedings, claims as well as governmental investigations and orders (legal proceedings) on a large number of topics.

Compared to the legal proceedings described therein, no significant changes occurred in the reporting period.

20. Financial instruments

The financial instruments presented in the following tables refer to Group amounts, including assets and liabilities held for sale.

Table B.21 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 in the market.

B.21

Carrying amounts and fair values of financial instruments

	31 Mar. 2022		31 Dec. 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
In millions of euros				
Financial assets				
Receivables from financial services	84,643	86,043	82,853	84,386
Trade receivables	8,091	8,091	7,703	7,703
Cash and cash equivalents	18,252	18,252	23,182	23,182
Marketable debt securities and similar investments	7,024	7,024	7,579	7,579
Recognised at fair value through other comprehensive income	2,025	2,025	2,364	2,364
Recognised at fair value through profit or loss	4,957	4,957	4,937	4,937
Measured at cost	42	42	278	278
Other financial assets				
Equity instruments and debt instruments	1,734	1,734	1,707	1,707
Recognised at fair value through other comprehensive income	913	913	1,042	1,042
Recognised at fair value through profit or loss	821	821	665	665
Other financial assets recognised at fair value through profit or loss	162	162	61	61
Derivative financial instruments used in hedge accounting	1,271	1,271	1,020	1,020
Other receivables and financial assets	3,730	3,730	3,258	3,258
	124,907	126,307	127,363	128,896
Financial liabilities				
Financing liabilities				
Trade payables	12,638	12,638	10,682	10,682
Other financial liabilities				
Financial liabilities recognised at fair value through profit or loss	201	201	130	130
Derivative financial instruments used in hedge accounting	1,807	1,807	1,420	1,420
Miscellaneous other financial liabilities	5,440	5,440	6,264	6,264
Contract and refund liabilities				
Obligations from sales transactions	3,861	3,861	3,860	3,860
	140,160	140,566	145,699	148,093

The fair values of financial instruments were calculated on the basis of market information available on the reporting date. The following methods and premises were used:

Marketable debt securities and similar investments, other financial assets and liabilities

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

Equity instruments are recognised at fair value through other comprehensive income or at fair value through profit or loss.

Marketable debt securities and equity instruments recognised at fair value were measured using quoted market prices at the end of the reporting period. If quoted market prices were 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 recognised financial valuation models such as discounted cash-flow models or multiples.

Other financial assets and liabilities recognised at fair value through profit or loss relate to 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 the 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 the 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.

Contract and refund liabilities

Contract and refund liabilities include obligations from sales transactions that qualify as financial instruments. Obligations from sales transactions should, in principle, 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.

Table B.22 provides an overview of the classification into measurement hierarchies of financial assets and liabilities recognised at fair value (according to IFRS 13). At the end of each reporting period, the Group reviews the necessity for reclassification between the fair-value hierarchies.

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

B.22

Measurement hierarchy of financial assets and liabilities recognised at fair value

	31 Mar. 2022				31 Dec. 2021			
	Total	Level 1 ¹	Level 2 ²	Level 3 ³	Total	Level 1 ¹	Level 2 ²	Level 3 ³
In millions of euros								
Financial assets recognised at fair value								
Marketable debt securities	6,982	6,369	613	-	7,301	6,395	906	-
Recognised at fair value through other comprehensive income	2,025	1,423	602	-	2,364	1,468	896	-
Recognised at fair value through profit or loss	4,957	4,946	11	-	4,937	4,927	10	-
Equity instruments and debt instruments	1,734	731	264	739	1,707	850	227	630
Recognised at fair value through other comprehensive income	913	511	144	258	1,042	643	145	254
Recognised at fair value through profit or loss	821	220	120	481	665	207	82	376
Other financial assets recognised at fair value through profit or loss	162	-	161	1	61	-	60	1
Derivative financial instruments used in hedge accounting	1,271	-	1,271	-	1,020	-	1,020	-
	10,149	7,100	2,309	740	10,089	7,245	2,213	631
Financial liabilities recognised at fair value								
Financial liabilities recognised at fair value through profit or loss	201	-	201	-	130	-	130	-
Derivative financial instruments used in hedge accounting	1,807	-	1,807	-	1,420	-	1,420	-
	2,008	-	2,008	-	1,550	-	1,550	-

1 Fair-value measurement based on quoted prices (unadjusted) in active markets for these or identical assets or liabilities.

2 Fair-value measurement based on inputs that are observable in active markets either directly (i.e., as prices) or indirectly (i.e., derived from prices).

3 Fair-value measurement based on inputs for which no observable market data is available.

21. Segment reporting

Segment reporting is presented in accordance with the internal management and reporting system. As described in Note 1, the two segments Mercedes-Benz Cars and Mercedes-Benz Vans are reported separately in external reporting with effect from 1 January 2022. The comparison period was adjusted accordingly.

The segment reporting relates to continuing operations. In the first quarter of 2021, the former segment Daimler Trucks & Buses is included in discontinued operations and is therefore not presented in the segment reporting.

Segment information for the first quarters of 2022 and 2021 is as follows:

B.23

Segment reporting

	Mercedes-Benz Cars	Mercedes-Benz Vans	Mercedes-Benz Mobility	Total segments	Reconciliation	Mercedes-Benz Group
In millions of euros						
Q1 2022						
External revenue	24,821	3,477	6,560	34,858	-	34,858
Intersegment revenue	1,015	210	222	1,447	-1,447	-
Total revenue	25,836	3,687	6,782	36,305	-1,447	34,858
Segment profit/loss (EBIT)	4,271	348	733	5,352	-123	5,229
In millions of euros						
Q1 2021						
External revenue	22,957	3,211	6,634	32,802	80	32,882
Intersegment revenue	967	187	332	1,486	-1,486	-
Total revenue	23,924	3,398	6,966	34,288	-1,406	32,882
Segment profit/loss (EBIT)	3,790	290	744	4,824	-123	4,701

Table B.24 contains the reconciliation of the total segment earnings (EBIT) to the EBIT of the consolidated statement of income.

The reconciliation comprises corporate items for which headquarters is responsible. Transactions between the segments are eliminated in the reconciliation.

B.24

Reconciliation of EBIT to Group figures

	Q1 2022	Q1 2021
In millions of euros		
Total of segments' profit/loss (EBIT)	5,352	4,824
Gains on equity-method investments, net	-37	-1
Other corporate items	-82	-125
Eliminations	-4	3
EBIT as shown in the consolidated statement of income	5,229	4,701

22. Related party disclosures

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 B.25.

A large proportion of the Group's sales of goods and services with **associated companies** relates to business relations with the Daimler Truck Group and with LSH Auto International Limited (LSHAI) and with Beijing Benz Automotive Co., Ltd. (BBAC).

The leased equipment of the Mercedes-Benz Mobility segment includes commercial vehicles produced by the Daimler Truck Group which have been acquired from external dealers or other third parties not related to the Mercedes-Benz Group. Mercedes-Benz Mobility usually receives a residual-value guarantee from the Daimler Truck Group for this leased equipment in connection with the obligation to return the respective commercial vehicles to the Daimler Truck Group. At 31 March 2022 this guarantee was €680 million (31 December 2021: €685 million).

Additionally, the Mercedes-Benz Group will continue the leasing and sales-financing business for the Daimler Truck Group's commercial vehicles and buses in some markets. These vehicles are directly acquired from the Daimler Truck Group and leased to the end customer. Insofar as a mandatory vehicle return has been agreed, there is a rental contract (head lease) between Mercedes-Benz Mobility and the Daimler Truck Group. The contract between Mercedes-Benz Mobility and the end customer constitutes a sublease in this respect. The receivables and right-of-use assets shown in table B.25 therefore include receivables from residual-value guarantees of €1,511 million (31 December 2021: €1,617 million) shown in receivables from financial services and right-of-use assets of €929 million (31 December 2021: €1,060 million) vis-à-vis the Daimler Truck Group shown in leased assets. Furthermore, table B.25 shows right-of-use-assets of Daimler Greater China Ltd. vis-à-vis BBAC resulting from a leasing contract almost unchanged at €102 million.

In addition, the Mercedes-Benz Group holds minority interests unchanged at €209 million in real estate companies controlled by the Daimler Truck Group, which are shown as debt instruments in other financial assets.

As of 31 March 2022, off-balance-sheet guarantees related to the Daimler Truck Group and amounted to €401 million (31 December 2021: €568 million).

Note 12 provides further details of the significant associated companies and joint ventures.

B.25

Transactions with related parties

In millions of euros	Sales of goods and services and other income ¹		Purchases of goods and services and other expenses ¹		Receivables and right-of-use-assets ²		Payables ³	
	Q1 2022	Q1 2021	Q1 2022	Q1 2021	31 Mar. 2022	31 Dec. 2021	31 Mar. 2022	31 Dec. 2021
Associated companies	4,248	3,531	647	153	5,712	6,027	503	723
thereof Daimler Truck Group ⁴	256	-	418	-	2,861	3,426	273	533
thereof LSHAI	2,302	1,706	168	69	643	565	36	21
thereof BBAC	1,686	1,739	61	80	2,161	2,007	192	168
Joint ventures	184	366	8	229	203	153	85	139

¹ Transactions of Daimler commercial vehicles business spun-off in December 2021 with related parties is included in the 2021 quarter.

² After write-downs totaling €36 million (31 December 2021: €22 million).

³ Including liabilities from default risks from guarantees for related parties.

⁴ Since 10 December 2021, the Daimler Truck Group has been a related party of the Mercedes-Benz Group. Temporarily services by corporate functions such as IT, Logistics and Human Resources are included in addition to relationships in the scope of ordinary business, for example, the purchase and sale of goods and services and leasing agreements.

Auditor's Review Report

To Mercedes-Benz Group Aktiengesellschaft, Stuttgart

We have reviewed the condensed interim consolidated financial statements of Mercedes-Benz Group AG - comprising consolidated statement of income/loss, consolidated statement of comprehensive income/loss, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and selected, explanatory notes - together with the interim group management report of the Mercedes-Benz Group AG, for the period from 1 January to 31 March 2022, that are part of the quarterly financial report according to §115 WpHG ("Wertpapierhandelsgesetz": "German Securities Trading Act"). The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting" as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and additional application of the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the

requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Stuttgart, 27 April 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft

Sailer
Wirtschaftsprüfer

Bock
Wirtschaftsprüfer

Information on the Internet

Further information about the **Mercedes-Benz share** can be found in the Investors section at

 group.mercedes-benz.com/investors

Annual and interim reports as well as company financial statements are available there. In addition, you can find the latest news, the financial calendar, presentations, various overviews of key figures, information on the share price and additional services.

We make all annual and interim reports only available online to download as PDF files.

 group.mercedes-benz.com/investors/reports-news

Further information is available at

 group.mercedes-benz.com/en

Mercedes-Benz Group AG

70546 Stuttgart

Tel. +49 711 17 0

 group.mercedes-benz.com

Investor Relations

Fax +49 711 17 94075

ir.mbg@mercedes-benz.com

Design and content

Mercedes-Benz Group AG

Investor Relations

