

DAIMLER



Interim Report
Q2 2021

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Cover photo: The EQB¹ – an all-electric compact SUV with up to seven seats

Whether for a large nuclear family or a small extended family, as a seven-seater, the new EQB offers space for many types of family and the most diverse transport needs. This gives it a unique position not only in the compact segment, but also among electric cars. After the EQA, it is already the second fully electric compact car from Mercedes-EQ. The powerful and efficient electric drive system, clever recuperation and predictive navigation with Electric Intelligence are just some of the features it shares with the EQA.

¹ EQB 350 4MATIC (power consumption combined: 16.2 kWh/100 km; CO₂ emissions combined: 0 g/km)

Q2 Key Figures for the Group

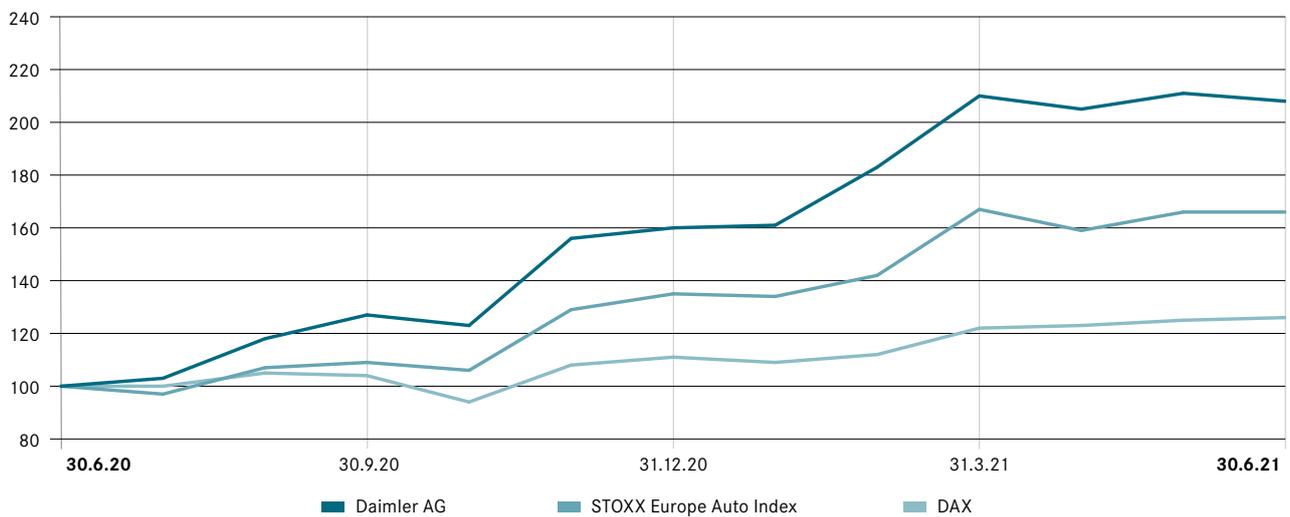
Key figures Daimler Group

€ amounts in millions	Q2 2021	Q2 2020	% change
Sales (in units)	736,385	541,833	+36
Revenue	43,482	30,184	+44 ¹
EBIT	5,185	-1,682	.
EBIT adjusted	5,420	-708	.
Net profit/loss	3,704	-1,906	.
Earnings/loss per share (in €)	3.36	-1.87	.
Outstanding shares (in millions)	1,069.8	1,069.8	0
Market capitalisation (in € billion)	80.56	38.67	+108
Xetra closing price (in €)	75.30	36.15	+108
Free cash flow of the industrial business	2,586	685	+278
Free cash flow of the industrial business adjusted	2,950	778	+279
Net liquidity of the industrial business	20,863	9,481	+120
Investment in property, plant and equipment	1,048	1,317	-20
Research and development expenditure	2,366	2,255	+5
thereof capitalised development costs	579	711	-19
Employees	289,643	288,481 ²	+0

1 Adjusted for the effects of currency translation, increase in revenue of 49%.

2 As of 31 December 2020.

Share-price development (indexed)



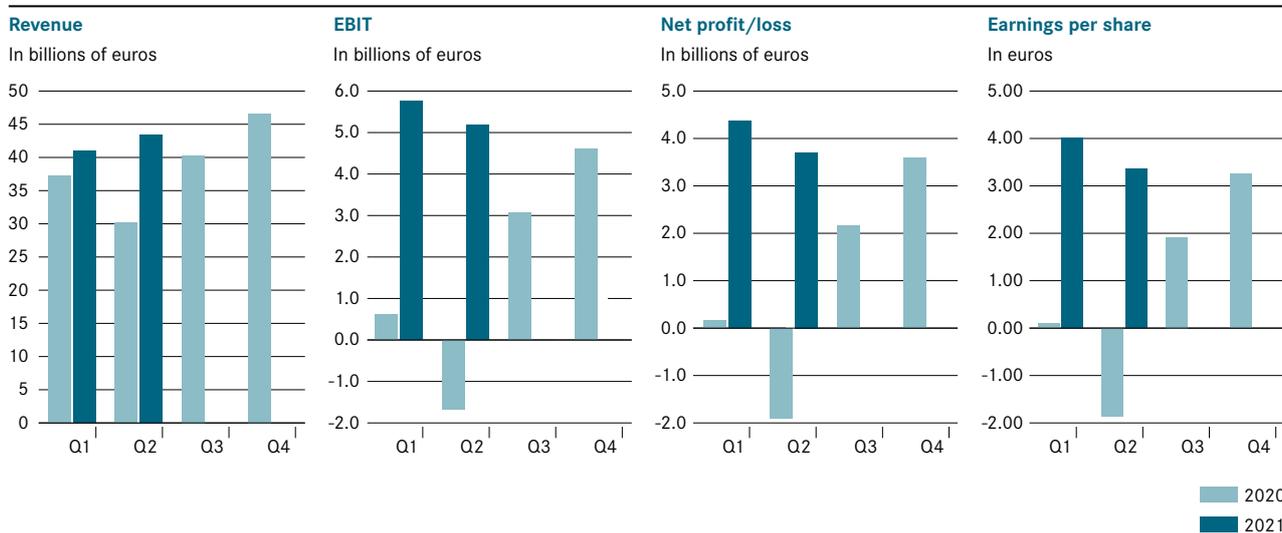
Q1-2

Key figures Daimler Group

€ amounts in millions	Q1-2 2021	Q1-2 2020	% change
Sales (in units)	1,464,994	1,186,149	+24
Revenue	84,499	67,407	+25 ¹
EBIT	10,933	-1,065	.
EBIT adjusted	10,388	11	.
Net profit/loss	8,077	-1,738	.
Earnings/loss per share (in €)	7.37	-1.78	.
Outstanding shares (in millions)	1,069.8	1,069.8	0
Market capitalisation (in € billion)	80.56	38.67	+108
Xetra closing price (in €)	75.30	36.15	+108
Free cash flow of the industrial business	4,396	-1,631	.
Free cash flow of the industrial business adjusted	5,782	-1,084	.
Net liquidity of the industrial business	20,863	9,481	+120
Investment in property, plant and equipment	2,234	2,637	-15
Research and development expenditure	4,780	4,609	+4
thereof capitalised development costs	1,162	1,343	-13
Employees	289,643	288,481 ²	+0

1 Adjusted for the effects of currency translation, increase in revenue of 30%.

2 As of 31 December 2020.



Q2 Key Figures for the Divisions

	Q2 2021	Q2 2020	% change
€ amounts in millions			
Mercedes-Benz Cars & Vans			
Sales (in units)	619,558	480,800	+29
Revenue	28,152	18,949	+49
EBIT	3,438	-1,125	.
EBIT adjusted	3,604	-284	.
Return on sales (in %)	12.2	-5.9	.
Return on sales adjusted (in %)	12.8	-1.5	.
CFBIT	2,502	430	+482
CFBIT adjusted	2,805	522	+437
Cash conversion rate adjusted	0.8	-1.8	.
Investment in property, plant and equipment	933	1,136	-18
Research and development expenditure	2,010	1,910	+5
thereof capitalised development costs	538	687	-22
Employees	170,387	170,515 ¹	-0
Daimler Trucks & Buses			
Sales (in units)	116,827	61,033	+91
Revenue	10,012	6,200	+61
EBIT	819	-756	.
EBIT adjusted	831	-747	.
Return on sales (in %)	8.2	-12.2	.
Return on sales adjusted (in %)	8.3	-12.0	.
CFBIT	667	-121	.
CFBIT adjusted	693	-121	.
Cash conversion rate adjusted	0.8	0.2	.
Investment in property, plant and equipment	101	155	-35
Research and development expenditure	362	354	+2
thereof capitalised development costs	41	24	+71
Employees	102,114	99,640 ¹	+2
Daimler Mobility			
Revenue	6,874	6,450	+7
EBIT	924	205	+351
EBIT adjusted	930	313	+197
Return on equity (in %)	23.9	5.6	.
Return on equity adjusted (in %)	24.0	8.6	.
New business	17,191	13,971	+23
Contract volume	150,596	150,553 ¹	+0
Employees	11,255	11,650 ¹	-3

¹ As of 31 December 2020.

Q1-2

	Q1-2 2021	Q1-2 2020	% change
€ amounts in millions			
Mercedes-Benz Cars & Vans			
Sales (in units)	1,246,845	1,027,542	+21
Revenue	55,038	42,145	+31
EBIT	7,516	-615	.
EBIT adjusted	7,445	319	.
Return on sales (in %)	13.7	-1.5	.
Return on sales adjusted (in %)	13.5	0.8	.
CFBIT	4,470	-1,299	.
CFBIT adjusted	5,934	-759	.
Cash conversion rate adjusted	0.8	-2.4	.
Investment in property, plant and equipment	2,012	2,283	-12
Research and development expenditure	4,058	3,887	+4
thereof capitalised development costs	1,076	1,296	-17
Employees	170,387	170,515 ¹	-0
Daimler Trucks & Buses			
Sales (in units)	218,149	158,607	+38
Revenue	18,677	14,944	+25
EBIT	1,860	-509	.
EBIT adjusted	1,349	-500	.
Return on sales (in %)	10.0	-3.4	.
Return on sales adjusted (in %)	7.2	-3.3	.
CFBIT	1,288	-206	.
CFBIT adjusted	1,128	-206	.
Cash conversion rate adjusted	0.8	0.4	.
Investment in property, plant and equipment	191	308	-38
Research and development expenditure	736	737	-0
thereof capitalised development costs	86	47	+83
Employees	102,114	99,640 ¹	+2
Daimler Mobility			
Revenue	13,840	13,551	+2
EBIT	1,668	263	+534
EBIT adjusted	1,621	371	+337
Return on equity (in %)	22.1	3.6	.
Return on equity adjusted (in %)	21.4	5.0	.
New business	33,955	30,145	+13
Contract volume	150,596	150,553 ¹	+0
Employees	11,255	11,650 ¹	-3

¹ As of 31 December 2020.

Interim Management Report

Significant increase in total unit sales to 736,400 vehicles (Q2 2020: 541,800)

Revenue of €43.5 billion (Q2 2020: €30.2 billion)

Group EBIT of €5.2 billion (Q2 2020: minus €1.7 billion); adjusted Group EBIT of €5.4 billion (Q2 2020: minus €0.7 billion)

Net profit of €3.7 billion (Q2 2020: net loss of €1.9 billion)

Free cash flow of the industrial business in the first six months of €4.4 billion (Q1-2 2020: minus €1.6 billion)

Unit sales expected to be slightly, revenue and EBIT expected to be significantly higher in 2021 than in the previous year

Free cash flow of the industrial business expected to be slightly lower this year than in 2020

Business development

Along with the ongoing global economic recovery, the **world-wide car market** grew at a significant double-digit rate compared with its volume of the previous year. However, with the growth rates achieved in the second quarter, it must still be taken into consideration that many sales markets posted drastic declines in the prior-year period because of the covid-19 pandemic.

The US market for cars and light trucks therefore expanded by approximately 50% compared with its weak prior-year level. The European market profited from the gradual easing of the pandemic-related restrictions and actually grew by nearly 70%, although the market slump in the second quarter of last year had been more severe than in the United States. However, the volume of the Chinese market was only about the same as in the prior-year period, although demand had started to increase noticeably already in the second quarter of last year.

According to recent estimates, **demand for vans** in the EU30 region (European Union, United Kingdom, Norway and Switzerland) increased significantly compared with the second quarter of 2020, both in the market segment of mid-size and large vans (approximately +60%) and in the segment of small vans (approximately +40%). The US market for large vans also grew significantly, at a rate of nearly 40%, while the Brazilian market for large vans showed strong growth of nearly 60%. The Chinese market for mid-size vans was about 50% above its prior-year level.

Major **sales markets for heavy-duty trucks** continued along their cyclical recovery path in the second quarter. The North American market (class 8) grew by about 60% compared with the prior-year period. According to the latest estimates, market growth in the EU30 region was also strong at a rate of more than 65%. In Brazil, demand actually rose by approximately 90%. The Japanese market was roughly at its prior-year level.

Significant increase in total unit sales

In the second quarter of 2021, Daimler sold 736,400 cars and commercial vehicles worldwide (Q2 2020: 541,800). [↗ B.01](#)

Mercedes-Benz Cars sold 521,200 cars of the Mercedes-Benz and smart brands in the second quarter of this year (Q2 2020: 408,900). 173,500 cars were sold in Europe (Q2 2020: 113,400), whereby the effects of covid-19 must be taken into consideration in the prior-year quarter. In Germany, the region's core market, Mercedes-Benz Cars sold 53,400 cars (Q2 2020: 39,500). In China, Mercedes-Benz Cars' biggest market, unit sales increased to 199,200 vehicles, a new record for a second quarter (Q2 2020: 196,200). Mercedes-Benz Cars delivered 68,300 cars in the United States, which is also more than in the second quarter of last year (Q2 2020: 42,500). The US market had contracted sharply in the prior-year quarter due to the impact of covid-19.

Mercedes-Benz Vans posted second-quarter unit sales of 98,400 vehicles (Q2 2020: 71,900). In the EU30 core region, sales of 65,400 units were significantly above the prior-year number (Q2 2020: 42,900), with 27,600 vehicles sold in Germany (Q2 2020: 18,500). Sales of 9,700 vans in North America were significantly lower than in the same period of last year (Q2 2020: 10,900), with sales of 8,500 units in the United States (Q2 2020: 9,600). In Latin America, sales increased to 4,500 units (Q2 2020: 2,200). We achieved record unit sales for a quarter in China with 11,000 vans sold (Q2 2020: 9,500).

Sales by **Daimler Trucks** of 112,100 vehicles in the second quarter were 94% above the prior-year level. Following the decrease in demand in the second quarter of last year due to the global impact of the covid-19 pandemic, the markets continued their recovery in the second quarter of 2021. We posted significant increases to sales of 42,800 units in North America (Q2 2020: 20,000), 13,200 units in Latin America (Q2 2020: 6,200) and 18,100 units in the EU30 region (Q2 2020: 9,700). Also in Asia, our unit sales increased to 27,000 vehicles (Q2 2020: 17,700).

Daimler Buses' second-quarter sales of 4,700 units were 52% higher than last year. The impact of the covid-19 pandemic was the main reason for the low unit sales in the prior-year period. Sales of 500 units in Mexico were 127% higher than in the second quarter of 2020. In Brazil, our main market in Latin America, we achieved significant growth of 95% with sales of 1,800 bus chassis. Also in the EU30 region, our sales of 1,300 complete buses and bus chassis of the Mercedes-Benz and Setra brands were 3% above the prior-year level.

New business at **Daimler Mobility** increased significantly compared with the second quarter of last year by 23% to €17.2 billion. Growth was particularly strong in Europe, the Americas and Africa & Asia-Pacific regions, while new business decreased significantly in China compared with the prior-year quarter (-11%). Contract volume of €150.6 billion at the end of June was at the same level as at year-end 2020. At the end of the second quarter, Athlon und Daimler Fleet Management had a total of 392,000 contracts with a volume of €6.4 billion on their books. 75 million transactions were concluded with the mobility services of the FREE NOW & REACH NOW, SHARE NOW and PARK NOW & CHARGE NOW joint ventures during the second quarter of this year (36 million without PARK NOW due to its sale on 31 May 2021). A significant decrease was recorded in the insurance business, with 381,000 insurance policies brokered worldwide through the dealer network in the second quarter (Q2 2020: 504,000, thereof 226,000 in China). The reason for the decline is our decision to place insurance activities in the Chinese market in the area of aftersales due to the comprehensive reform of the country's vehicle-insurance market in 2021. They are therefore no longer reported in the Daimler Mobility segment as of the second quarter of 2021.

The **Daimler Group** invested €2.2 billion in **property, plant and equipment** in the first half of this year (Q1-2 2020: €2.6 billion). Most of that investment, €2.0 billion, was at Mercedes-Benz Cars & Vans (Q1-2 2020: €2.3 billion). The main area of capital expenditure was on production preparations for the new C-Class and the next generation of electric vehicles. High levels of investment also continued in battery production. Daimler Trucks & Buses invested €191 million in property, plant and equipment in the first half of 2021 (Q1-2 2020: €308 million). The focus of that investment was mainly on electric mobility, emission standards and fuel efficiency of conventional engines. Other important areas were the completion of the Freightliner vocational product portfolio and infrastructure optimisation.

B.01

Group unit sales

	Q2 2021	Q2 2020	% change
Daimler Group	736,385	541,833	+36
Mercedes-Benz Cars	521,190	408,924	+27
Mercedes-Benz Vans	98,368	71,876	+37
Daimler Trucks	112,139	57,945	+94
Daimler Buses	4,688	3,088	+52

The **Daimler Group's research and development spending** in the first half of the year amounted to €4.8 billion (Q1-2 2020: €4.6 billion), of which €1.2 billion was capitalised (Q1-2 2020: €1.3 billion). More than three quarters, €4.1 billion, of the research and development expenditure was at Mercedes-Benz Cars & Vans (Q1-2 2020: €3.9 billion). The main areas of development expenditure were for the next generation of electric vehicles and battery production. Furthermore, there is a continued focus on the topics of digitisation and autonomous driving. Daimler Trucks & Buses invested €736 million in research and development in the first half of 2021 (Q1-2 2020: €737 million). The most important projects at Daimler Trucks & Buses were in the areas of emission standards and fuel efficiency, as well as tailored products and technologies for major growth markets. In addition, an important role is played by the future technologies of automated and autonomous driving, electric mobility and connectivity.

Important events

Digital world premiere of the EQS

On 15 April 2021, Mercedes-EQ unveiled the EQS, an all-electric luxury saloon, by way of a digital world premiere on the Mercedes me media online platform. The EQS is the stand-alone, all-electric member of the new S-Class range and will be launched in Europe this August.

Extended board appointments of Truck CEO Daum and Group CFO Wilhelm

In its meeting on 23 April 2021, the Supervisory Board of Daimler AG extended the appointments of Daimler's Board of Management members Martin Daum and Harald Wilhelm. The appointments of Martin Daum (61) as a member of the Board of Management of Daimler AG and as Chairman of the Board of Management of Daimler Truck AG were extended until 2025. The appointment of Harald Wilhelm (55), the member of the Board of Management of Daimler AG responsible for Finance, Controlling and Daimler Mobility, was extended until 2027. Harald Wilhelm was also reappointed as the member of the Board of Management of Mercedes-Benz AG responsible for Finance and Controlling. Furthermore, Joe Kaeser was elected to the Supervisory Board of Daimler Truck AG.

Daimler Truck AG makes management and organisational changes in preparation for an independent future

On 26 April 2021, in preparation for its planned spin-off from Daimler AG, Daimler Truck AG announced the composition of its new Board of Management and a series of significant organisational changes to take effect on 1 July 2021.

To accelerate the pace of technological development and better serve the needs of its customers in each region, Daimler Truck AG has decided to realign its business structure. This means that its operating units and brands, which are globally active in the most important sales regions of North America (Freightliner, Western Star and Thomas Built Buses), Europe and Latin America (Mercedes-Benz Trucks) and Asia (FUSO and BharatBenz), will be given more entrepreneurial freedom and scope for independent action. In view of the acceleration towards CO₂-neutral transportation and the rapid development of software and connectivity, Daimler Truck AG is bringing together all of its major technology and powertrain activities into one division, the Truck Technology Group.

Launch of the new cellcentric joint venture

On 29 April 2021, Daimler Truck AG and Volvo Group presented the strategy for cellcentric, their new fuel-cell joint venture. As pioneers in the industry, the companies have emphasised their clear commitment to the use of hydrogen-based fuel cells in long-haul trucks and other applications. With the ambition to become a globally leading manufacturer of fuel-cell systems, cellcentric plans to build one of the largest factories for series-produced fuel-cell systems in Europe. The start of production is planned for 2025.

Premiere of Concept EQT

Concept EQT from Mercedes-Benz Vans had its digital world premiere in May 2021. True to the "Electric First" strategy, the battery-electric version of the new T-Class is the first to be presented in the small-van segment with the near-production concept vehicle. The commercially positioned Citan, including an all-electric version, will be premiered in the second half of this year. The portfolio will then be expanded in 2022 to include the T-Class for private customers. With the completely newly developed EQT small van, Mercedes-Benz Vans is bringing a new quality level to the segment and emphasising its claim to leadership in electric mobility by offering fully electric vans in all van segments in the future.

Daimler Truck carries out its first strategy day for investors and analysts

On 20 May 2021, Daimler Truck held its inaugural Strategy Day, setting out its ambitions as an independent company and its plans to unlock its full potential, both operationally and financially. The Board of Management of Daimler Truck led by CEO Martin Daum presented strategic objectives, key financial targets and technological goals. Daimler Truck made clear its commitment to improve profitability, increase returns and deliver strong shareholder value as an independent company.

Equity interest in H2 Green Steel

As announced on 24 May 2021, Mercedes-Benz is the first car manufacturer to acquire an equity interest in the Swedish start-up H2 Green Steel (H2GS), in order to use CO₂-free steel in series production. Together with all its steel suppliers, Mercedes-Benz is pursuing the goal of a green supply chain for steel and is focusing on avoiding and reducing CO₂ emissions rather than CO₂ compensation. The partnership with H2GS is a further consistent step towards CO₂ neutrality. With its Ambition 2039, Mercedes-Benz aims to achieve a fully connected and CO₂-neutral fleet of vehicles by 2039.

World premiere of the Mercedes-Benz eActros

On 30 June 2021, Mercedes-Benz Trucks had the world premiere of its battery-electric eActros for heavy-duty distribution transport. With the first series-produced electric truck with the three-pointed star, Mercedes-Benz Trucks is ringing in a new era while highlighting its clear commitment to CO₂-neutral goods transport on the roads. Series production of the eActros is to begin in Wörth am Rhein this autumn.

Profitability, cash flows and financial position

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 Daimler Group as well as for the "Industrial Business" and for "Daimler Mobility". The industrial business and Daimler Mobility columns represent a business point of view. The industrial business comprises the vehicle segments Mercedes-Benz Cars & Vans and Daimler Trucks & Buses. Daimler Mobility is identical to the Daimler Mobility segment. Intra-Group eliminations between the industrial business and Daimler Mobility are generally allocated to the industrial business.

In order to provide a more transparent presentation of the ongoing business, adjusted figures for both the Group and the segments are 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 Annual Report 2020 in the Corporate Profile section of the Combined Management Report with Non-Financial Statement.

Profitability

Daimler Group statement of income for the three-month period ended 30 June 2021

The Daimler Group's **revenue** of €43,482 million in the second quarter of 2021 was significantly above the prior-year level (Q2 2020: €30,184 million). The second quarter of the previous year was significantly negatively affected by the covid-19 pandemic and resulting sales decrease worldwide, especially in the automotive segments. Also adjusted for negative exchange-rate effects, Group revenue increased significantly compared with the second quarter of last year.

Due in particular to the higher sales volume and higher raw-material prices, functional costs were above the level of the prior-year quarter. In the prior-year quarter, the measures taken in response to the covid-19 pandemic led to cost reductions in all functional-cost areas, but the expenses of adjusting and realigning capacities within the global production network had a negative impact on functional costs. At the Daimler Mobility segment, there was an adverse impact in the second quarter of 2020 from increases in provisions for credit risks.

Income from equity-method investments decreased in the prior-year quarter primarily due to an impairment of the investment in the YOUR NOW Holding GmbH. In the second quarter of 2021, mainly increasing discount rates had a positive impact on EBIT in other financial income/expense.

EBIT amounted to €5,185 million in the second quarter of 2021, which is significantly higher than in the second quarter of last year (Q2 2020: minus €1,682 million). The Daimler Group's adjusted EBIT was €5,420 million (Q2 2020: minus €708 million). The reconciliation from EBIT to adjusted EBIT is shown in table [B.04](#).

Net interest expense in the second quarter of 2021 amounted to €96 million (Q2 2020: €60 million).

The **income-tax expense** recognised in the second quarter of 2021 amounted to €1,385 million (Q2 2020: €164 million). The effective tax rate was 27.2% (Q2 2020: minus 9.4%). The negative effective tax rate for Q2 2020 was mainly because no tax benefit on losses incurred in Germany could be recognised in the second quarter of 2020.

Net profit of €3,704 million for the second quarter of 2021 was significantly higher than in the prior-year period (Q2 2020: net loss of €1,906 million). Net profit of €106 million is attributable to **non-controlling interests** (Q2 2020: €95 million). Net profit attributable to the **shareholders of Daimler AG** amounts to €3,598 million (Q2 2020: net loss of €2,001 million), leading to a significant increase in **earnings per share** to €3.36 (Q2 2020: loss per share of €1.87).

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

Table [B.02](#) shows the condensed statement of income of the Daimler Group as well as of the industrial business and Daimler Mobility. Table [B.03](#) shows the composition of EBIT for the industrial business.

B.02**Condensed consolidated statement of income for the three-month periods ended 30 June**

	Daimler Group		Industrial Business		Daimler Mobility	
	Q2 2021	Q2 2020	Q2 2021	Q2 2020	Q2 2021	Q2 2020
In millions of euros						
Revenue	43,482	30,184	36,608	23,734	6,874	6,450
Cost of sales	-33,634	-27,489	-28,074	-21,742	-5,560	-5,747
Gross profit	9,848	2,695	8,534	1,992	1,314	703
Selling expenses	-2,755	-2,462	-2,582	-2,304	-173	-158
General administrative expenses	-961	-808	-740	-627	-221	-181
Research and non-capitalised development costs	-1,787	-1,544	-1,787	-1,544	-	-
Other operating income/expense	132	366	75	341	57	25
Gains/losses on equity-method investments, net	497	269	549	451	-52	-182
Other financial income/expense, net	211	-198	212	-196	-1	-2
EBIT	5,185	-1,682	4,261	-1,887	924	205
Interest income/expense	-96	-60	-94	-57	-2	-3
Profit/loss before income taxes	5,089	-1,742	4,167	-1,944	922	202
Income taxes	-1,385	-164	-1,152	-28	-233	-136
Net profit/loss	3,704	-1,906	3,015	-1,972	689	66
thereof profit attributable to non-controlling interests	106	95				
thereof profit/loss attributable to shareholders of Daimler AG	3,598	-2,001				
Earnings/loss per share (in euros) for profit/loss attributable to shareholders of Daimler AG						
Basic	3.36	-1.87				
Diluted	3.36	-1.87				

B.03**EBIT of the industrial business for the three-month periods ended 30 June**

	Industrial Business		Mercedes-Benz Cars & Vans		Daimler Trucks & Buses		Reconciliation	
	Q2 2021	Q2 2020	Q2 2021	Q2 2020	Q2 2021	Q2 2020	Q2 2021	Q2 2020
In millions of euros								
Revenue	36,608	23,734	28,152	18,949	10,012	6,200	-1,556	-1,415
Cost of sales	-28,074	-21,742	-21,439	-17,341	-8,129	-5,805	1,494	1,404
Gross profit	8,534	1,992	6,713	1,608	1,883	395	-62	-11
Selling expenses	-2,582	-2,304	-2,150	-1,839	-615	-608	183	143
General administrative expenses	-740	-627	-413	-338	-353	-312	26	23
Research and non-capitalised development costs	-1,787	-1,544	-1,472	-1,223	-321	-330	6	9
Other income/expense	836	596	760	667	225	99	-149	-170
EBIT	4,261	-1,887	3,438	-1,125	819	-756	4	-6

Segment revenue and EBIT for the three-month period ended 30 June 2021

Due in particular to significantly higher unit sales, the revenue of the **Mercedes-Benz Cars & Vans** division increased by 49% to €28,152 million in the second quarter of 2021 (Q2 2020: €18,949 million). The division's EBIT amounted to €3,438 million (Q2 2020: minus €1,125 million); adjusted EBIT amounted to €3,604 million (Q2 2020: minus €284 million). The adjusted return on sales of 12.8% was above the adjusted prior-year figure of minus 1.5%. [↗ B.03](#) [↗ B.04](#)

Caused by the consequences of the covid-19 pandemic, gross profit in relation to revenue was reduced in the second quarter of 2020 by a worldwide significant decline in unit sales. As well as the increase in unit sales, a favourable product mix and improved pricing had positive impacts. On the other hand, exchange-rate effects reduced earnings. Overall, gross profit in relation to revenue increased significantly from 8.5% to 23.8%. In the second quarter of 2021, functional costs increased, due to advance expenditure for new technologies and vehicles as well as increasing raw-material prices. The measures introduced as a consequence of the covid-19 pandemic, especially the use of short-time working in Germany, led to an improvement in the cost position in the prior-year quarter.

The segment's earnings were reduced by restructuring expenses of €59 million (Q2 2020: €788 million) including restructuring expenses of €59 million (Q2 2020: €101 million) for personnel-cost optimisation programmes. Furthermore, the restructuring expenses in the prior-year quarter include expenses of €687 million for the adjustment and realignment of capacities within the global production network. Both quarters included expenses related to ongoing governmental and court proceedings and measures taken relating to Mercedes-Benz diesel vehicles (€107 million; Q2 2020: €53 million). The reconciliation from EBIT to adjusted EBIT is shown in table [↗ B.04](#).

Mainly due to the significant increase in unit sales, the revenue of **Daimler Trucks & Buses** in the second quarter of 2021 increased by 61% to €10,012 million (Q2 2020: €6,200 million). The division's EBIT amounted to €819 million (Q2 2020: minus €756 million); adjusted EBIT amounted to €831 million (Q2 2020: minus €747 million). The segment's adjusted return on sales was above the adjusted prior-year figure at 8.3% (Q2 2020: minus 12.0%). [↗ B.03](#) [↗ B.04](#)

The prior-year quarter was strongly influenced by the consequences of the covid-19 pandemic. The sales increase in almost all regions, primarily resulting from the market recovery, had a positive effect on EBIT. On the other hand, increasing raw-material prices also affected earnings. Positive effects resulted from lower expenses for customer service measures, a higher contribution to earnings from the aftersales business as well as favourable pricing. Cost of sales was higher than in the prior-year quarter. Gross profit in relation to revenue increased significantly from 6.4% to 18.8%. Furthermore, the ongoing and successful cost discipline in the functional-cost areas, income from the IPO of Proterra, Inc. and the sale of the plant in Campinas had positive effects on earnings. On the other hand, the segment's earnings were reduced by expenses of €12 million for personnel-cost optimisation programmes (Q2 2020: €9 million). The reconciliation from EBIT to adjusted EBIT is shown in table [↗ B.04](#).

In the second quarter of 2021, the **Daimler Mobility** segment achieved EBIT of €924 million (Q2 2020: €205 million); adjusted EBIT amounted to €930 million (Q2 2020: €313 million). Adjusted return on equity of 24.0% was above the adjusted prior-year figure of 8.6%. [↗ B.02](#) [↗ B.04](#)

The main reason for the positive development of gross profit in relation to revenue in the second quarter of 2021 was lower credit-risk provisions than in the prior-year quarter, which was impacted by the response to the covid-19 pandemic. Further positive effects were achieved due to lower refinancing costs, as well as the improved development of the business operations of mobility and fleet services. The measures introduced as a consequence of the covid-19 pandemic, including the use of short-time working in Germany, led to an improvement in the cost position in the prior-year quarter. Expenses of €6 million (Q2 2020: €3 million) in connection with personnel-cost optimisation programmes adversely affected functional costs. The increase in income from investments accounted for using the equity method was due to a negative effect of €105 million in the second quarter of the previous year caused by an impairment of the investment in the YOUR NOW Holding GmbH. The reconciliation of EBIT to adjusted EBIT is shown in table [↗ B.04](#).

The **reconciliation** of the segments' EBIT to Group EBIT comprises gains and losses at the corporate level and the effects on earnings of eliminating intra-Group transactions between the segments.

Items at the corporate level (€0 million; Q2 2020: €83 million) include, amongst other things, expenses of €51 million in connection with the spin-off of Daimler Trucks & Buses.

The elimination of intra-Group transactions resulted in income of €4 million (Q2 2020: €77 million).

B.04**Reconciliation EBIT to EBIT adjusted for the three-month periods ended 30 June**

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Recon- ciliation	Daimler Group
In millions of euros					
Q2 2021					
EBIT	3,438	819	924	4	5,185
Legal proceedings (and related measures)	107	-	-	-	107
Restructuring measures	59	12	6	-	77
M&A transactions	-	-	-	51	51
EBIT adjusted	3,604	831	930	55	5,420
Return on sales/return on equity (in %)	12.2	8.2	23.9		
Return on sales/return on equity adjusted (in %)¹	12.8	8.3	24.0		

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Recon- ciliation	Daimler Group
In millions of euros					
Q2 2020					
EBIT	-1,125	-756	205	-6	-1,682
Legal proceedings (and related measures)	53	-	-	-	53
Restructuring measures	788	9	108	16	921
M&A transactions	-	-	-	-	-
EBIT adjusted	-284	-747	313	10	-708
Return on sales/return on equity (in %)	-5.9	-12.2	5.6		
Return on sales/return on equity adjusted (in %)¹	-1.5	-12.0	8.6		

¹ Return on sales adjusted is calculated as the ratio of EBIT adjusted to revenue. Return on equity adjusted is determined as the ratio of EBIT adjusted to average quarterly equity.

Daimler Group statement of income for the six-month period ended 30 June 2021

The Daimler Group's **revenue** of €84,499 million in the first half of 2021 was significantly above the prior-year level (Q1-2 2020: €67,407 million). The first half of the previous year was significantly negatively affected by the covid-19 pandemic and the resulting sales decrease worldwide, especially in the automotive segments. Also adjusted for negative exchange-rate effects, Group revenue increased significantly compared with the first half of last year.

Due to in particular to the higher sales volume and higher raw-material prices, functional costs were above the level of the prior-year period. In the first half of the year 2020, the measures taken in response to the covid-19 pandemic led to cost reductions in all functional-cost areas but the expenses of adjusting and realigning capacities within the global production network had a negative impact on functional costs. At the Daimler Mobility segment, there was a substantial adverse impact in the first half of 2020 from increases in provisions for credit risks. In addition, expenses in connection with ongoing personnel-cost optimisation programmes had a negative impact on functional costs in both periods.

In the first half of the year 2021, in the vehicle segments, the joint venture for fuel cells cellcentric GmbH & Co. KG (cell-centric) resulted in a positive contribution to earnings of €1,215 million, primarily in other operating income/expense. Furthermore, the increased income from the equity-method investment in Beijing Benz Automotive Co., Ltd. (BBAC) boosted earnings. An additional factor was that income from equity-method investments decreased in the prior-year period due to an impairment of the investment in the YOUR NOW Holding GmbH. Furthermore, in the first half of 2021, other financial income/expense includes income in connection with IPO Chargepoint, Inc. and its resulting remeasurement at fair value, as well as income due to increasing discount rates rates.

EBIT amounted to €10,933 million in the first half of 2021, which is significantly higher than in the first half of last year (Q1-2 2020: minus €1,065 million). The Daimler Group's adjusted EBIT was €10,388 million (Q1-2 2020: €11 million). The reconciliation from EBIT to adjusted EBIT is shown in table [B.07](#).

Net interest expense in the first half of 2021 amounted to €162 million (Q1-2 2020: €137 million).

The **income-tax expense** recognised in the first half of 2021 amounted to €2,694 million (Q1-2 2020: €536 million). The effective tax rate was 25.0% (Q1-2 2020: minus 44.6%). The negative effective tax rate for Q1-2 2020 was mainly because no tax benefit could be recognised in the first half of 2020 on losses incurred in Germany.

Net profit of €8,077 million for the first half of 2021 was significantly higher than in the prior-year period (Q1-2 2020: net loss of €1,738 million). Net profit of €189 million is attributable to **non-controlling interests** (Q1-2 2020: €169 million). Net profit attributable to the **shareholders of Daimler AG** amounts to €7,888 million (Q1-2 2020: net loss of €1,907 million), leading to a significant increase in **earnings per share** to €7.37 (Q1-2 2020: loss per share of €1.78).

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

Table [7 B.05](#) shows the condensed statement of income of the Daimler Group as well as of the industrial business and Daimler Mobility. Table [7 B.06](#) shows the composition of EBIT for the industrial business.

B.05

Condensed consolidated statement of income for the six-month periods ended 30 June	Daimler Group		Industrial Business		Daimler Mobility	
	Q1-2 2021	Q1-2 2020	Q1-2 2021	Q1-2 2020	Q1-2 2021	Q1-2 2020
In millions of euros						
Revenue	84,499	67,407	70,659	53,856	13,840	13,551
Cost of sales	-65,644	-59,001	-54,176	-46,611	-11,468	-12,390
Gross profit	18,855	8,406	16,483	7,245	2,372	1,161
Selling expenses	-5,511	-5,351	-5,169	-5,015	-342	-336
General administrative expenses	-1,936	-1,728	-1,521	-1,360	-415	-368
Research and non-capitalised development costs	-3,618	-3,266	-3,618	-3,266	-	-
Other operating income/expense	1,620	781	1,524	717	96	64
Gains/losses on equity-method investments, net	1,029	219	1,071	474	-42	-255
Other financial income/expense, net	494	-126	495	-123	-1	-3
EBIT	10,933	-1,065	9,265	-1,328	1,668	263
Interest income/expense	-162	-137	-158	-131	-4	-6
Profit/loss before income taxes	10,771	-1,202	9,107	-1,459	1,664	257
Income taxes	-2,694	-536	-2,267	-396	-427	-140
Net profit/loss	8,077	-1,738	6,840	-1,855	1,237	117
thereof profit attributable to non-controlling interests	189	169				
thereof profit/loss attributable to shareholders of Daimler AG	7,888	-1,907				
Earnings/loss per share (in euros) for profit/loss attributable to shareholders of Daimler AG						
Basic	7.37	-1.78				
Diluted	7.37	-1.78				

B.06

EBIT of the industrial business for the six-month periods ended 30 June	Industrial Business		Mercedes-Benz Cars & Vans		Daimler Trucks & Buses		Reconciliation	
	Q1-2 2021	Q1-2 2020	Q1-2 2021	Q1-2 2020	Q1-2 2021	Q1-2 2020	Q1-2 2021	Q1-2 2020
In millions of euros								
Revenue	70,659	53,856	55,038	42,145	18,677	14,944	-3,056	-3,233
Cost of sales	-54,176	-46,611	-41,891	-36,617	-15,231	-13,130	2,946	3,136
Gross profit	16,483	7,245	13,147	5,528	3,446	1,814	-110	-97
Selling expenses	-5,169	-5,015	-4,199	-4,108	-1,250	-1,236	280	329
General administrative expenses	-1,521	-1,360	-800	-757	-711	-637	-10	34
Research and non-capitalised development costs	-3,618	-3,266	-2,982	-2,591	-650	-690	14	15
Other income/expense	3,090	1,068	2,350	1,313	1,025	240	-285	-485
EBIT	9,265	-1,328	7,516	-615	1,860	-509	-111	-204

Segment revenue and EBIT for the six-month period ended 30 June 2021

Due in particular to significant higher unit sales, the revenue of the **Mercedes-Benz Cars & Vans** division increased by 31% to €55,038 million in the first half of 2021 (Q1-2 2020: €42,145 million). The division's EBIT amounted to €7,516 million (Q1-2 2020: minus €615 million); adjusted EBIT amounted to €7,445 million (Q1-2 2020: €319 million). The adjusted return on sales of 13.5% was above the adjusted prior-year figure of 0.8%. [↗ B.06](#) [↗ B.07](#)

Caused by the consequences of the covid-19 pandemic, gross profit in relation to revenue was reduced in the first half of the year 2020 by a worldwide significant decline in unit sales. As well as the increase in unit sales, a favourable product mix and improved pricing had positive impacts. On the other hand, exchange-rate effects reduced earnings. Overall, gross profit in relation to revenue increased significantly from 13.1% to 23.9%. In the first half of 2021, functional costs increased, primarily due to advance expenditure for new technologies and vehicles as well as increasing raw-material prices. The measures introduced as a consequence of the covid-19 pandemic, including the use of short-time working in Germany, led to an improvement in the cost position in the prior year. The increased income from the equity-method investment in Beijing Benz Automotive Co., Ltd. (BBAC) also had a positive impact on earnings. In addition, other financial income/expense includes income in connection with the IPO of the charging-infrastructure operator Chargepoint, Inc. and its resulting remeasurement at fair value.

Furthermore, income of €604 million in connection with the establishment of the joint venture for fuel cells cellcentric resulted in a positive contribution to earnings. The segment's earnings were reduced by restructuring expenses of €351 million (Q1-2 2020: €788 million) including restructuring expenses of €351 million (Q1-2 2020: €101 million) for personnel-cost optimisation programmes. Furthermore, the restructuring expenses in the prior-year period include expenses of €687 million for the adjustment and realignment of capacities within the global production network. Both periods include expenses related to ongoing governmental and court proceedings and measures taken relating to Mercedes-Benz diesel vehicles (€182 million; Q1-2 2020: €146 million). The reconciliation from EBIT to adjusted EBIT is shown in table [↗ B.07](#).

Mainly due to the significant increase in unit sales, the revenue of **Daimler Trucks & Buses** in the first half of 2021 increased by 25% to €18,677 million (Q1-2 2020: €14,944 million). The division's EBIT amounted to €1,860 million (Q1-2 2020: minus €509 million); adjusted EBIT amounted to €1,349 million (Q1-2 2020: minus €500 million). The segment's adjusted return on sales was above the adjusted prior-year figure at 7.2% (Q1-2 2020: minus 3.3%). [↗ B.06](#) [↗ B.07](#)

The prior-year period was strongly influenced by the consequences of the covid-19 pandemic. The sales increase in almost all regions, resulting from the market recovery, had a positive effect on EBIT. On the other hand, increasing raw-material prices reduced earnings. Positive effects resulted from lower expenses for customer service measures, a higher contribution to earnings from the aftersales business as well as favourable pricing. Cost of sales was higher than in the prior-year period. Gross profit in relation to revenue increased from 12.1% to 18.5%. Furthermore, the ongoing and successful cost discipline in the functional-cost areas, income from the IPO of Proterra, Inc. and the sale of the plant in Campinas had positive effects on earnings. On the other hand, the segment's earnings were reduced by expenses of €100 million for personnel-cost optimisation programmes (Q1-2 2020: €9 million). In addition, income of €611 million in connection with the establishment of the joint venture for fuel cells, cellcentric, resulted in a positive contribution to earnings, primarily in other income/expense. The reconciliation from EBIT to adjusted EBIT is shown in table [↗ B.07](#).

In the first half of 2021, the **Daimler Mobility** segment achieved EBIT of €1,668 million (Q1-2 2020: €263 million); adjusted EBIT amounted to €1,621 million (Q1-2 2020: €371 million). Adjusted return on equity of 21.4% was above the adjusted prior-year figure of 5.0%. [↗ B.05](#) [↗ B.07](#)

The main reason for the positive development of gross profit in relation to revenue was lower credit-risk provisions than in the first half of the prior year, which was significantly impacted by the response to the covid-19 pandemic. Further positive effects were achieved due to lower refinancing costs, as well as the improved development of the business operations of mobility and fleet services. The measures introduced as a consequence of the covid-19 pandemic, including the use of short-time working in Germany, led to an improvement in the cost position in the prior-year period. Expenses of €42 million (Q1-2 2020: €3 million) in connection with personnel-cost optimisation programmes adversely affected functional costs. In addition, a positive effect on earnings of €89 million at Daimler Mobility resulted from the sale of all its shares in Via Transportation Inc. The increase in income from investments accounted for using the equity method was due to a negative effect of €105 million in the first half of the previous year caused by an impairment of the investment of the YOUR NOW Holding GmbH. The **reconciliation** of EBIT to adjusted EBIT is shown in table [↗ B.07](#).

The **reconciliation** of the segments' EBIT to Group EBIT comprises gains and losses at the corporate level and the effects on earnings of eliminating intra-Group transactions between the segments.

Items at the corporate level resulted in expenses of €129 million in the first half of 2021 (Q1-2 2020: €301 million). Amongst other things, this includes expenses of €51 million in connection with the spin-off of Daimler Trucks & Buses. In particular, in the first half of the prior year, the impairment of Daimler's equity investment in BAIC Motor Corporation Ltd. had a negative effect on EBIT.

The elimination of intra-Group transactions resulted in income of €18 million (Q1-2 2020: €97 million).

B.07**Reconciliation EBIT to EBIT adjusted for the six-month periods ended 30 June**

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Recon- ciliation	Daimler Group
In millions of euros					
Q1-2 2021					
EBIT	7,516	1,860	1,668	-111	10,933
Legal proceedings (and related measures)	182	-	-	-	182
Restructuring measures	351	100	42	33	526
M&A transactions	-604	-611	-89	51	-1,253
EBIT adjusted	7,445	1,349	1,621	-27	10,388
Return on sales/return on equity (in %)	13.7	10.0	22.1		
Return on sales/return on equity adjusted (in %)¹	13.5	7.2	21.4		

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Recon- ciliation	Daimler Group
In millions of euros					
Q1-2 2020					
EBIT	-615	-509	263	-204	-1,065
Legal proceedings (and related measures)	146	-	-	9	155
Restructuring measures	788	9	108	16	921
M&A transactions	-	-	-	-	-
EBIT adjusted	319	-500	371	-179	11
Return on sales/return on equity (in %)	-1.5	-3.4	3.6		
Return on sales/return on equity adjusted (in %)¹	0.8	-3.3	5.0		

¹ Return on sales adjusted is calculated as the ratio of EBIT adjusted to revenue. Return on equity adjusted is determined as the ratio of EBIT adjusted to average quarterly equity.

Cash flows

In the first six months of 2021, **cash provided by operating activities** ↗ **B.08** amounted to €11.9 billion (Q1-2 2020: €8.4 billion). Compared to the prior year, which was strongly affected by the worldwide consequences of the covid-19 pandemic, the first half of 2021 showed a significant improvement in the overall business performance. Whereas in the prior-year period due to the covid-19 crisis, the decrease of the leasing and sales-financing portfolio at Daimler Mobility had a significant positive effect on cash provided by operating activities, the first six months of 2021 saw an increase in contract volume and thus a lower positive effect than in the prior-year period. Due to the significant improvement in the overall business performance, the income taxes paid increased in comparison to the prior-year period.

Negative effects also resulted from the development of working capital. Additional opposing effects during March 2021 resulted from payments of €0.9 billion made in settlement of civil and environmental claims made by several US authorities in the prior year in connection with emission-control systems used in certain diesel vehicles. Payments were made during the reporting period as part of the personnel-cost-optimisation programme resulting from the agreed measures to reduce costs and the number of employees in a socially acceptable manner. In contrast, the cash flow in the prior-year period was adversely affected by payments made in the context of reviewing and prioritising the product portfolio for the planned discontinuation of X-Class production during Q1 2020.

B.08

Condensed statement of cash flows

	Daimler Group		Industrial Business		Daimler Mobility	
	Q1-2 2021	Q1-2 2020	Q1-2 2021	Q1-2 2020	Q1-2 2021	Q1-2 2020
In millions of euros						
Cash and cash equivalents at beginning of period	23,048	18,883	20,344	16,152	2,704	2,731
Profit/loss before income taxes	10,771	-1,202	9,107	-1,459	1,664	257
Depreciation and amortisation/impairments	3,668	4,452	3,604	4,376	64	76
Other non-cash expense and income and gains/losses on disposals of assets	-2,690	-274	-2,751	-561	61	287
Change in operating assets and liabilities						
Inventories	-2,281	-1,059	-2,693	-1,040	412	-19
Trade receivables	31	2,237	240	2,077	-209	160
Trade payables	2,879	194	2,794	152	85	42
Receivables from financial services	1,946	3,675	-56	16	2,002	3,659
Vehicles on operating leases	398	2,249	-616	-136	1,014	2,385
Other operating assets and liabilities	-1,236	-1,151	-1,264	-733	28	-418
Dividends received from equity-method investments	81	64	81	64	-	-
Income taxes paid	-1,645	-784	-1,079	-160	-566	-624
Cash provided by operating activities	11,922	8,401	7,367	2,596	4,555	5,805
Additions to property, plant and equipment and intangible assets	-3,605	-4,124	-3,550	-4,084	-55	-40
Investments in and disposals of shareholdings	671	13	452	-3	219	16
Acquisitions and sales of marketable debt securities and similar investments	574	1,213	587	993	-13	220
Other	266	129	259	121	7	8
Cash used for/provided by investing activities	-2,094	-2,769	-2,252	-2,973	158	204
Change in financing liabilities	-5,310	-2,175	-5,105	-5,120	-205	2,945
Dividends paid	-1,731	-207	-1,713	-198	-18	-9
Other transactions with shareholders	-46	1	-46	-12	-	13
Internal equity and financing transactions	-	-	3,708	7,646	-3,708	-7,646
Cash used for/provided by financing activities	-7,087	-2,381	-3,156	2,316	-3,931	-4,697
Effect of foreign exchange-rate changes on cash and cash equivalents	391	-185	361	-124	30	-61
Cash and cash equivalents at end of period	26,180	21,949	22,664	17,967	3,516	3,982

Cash used for investing activities ↗ **B.08** amounted to €2.1 billion (Q1-2 2020: €2.8 billion). The decrease resulted in particular from the cash inflow of €0.6 billion in connection with the partial sale of shares in Daimler Truck Fuel Cell GmbH & Co. KG (DTFC) to the Volvo Group. The proceeds from sale, which were received in March 2021, are divided between the Mercedes-Benz Cars & Vans and Daimler Trucks & Buses segments. Further positive effects resulted from decreased investments in property, plant and equipment and intangible assets.

Cash used for financing activities ↗ **B.08** amounted to €7.1 billion (Q1-2 2020: €2.4 billion). The change is primarily due to lower net cash outflows from financing liabilities, mainly in connection with the refinancing of the leasing and sales-financing business. Furthermore, the dividend payment made to the shareholders of Daimler AG in the first six months of 2021 had a negative effect. In the previous year, the dividend was not paid until July 2020.

Cash and cash equivalents increased by €3.1 billion compared with 31 December 2020, after taking currency translation into account. Total liquidity, which also includes marketable debt securities and similar investments, increased by €2.6 billion to €32.0 billion.

The parameter used by Daimler to measure the financial capability of the Group's industrial business is the **free cash flow of the industrial business** ↗ **B.09**, which is derived from the reported cash flows from operating and investing activities. 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 the change in 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 used for/provided by financing activities in connection with the acquisition or disposal of interests in subsidiaries without loss of control.

In the first six months of 2021, the **free cash flow of the industrial business** amounted to a cash inflow of €4.4 billion (Q1-2 2020: cash outflow of €1.6 billion). Compared to the prior-year period, which was strongly affected by the worldwide consequences of the covid-19 pandemic, the first half of 2021 showed a significant improvement in the overall business performance. This led to a significant increase in income taxes paid. Negative effects resulted from the development of working capital. Additional opposing effects during March 2021 resulted from payments of €0.9 billion made in settlement of civil and environmental claims made by several US authorities in the prior year in connection with emission-control systems used in certain diesel vehicles. Payments were made during the reporting period as part of the personnel-cost-optimisation programme resulting from the agreed measures to reduce costs and the number of employees in a socially acceptable

B.09

Free cash flow of the industrial business

In millions of euros	Q1-2 2021	Q1-2 2020	Change
Cash provided by operating activities	7,367	2,596	+4,771
Cash used for investing activities	-2,252	-2,973	+721
Change in marketable debt securities and similar investments	-587	-993	+406
Right-of-use assets	-167	-218	+51
Other adjustments	35	-43	+78
Free cash flow of the industrial business	4,396	-1,631	+6,027
Legal proceedings (and related measures)	1,271	246	+1,025
Restructuring measures	679	301	+378
M&A transactions	-564	-	-564
Free cash flow of the industrial business adjusted	5,782	-1,084	+6,866

manner. In contrast, the cash flow in the prior-year period was adversely affected by payments made in the context of reviewing and prioritising the product portfolio for the planned discontinuation of X-Class production during Q1 2020.

In the interest of greater transparency in reporting on the ongoing business, we also report an **adjusted free cash flow of the industrial business** ↗ **B.09**. The adjustments for legal proceedings include payments by the automotive segments in connection with ongoing governmental and legal proceedings and related measures taken with regard to Mercedes-Benz diesel vehicles. This relates in particular to payments made in March 2021 in settlement of civil and environmental claims made by several US authorities in the prior year in connection with emission-control systems used in certain diesel vehicles. The adjustments for restructuring measures include payments made in connection with the personnel-cost-optimisation programme in the reporting period and for the product portfolio review and prioritisation in the prior-year period. The adjustments for M&A transactions include payments received from Volvo Group for the partial sale of shares in DTFC. The adjusted free cash flow of the industrial business amounted to a cash inflow of €5.8 billion (Q1-2 2020: cash outflow of €1.1 billion).

In the first six months of 2021, the **free cash flow of the Daimler Group** resulted in a cash inflow of €9.1 billion (Q1-2 2020: cash inflow of €4.1 billion). Besides the effects of the free cash flow of the industrial business, the free cash flow of the Daimler Group is mainly affected by the leasing and sales-financing business of Daimler Mobility.

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 & Vans and Daimler Trucks & Buses to the free cash flow of the industrial business also includes payments of 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 7 B.10 shows the reconciliation of the CFBIT of the automotive segments to the free cash flow of the industrial business.

The **CFBIT of the automotive segments** is derived from EBIT and the change in net assets, and also includes additions to right-of-use assets. Table 7 B.11 shows the composition of CFBIT for Mercedes-Benz Cars & Vans and Daimler Trucks & Buses for the second quarter of 2021 compared with the prior-year period. Table 7 B.12 shows the reconciliation from CFBIT to **adjusted CFBIT** and the **adjusted cash conversion rate** for Mercedes-Benz Cars & Vans and Daimler Trucks & Buses.

B.10

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

	Q2 2021	Q2 2020	Q1-2 2021	Q1-2 2020
In millions of euros				
CFBIT Mercedes-Benz Cars & Vans	2,502	430	4,470	-1,299
CFBIT Daimler Trucks & Buses	667	-121	1,288	-206
Income taxes paid/refunded	-724	271	-1,079	-160
Interest paid/received	38	35	-62	51
Other reconciling items	103	70	-221	-17
Free cash flow of the industrial business	2,586	685	4,396	-1,631

B.11

CFBIT

	Mercedes-Benz Cars & Vans		Daimler Trucks & Buses	
	Q2 2021	Q2 2020	Q2 2021	Q2 2020
In millions of euros				
EBIT	3,438	-1,125	819	-756
Change in working capital	-179	1,256	-121	306
Net financial investments	-9	170	-2	-28
Net investments in property, plant and equipment and intangible assets	-1,588	-1,899	-108	-201
Depreciation and amortisation/impairments	1,546	2,090	274	339
Other	-706	-62	-195	219
CFBIT	2,502	430	667	-121

B.12

Reconciliation to CFBIT adjusted

	Mercedes-Benz Cars & Vans		Daimler Trucks & Buses	
	Q2 2021	Q2 2020	Q2 2021	Q2 2020
In millions of euros				
CFBIT	2,502	430	667	-121
Legal proceedings (and related measures)	207	92	-	-
Restructuring measures	96	-	26	-
M&A transactions	-	-	-	-
CFBIT adjusted	2,805	522	693	-121
EBIT adjusted	3,604	-284	831	-747
Cash conversion rate adjusted¹	0.8	-1.8	0.8	0.2

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

The **net liquidity of the industrial business** ↗ B.13 is calculated as the total amount as shown in the statement of financial position of cash, cash equivalents and marketable debt securities and similar investments included in liquidity management, less the currency-hedged nominal amounts of financing liabilities.

To the extent that the Group's internal refinancing of the financial services business is provided by the companies of the industrial business, this amount is deducted in the calculation of the net debt of the industrial business.

Compared with 31 December, 2020, the net liquidity of the industrial business increased by €3.0 billion to €20.9 billion. The increase is mainly due to the positive free cash flow of the industrial business, as well as positive exchange-rate effects.

Net debt at Group level, which primarily results from refinancing the leasing and sales-financing business, decreased compared with 31 December 2020 by €5.2 billion to €110.0 billion. ↗ B.14

The Daimler Group once again utilised attractive conditions in the international money and capital markets for **refinancing** in the second quarter of 2021.

In the second quarter of 2021, Daimler had a cash inflow of €1.6 billion from the **issuance** of bonds (Q2 2020: €5.2 billion). The redemption of bonds resulted in cash outflows of €3.3 billion (Q2 2020: €7.4 billion). Benchmark bonds (bonds with high nominal volumes) issued in the first six months of 2021 are shown in table ↗ B.15. In addition to the issuances shown in the table, multiple smaller issuances were undertaken in various countries.

Furthermore, several **asset-backed securities (ABS) transactions** were conducted in Germany, Canada and the United States in the second quarter of 2021. Another highlight was the second transaction at Daimler Leasing in China with a volume of CNY 7.9 billion. In addition, a first-time ABS bond was issued under the Silver-Arrow label for Athlon Netherlands B.V. with a volume of €0.5 billion.

In addition, since July 2018, Daimler has had a syndicated **credit line** of €11.0 billion, which had not been utilised by 30 June 2021.

B.13

Net liquidity of the industrial business

In millions of euros	30 June 2021	31 Dec. 2020	Change
Cash and cash equivalents	22,664	20,344	+2,320
Marketable debt securities and similar investments	4,915	5,468	-553
Liquidity	27,579	25,812	+1,767
Financing liabilities ¹	-7,365	-9,168	+1,803
Market valuation and currency hedges for financing liabilities	649	1,211	-562
Financing liabilities (nominal)	-6,716	-7,957	+1,241
Net liquidity	20,863	17,855	+3,008

¹ As at 30 June 2021, financing liabilities include liabilities from refinancing of internal dealerships.

B.14

Net debt of the Daimler Group

In millions of euros	30 June 2021	31 Dec. 2020	Change
Cash and cash equivalents	26,180	23,048	+3,132
Marketable debt securities and similar investments	5,849	6,397	-548
Liquidity	32,029	29,445	+2,584
Financing liabilities	-142,620	-145,842	+3,222
Market valuation and currency hedges for financing liabilities	619	1,224	-605
Financing liabilities (nominal)	-142,001	-144,618	+2,617
Net debt	-109,972	-115,173	+5,201

B.15

Benchmark issuances

Issuer	Volume	Month of issue	Maturity
Daimler Finance North America LLC	USD1,500 million	March 2021	March 2024
Daimler Finance North America LLC	USD1,000 million	March 2021	March 2026
Daimler Finance North America LLC	USD500 million	March 2021	March 2031
Daimler AG	€1,000 million	March 2021	March 2033

Financial position

The **balance-sheet total** increased compared with 31 December 2020 from €285.7 billion to €292.7 billion. The increase includes positive effects from currency translation of €4.2 billion; adjusted for these exchange-rate effects, there was an increase of €2.8 billion. Daimler Mobility accounts for €161.4 billion of the balance-sheet total (31 December 2020: €161.3 billion), equivalent to 55% of the Daimler Group's total assets (31 December 2020: 56%).

Among other things, the increase in total assets adjusted for exchange-rate effects reflects the increased cash and cash equivalents and higher inventories. On the liabilities side of the balance sheet, there were increases in equity and trade payables, while provisions were below their prior-year levels. Table [7 B.16](#) shows the condensed statement of financial position for the Group as well as for the industrial business and Daimler Mobility.

Current assets account for 41% of the balance-sheet total, slightly higher than at the end of last year (31 December 2020: 40%). Current liabilities amount to 36% of total equity and liabilities, also slightly higher than at 31 December 2020 (35%).

Intangible assets of €16.5 billion (31 December 2020: €16.4 billion) include €13.2 billion of capitalised development costs (31 December 2020: €13.1 billion), €1.5 billion of franchises, industrial property rights and similar rights (31 December 2020: €1.6 billion) and €1.2 billion of goodwill

(31 December 2020: €1.2 billion). The Mercedes-Benz Cars & Vans segment accounts for 94% of the development costs (31 December 2020: 94%) and the Daimler Trucks & Buses segment accounts for 6% (31 December 2020: 6%).

Property, plant and equipment of €35.3 billion increased slightly (31 December 2020: €35.2 billion). In the first six months of 2021, €2.2 billion was invested worldwide (Q1-2 2020: €2.6 billion), primarily at our production and assembly sites for innovative products and new technologies, as well as for the modernisation of the worldwide production network. The sites in Germany accounted for €1.7 billion of capital expenditure (Q1-2 2020: €1.8 billion).

Equipment on operating leases and receivables from financial services increased to €144.3 billion (31 December 2020: €143.7 billion); adjusted for exchange-rate effects however, there was a decrease of €2.2 billion. The increase in sales-financing with end customers was mainly due to a significant growth in new business in China in the first quarter of 2021. As a consequence of lower customer demand in 2020 due to the covid-19 crisis, contract volume adjusted for currency effects is lower than at the end of 2020. The leasing and sales-financing business as a proportion of 49% of total assets was slightly below the prior-year level (50%).

Equity-method investments increased to €6.9 billion (31 December 2020: €5.2 billion). They mainly comprise the carrying amounts of our equity interests in Beijing Benz Automotive Co., Ltd. (BBAC), BAIC Motor Corporation Ltd., YOUR

B.16

Condensed statement of financial position

	Daimler Group		Industrial Business		Daimler Mobility	
	30 June 2021	31 Dec. 2020	30 June 2021	31 Dec. 2020	30 June 2021	31 Dec. 2020
In millions of euros						
Assets						
Intangible assets	16,494	16,399	15,809	15,686	685	713
Property, plant and equipment	35,338	35,246	34,992	34,904	346	342
Equipment on operating leases	47,785	47,552	17,682	17,949	30,103	29,603
Receivables from financial services	96,540	96,185	-93	-83	96,633	96,268
Equity-method investments	6,851	5,189	6,281	4,443	570	746
Inventories	28,915	26,444	28,339	25,298	576	1,146
Trade receivables	10,703	10,649	9,744	9,929	959	720
Cash and cash equivalents	26,180	23,048	22,664	20,344	3,516	2,704
Marketable debt securities and similar investments	5,849	6,397	4,915	5,468	934	929
thereof current	4,759	5,356	4,611	5,165	148	191
thereof non-current	1,090	1,041	304	303	786	738
Other financial assets	7,186	6,924	-9,537	-10,862	16,723	17,786
Other assets	10,891	11,704	562	1,396	10,329	10,308
Total assets	292,732	285,737	131,358	124,472	161,374	161,265
Equity and liabilities						
Equity	72,141	62,248	56,389	47,933	15,752	14,315
Provisions	28,748	32,520	27,596	31,323	1,152	1,197
Financing liabilities	142,620	145,842	7,335	9,168	135,285	136,674
thereof current	61,031	59,303	-17,636	-18,717	78,667	78,020
thereof non-current	81,589	86,539	24,971	27,885	56,618	58,654
Trade payables	15,295	12,378	14,433	11,605	862	773
Other financial liabilities	9,293	8,598	6,340	5,532	2,953	3,066
Contract and refund liabilities	12,824	12,956	12,468	12,598	356	358
Other liabilities	11,811	11,195	6,797	6,313	5,014	4,882
Total equity and liabilities	292,732	285,737	131,358	124,472	161,374	161,265

NOW Holding GmbH and There Holding B.V. The increase was due to the first-time recognition of the fuel-cell joint venture cellcentric and the higher valuation of the shares in BBAC.

Inventories increased from €26.4 billion to €28.9 billion, equivalent to 10% of total assets and thus above the level as at the end of 2020 (9%). Adjusted for exchange-rate effects, inventories increased by €2.1 billion, especially in Germany and the United States. The increase is attributable to raw materials and manufacturing supplies as well as work in progress at Mercedes-Benz Cars & Vans, while finished goods, parts and products held for resale were below last year's level. The Mercedes-Benz Cars & Vans segment accounts for 72% of these inventories (31 December 2020: 72%) and the Daimler Trucks & Buses segment accounts for 26% (31 December 2020: 24%).

Trade receivables of €10.7 billion increased slightly (31 December 2020: €10.6 billion). The Mercedes-Benz Cars & Vans segment accounts for 63% of these receivables (31 December 2020: 64%) and the Daimler Trucks & Buses segment accounts for 28% (31 December 2020: 29%).

Cash and cash equivalents increased compared with the end of the year 2020 by €3.1 billion to €26.2 billion.

Marketable debt securities and similar investments decreased compared with 31 December 2020 from €6.4 billion to €5.8 billion. Those assets include the debt instruments that are allocated to liquidity, most of which are traded in active markets. They generally have an external rating of A or better.

Other financial assets of €7.2 billion are above last year's level (31 December 2020: €6.9 billion). They primarily consist of derivative financial instruments, equity and debt instruments, investments in non-consolidated subsidiaries, and loans and other receivables due from third parties.

Other assets of €10.9 billion primarily comprise deferred tax assets and tax refund claims (31 December 2020: €11.7 billion).

The Group's **equity** increased significantly from €62.2 billion to €72.1 billion compared with 31 December 2020. The effects of currency translation were €1.0 billion. The increase of €8.9 billion (adjusted for currency translation) resulted primarily from the net profit of €8.1 billion and gains of €2.6 billion in connection with pension provisions recognised in other comprehensive income. On the other hand, the dividend of €1.4 billion paid out to the shareholders of Daimler AG, and losses of €0.2 billion on the remeasurement of derivative financial instruments recognised in other comprehensive income. Equity attributable to the shareholders of Daimler AG increased accordingly to €70.7 billion (31 December 2020: €60.7 billion).

Equity adjusted for the dividend paid for the year 2020 increased at a higher rate than the increase in the balance-sheet total of 2% compared with year-end 2020. The Group's **equity ratio** of 24.6% was therefore significantly above the level of the previous year (31 December 2020: 21.3%); the equity ratio for the industrial business was 42.9% (31 December 2020: 37.3%).

Provisions of €28.7 billion were below the level of 31 December 2020 (€32.5 billion); they amount to 10% as a proportion of the balance-sheet total, which is also below last year's level (11%). Provisions for pensions and similar obligations decreased to €8.9 billion (31 December 2020: €12.1 billion). Opposing the significant decrease in the present value of defined-benefit pension obligations to €36.9 billion (31 December 2020: €39.9 billion) was the slight increase of the fair value of the pension-plan assets applied to finance those obligations of €29.3 billion (31 December 2020: €28.9 billion). The increase in discount rates was the main reason for the decrease in the present value of defined-benefit pension obligations. Provisions also relate to liabilities from product warranties of €8.4 billion (31 December 2020: €8.5 billion), from personnel and social costs of €5.0 billion (31 December 2020: €4.6 billion), from litigation risks and regulatory proceedings of €3.8 billion (31 December 2020: €4.6 billion) and from other risks of €2.7 billion (31 December 2020: €2.7 billion). The decrease in provisions for litigation risks and regulatory proceedings mainly resulted from payments made in settlement of the civil and environmental claims made by several US authorities in the prior year in connection with emission-control systems used in certain diesel vehicles.

Financing liabilities of €142.6 billion were below the level of 31 December 2020 (€145.8 billion). Adjusted for exchange-rate effects, there was a decrease of €5.4 billion, mainly due to the lower refinancing requirement from the leasing and sales-financing business. 52% of the financing liabilities relate to notes and bonds, 21% to liabilities to banks, 13% to liabilities from ABS transactions and 10% to deposits in the direct banking business.

Trade payables of €15.3 billion were significantly above the prior-year level (31 December 2020: €12.4 billion). Among other things, the increase relates to the higher level of production in the first six months of 2021. The Mercedes-Benz Cars & Vans segment accounts for 70% of those payables (31 December 2020: 71%) and the Daimler Trucks & Buses segment accounts for 25% (31 December 2020: 23%).

Other financial liabilities of €9.3 billion (31 December 2020: €8.6 billion) mainly consist of liabilities from residual-value guarantees, salaries and wages, derivative financial instruments, deposits received and accrued interest on financing liabilities.

Contract and refund liabilities of €12.8 billion are slightly below the level of 31 December 2020 (€13.0 billion). They mainly comprise deferred revenue from service and maintenance contracts, as well as extended warranties and obligations from sales in the scope of IFRS 15.

Other liabilities of €11.8 billion (31 December 2020: €11.2 billion) primarily comprise deferred taxes, tax liabilities and deferred income.

Table [7 B.17](#) shows the derivation of net assets for the automotive segments. They relate to the operating assets and liabilities for which the divisions are responsible.

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 [7 C.05](#), the Consolidated Statement of Changes in Equity [7 C.07](#) and the related notes in the Notes to the Interim Consolidated Financial Statements.

B.17

Net assets of the automotive segments

	Mercedes-Benz Cars & Vans		Daimler Trucks & Buses	
	30 June 2021	31 Dec. 2020	30 June 2021	31 Dec. 2020
In millions of euros				
Intangible assets	14,126	13,991	1,668	1,681
Property, plant and equipment	27,440	26,661	7,577	7,905
Inventories	20,783	19,117	7,617	6,307
Trade receivables	6,697	6,839	3,047	3,090
Other segment assets	26,758	24,752	6,911	5,847
Segment assets	95,804	91,360	26,820	24,830
Trade payables	10,647	8,752	3,758	2,824
Other segment liabilities	50,496	51,416	14,524	14,176
Segment liabilities	61,143	60,168	18,282	17,000
Net assets	34,661	31,192	8,538	7,830

Risk and opportunity report

The risks and opportunities that can have a significant influence on the profitability, cash flows and financial position of the Daimler Group, as well as detailed information on our risk and opportunity management system, are presented on pages 114 to 129 of our Annual Report 2020. In addition, we refer to the notes on forward-looking statements provided at the end of this Interim Management Report. Due in particular to the covid-19 pandemic and the supply shortages of semiconductor components, the assessment of risks and opportunities for the further development of the year 2021 is subject to a high level of uncertainty. Changes in risks and opportunities are continuously monitored, evaluated and, if appropriate, taken into account in planning during the year.

Risks from legal proceedings in connection with diesel exhaust gas emissions – governmental proceedings

Daimler is continuously subject to governmental information requests, inquiries, investigations, administrative orders and proceedings relating to environmental, criminal, antitrust and other laws and regulations in connection with diesel exhaust emissions.

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

In the United States, Daimler AG and Mercedes-Benz USA, LLC (MBUSA) reached agreements in the third quarter of 2020 with various authorities to settle civil and environmental claims regarding the emission control systems of certain diesel vehicles, which have become final and effective. The authorities take the position that Daimler failed to disclose Auxiliary Emission Control Devices (AECs) in certain of its US diesel vehicles and that several of these AECs are illegal defeat devices.

As part of these settlements, Daimler denies the allegations by the authorities and does not admit liability, but has agreed to, among other things, pay civil penalties, conduct an emission modification programme for affected vehicles and take certain other measures. The failure to meet certain of those obligations may trigger additional stipulated penalties. In the first quarter of 2021, Daimler paid the civil penalties.

As already reported, in April 2016, the U.S. Department of Justice ("DOJ") requested that Daimler conduct an internal investigation. While Daimler conducted such internal investigation as part of the DOJ's investigation, the DOJ's investigation remains open. In addition, further US state authorities have recently opened investigations pursuant to both state environmental and consumer protection laws and have requested documents and information. In Canada, the Canadian environmental regulator Environment and Climate Change Canada ("ECCC") is conducting an investigation in connection with Diesel exhaust emissions based on the suspicion of potential violations of the Canadian Environmental Protection Act as well as potential undisclosed AECs and defeat devices. Daimler continues to cooperate with the investigating authorities.

In Germany, the Stuttgart public prosecutor's office issued a fine notice against Daimler in September 2019 based on a negligent violation of supervisory duties, which has become legally binding, thereby concluding the related administrative offense proceedings against Daimler. The Stuttgart public prosecutor's office is still conducting criminal investigation proceedings against Daimler employees on the suspicion of fraud and criminal advertising.

Since 2018, the German Federal Motor Transport Authority (“KBA”) has repeatedly issued subsequent auxiliary provisions for the EC type approvals of certain Mercedes-Benz diesel vehicles, and has ordered mandatory recalls as well as, in some cases, stops of the first registration. In each of those cases, it held that certain calibrations of specified functionalities in certain Mercedes-Benz diesel vehicles are to be qualified as impermissible defeat devices. Daimler has a contrary legal opinion on this question. Since 2018, however, it has (in view of the KBA’s interpretation of the law as a precautionary measure) implemented a temporary delivery and registration stop with respect to certain models, also covering the used-car, leasing and financing businesses, and is constantly reviewing whether it can lift this delivery and registration stop in whole or in part. Daimler has filed timely objections against the KBA’s administrative orders mentioned above. In early 2021, the KBA issued objection orders (“Widerspruchsbescheide”) in these proceedings, thereby not following the arguments brought forward by Daimler. Since Daimler still does have a different understanding of the relevant legal provisions, it filed lawsuits with the competent administrative court to have the controversial questions at issue clarified in a court of law. Irrespective of such objections and the lawsuits that are now pending, Daimler continues to cooperate fully with the KBA. The new calibrations requested by the KBA are being processed, and for the majority of the vehicles, the relevant software has already been approved by the KBA; the related recalls have insofar been initiated. It cannot be ruled out that under certain circumstances, software updates may have to be reworked, or further delivery and registration stops may be ordered or resolved by the Company as a precautionary measure, also with regard to the used-car, leasing and financing businesses. In the course of its regular market supervision, the KBA is routinely conducting further reviews of Mercedes-Benz vehicles and is asking questions about technical elements of the vehicles. In addition, Daimler continues to be in a dialogue with the German Ministry for Transport and Digital Infrastructure (BMVI) to conclude the analysis of the diesel-related emissions matter and to further the update of affected customer vehicles. In light of the aforementioned administrative orders issued by the KBA, and continued discussions with the KBA and the BMVI, it cannot be ruled out completely that additional administrative orders may be issued in the course of the ongoing and/or further investigations. Since 1 September 2020, this also applies to responsible authorities of other member states and the European Commission, which conduct market surveillance under the new European Type Approval Regulation and can take measures upon assumed non-compliance, irrespective of the place of the original type approval.

In the course of its formal investigation into possible collusion on clean emission technology, the European Commission sent a statement of objections to Daimler and other automobile manufacturers in April 2019. In this context, Daimler filed an application for immunity from fines (leniency application) with the European Commission some time ago. On 8 July 2021, the proceedings were closed by way of a settlement with the European Commission. During the entire proceedings, Daimler AG cooperated closely with the European Commission, and the European Commission has granted the company complete immunity from fines.

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

Daimler continues to fully cooperate with the authorities and institutions. Irrespective of such cooperation and in light of the past developments, it is possible that further regulatory, criminal and administrative investigative and enforcement actions and measures relating to Daimler and/or its employees will be taken or administrative orders will be issued. Additionally, further delays in obtaining regulatory approvals necessary to introduce new or recertify existing vehicle models could occur.

In light of the legal positions taken by U.S. regulatory authorities and the KBA, among others, it is not unlikely that, besides these authorities, one or more regulatory and/or investigative authorities worldwide will reach the conclusion that other passenger cars and/or commercial vehicles with the brand name Mercedes-Benz or other brand names of the Daimler Group are equipped with impermissible defeat devices. Likewise, such authorities could take the view that certain functionalities and/or calibrations are not proper and/or were not properly disclosed. Furthermore, the authorities have increased scrutiny of Daimler’s processes regarding running-change, field-fix and defect reporting as well as other compliance issues. Daimler cannot predict the outcome of the ongoing inquiries, investigations, legal actions and proceedings at this time. Particularly due to the outcome of the administrative offense proceedings by the Stuttgart district attorney’s office against Daimler and the civil settlements with the US authorities, but also due to any ongoing and potential other information requests, inquiries, investigations, administrative or criminal orders and proceedings, it is possible that Daimler will become subject to, as the case may be, significant additional monetary penalties, fines, disgorgements of profits, remediation requirements, further vehicle recalls, further registration and delivery

stops, process and compliance improvements, mitigation measures and the early termination of promotional loans, and/or other sanctions, measures and actions (such as the exclusion from public tenders), including further governmental investigations and/or administrative orders and additional proceedings. The occurrence of the aforementioned events in whole or in part could cause significant collateral damage including reputational harm. Further, due to negative allegations, determinations or findings with respect to technical or legal issues by one of the various governmental agencies, other agencies – or also plaintiffs – could also adopt such allegations, determinations or findings, even if such allegations, determinations or findings are not within the scope of such authority's responsibility or jurisdiction. Thus, a negative allegation, determination or finding in one proceeding, such as the fine notice issued by the Stuttgart district attorney's office or the allegations underlying the civil settlements with the US authorities, carries the risk of being able to have an adverse effect on other proceedings, also potentially leading to new or expanded investigations or proceedings, including lawsuits.

In addition, Daimler's ability to defend itself in proceedings could be impaired by the fine notice issued by the Stuttgart district attorney's office, the civil settlements with the US authorities and by the underlying allegations and other unfavourable allegations, as well as by findings, results or developments in any of the information requests, inquiries, investigations, administrative or criminal orders, legal actions and/or proceedings discussed above.

Risks from legal proceedings in connection with diesel exhaust gas emissions – civil court proceedings

In a consolidated consumer class action against Daimler AG and MBUSA before the U.S. District Court for New Jersey, plaintiffs alleged that Daimler AG and MBUSA used devices that impermissibly impair the effectiveness of emission control systems in reducing nitrogen-oxide (NO_x) emissions and which cause excessive emissions from vehicles with diesel engines. In addition, plaintiffs alleged that consumers were deliberately deceived in connection with the advertising of Mercedes-Benz diesel vehicles.

In the third quarter of 2020, Daimler AG and MBUSA reached a settlement with plaintiffs' counsel of this consumer class action. As part of the settlement, Daimler AG and MBUSA deny the material factual allegations and legal claims asserted by the class action plaintiffs, but have agreed to provide payments to certain current and former diesel vehicle owners and lessees. On 12 July 2021, the final approval order for the settlement was issued. Objections to the order can still be raised. The estimated cost of the settlement is approximately USD 700 million. In addition, Daimler estimates further expenses of a mid three-digit-million Euro amount to fulfil requirements of this settlement and the aforementioned settlements with the US authorities.

A consumer class action making similar allegations and seeking similar remedies as to vehicles sold or leased in Canada was filed against Daimler AG and other Group companies in Ontario in April 2016. In June 2017, the court granted a procedural motion to certify certain issues for class treatment. Litigation is still ongoing.

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

In Germany, a large number of customers of diesel vehicles have filed lawsuits for damages or rescission of sales contracts. They assert that the vehicles contained illegal defeat devices and/or showed impermissibly high levels of emissions or fuel consumption. They refer to, in particular, the German Federal Motor Transport Authority's recall orders mentioned above. Given the current development of case numbers, we expect a continued high number of lawsuits being filed in this respect. In this context, the Federation of German Consumer Organisations (Verbraucherzentrale Bundesverband e.V.) filed a model declaratory action (Musterfeststellungsklage) against Daimler AG with the Stuttgart Higher Regional Court on 7 July 2021. Such action seeks a ruling that certain pre-conditions of alleged consumer claims are met. Daimler has not yet received the statement of claim. Daimler will defend itself against the federation's allegations in any model declaratory action.

Furthermore, class actions have been filed in the United States and Canada alleging anticompetitive behaviour relating to vehicle technology, costs, suppliers, markets and other competitive attributes, including diesel emissions control technology.

Daimler AG and the respective other affected companies of the Group regard the lawsuits set out above as being without merit and will defend themselves against the claims, unless a settlement has already been reached as described above.

In addition, investors have filed lawsuits in Germany alleging the violation of disclosure requirements. Daimler AG regards these lawsuits as being without merit and will defend itself against them. In January 2021, the Stuttgart Regional Court issued in this context an order for reference to commence model case proceedings in accordance with the Act on Model Proceedings in Capital Markets Disputes (KapMuG) before the Stuttgart Higher Regional Court. Daimler AG will continue to defend itself against the investors' allegations also in these model case proceedings.

If court proceedings have an unfavourable outcome for Daimler, this could result in significant damages and punitive damages payments, remedial works or other cost-intensive measures. Court proceedings can in part also have an adverse effect on the reputation of the Group.

Furthermore, Daimler's ability to defend itself in the court proceedings could be impaired by the US consumer class action settlement as well as unfavourable allegations, findings, results or developments in any of the governmental or other court proceedings discussed above, in particular by the fine notice issued by the Stuttgart district attorney's office and by the civil settlements with the US authorities.

Risks from other legal proceedings

Following the settlement decision by the European Commission adopted on 19 July 2016 concluding the trucks antitrust proceedings, Daimler AG and Daimler Truck AG are facing customers' claims for damages to a considerable degree. Respective legal actions, class actions and other forms of legal redress have been initiated in various states in and outside of Europe and should further be expected. Daimler takes appropriate legal remedies to defend itself.

As legal proceedings are fraught with a large degree of uncertainty, it is possible that after their final resolution, some of the provisions we have recognised for them could prove to be insufficient. As a result, substantial additional expenditures may arise. This also applies to legal proceedings for which the Group has seen no requirement to recognise a provision.

It cannot be ruled out that the regulatory risks and risks from legal proceedings discussed above, individually or in the aggregate, may materially adversely impact the profitability, cash flows and financial position of the Group or any of its segments.

Although the final result of any such litigation may influence the Group's earnings and cash flows in any particular period, Daimler believes that any resulting obligations are unlikely to have a sustained effect on the Group's financial position.

Further information on legal proceedings is provided in Note 30 of the Notes to the Consolidated Financial Statements as at 31 December 2020.

Outlook

Based on the expected continuation of the global economic recovery, we anticipate a continued favourable development of worldwide **demand for cars** this year and significant growth in market volume for 2021 as a whole.

The European market is likely to be significantly above the previous year's level, which was very weak due to the covid-19 crisis. Demand in the US market for cars and light trucks is expected to recover significantly. The Chinese car market, which performed better than most other major sales markets last year, should grow significantly this year.

We expect significantly improved market conditions also with regard to **demand for vans** this year. In the EU30 region (European Union, United Kingdom, Switzerland and Norway), significant growth is expected in the combined market segment of mid-size and large vans, and we anticipate slight growth in the market for small vans. Demand for large vans in the United States is likely to be significantly higher than last year. In Brazil, we anticipate slight market growth in the large-van segment. In China, we expect demand for mid-size vans to increase significantly compared with the previous year.

The economic recovery should also result in improved demand in the major **truck markets**. In North America, we assume that the market for heavy-duty trucks (class 8) will grow significantly. Significant growth in demand for heavy-duty trucks is expected also in the EU30 region. We anticipate significant expansion for the Brazilian market. The market volume in Japan is expected to be similar to that in 2020.

Our expectations for the development of business in 2021 are based on the assumption of a gradual normalisation of economic conditions in the markets that are important to us. In particular, we assume that the world economy will be able to recover from the pandemic-related weakness of the year 2020, aided by, among other things, the increasing availability of effective vaccines.

We assume that the worldwide shortage of supply of semiconductor components will affect our business also in the second half of the year. We also recognize that the visibility how the supply situation will actually develop further is currently low.

On the basis of the assumptions presented above for the development of the markets important for us and of the divisions' current assessments, Daimler now expects its **total unit sales** in 2021 to be slightly above the magnitude of the previous year.

Mercedes-Benz Cars now anticipates unit sales in full-year 2021 at the prior-year level. Due to the current semiconductor situation, an adverse impact on our unit sales is likely also as the year progresses. Overall, Mercedes-Benz Cars intends to launch more than ten new or upgraded models in 2021, which will further rejuvenate the product portfolio and expand it, in particular with electrified models. We continue to expect positive impetus from the very popular SUVs, the new C-Class and the ongoing electrification of new model series.

Mercedes-Benz Vans expects its unit sales in 2021 to be significantly higher than in 2020. We assume, however, that our deliveries in full-year 2021 will be adversely affected by the worldwide shortage of supply of certain semiconductor components.

Following the drop in demand in 2020, major truck markets are expected to recover in the year 2021, which should also affect the sales of **Daimler Trucks & Buses**. The division anticipates a significant increase in unit sales this year, mainly reflecting our expectations for the markets in North America, Indonesia and the EU30 region.

In full-year 2021, **Daimler Mobility** anticipates slight growth in new business with contract volume at the prior-year level. We aim to utilise new market potential in the used-car market as well as through more flexible leasing and rental products, especially for electric vehicles. With the continuous expansion of our online sales channels, we intend to take advantage of additional market opportunities and to increase customer satisfaction.

The following statements are based on the existing Group structure, including Daimler Trucks & Buses, and cover the full 2021 financial year for reasons of comparability. As previously announced, the Board of Management has decided to evaluate a spin-off of Daimler Trucks & Buses, including significant parts of the related financial services business (Daimler Truck), and to begin preparations for a separate listing of Daimler Truck before the end of 2021. Before the spin-off, we will reclassify Daimler Truck as discontinued operations. We expect considerable positive effects on Group EBIT in connection with the spin-off in the second half of the year, which cannot be reliably determined at present.

We expect the **revenue of the Daimler Group** in full-year 2021 to be significantly above the level of the previous year. This applies to both of our automotive divisions, Mercedes-Benz Cars & Vans and Daimler Trucks & Buses. The Daimler Mobility division now expects its revenue to be at the prior-year level.

We assume that **Group EBIT** will be significantly above the level of 2020, which was adversely affected in particular by the covid-19 pandemic. This year's earnings will include a positive contribution in connection with establishing the fuel-cell joint venture cellcentric, which will be divided between the Mercedes-Benz Cars & Vans and Daimler Trucks & Buses divisions, with €0.6 billion each. However, this transaction will not affect the adjusted earnings figures of the automotive divisions.

Our ongoing measures to increase efficiency also involve optimising the utilisation of our production facilities. In the context of the regular review of useful lives, the useful lives of property, plant and equipment subject to scheduled depreciation were reassessed and, in some cases, extended at the end of 2020. These amended estimates are applied as of 1 January 2021. The expected positive impact on earnings before interest and taxes (EBIT) amounts to €0.8 billion for 2021 and mainly relates to Mercedes-Benz Cars & Vans.

The individual divisions have the following expectations for **adjusted returns** for the year 2021:

Mercedes-Benz Cars & Vans: adjusted return on sales of 10–12%.

Daimler Trucks & Buses: adjusted return on sales of 6–8%.

Daimler Mobility: adjusted return on equity of 17–19%.

We now assume that the **free cash flow of the industrial business** will be slightly lower this year than in 2020. It includes payments of €0.9 billion agreed in the third quarter of 2020 in the context of the settlements with US authorities and with plaintiffs' counsel in the US consumer class actions relating to diesel emissions. Further possible expenses in connection with legal and regulatory proceedings are not included. In addition, we anticipate higher tax payments than in the previous year. On the other hand, a positive effect will result from the fuel-cell joint venture cellcentric in the amount of the sale proceeds of approximately €0.6 billion, which will be divided between Mercedes-Benz Cars & Vans and Daimler Trucks & Buses. This cash inflow will not affect the adjusted cash conversion rate.

We expect the **adjusted cash conversion rate** for the Mercedes-Benz Cars & Vans division to be within a corridor of between 0.7 and 0.9 in 2021. The adjusted cash conversion rate for Daimler Trucks & Buses is likely to be between 0.8 and 1.0.

We anticipate **investment in property, plant and equipment** in 2021 in the magnitude of the previous year.

A major area of investment in property, plant and equipment at Mercedes-Benz Cars & Vans will be for the product ramp-ups of the new generation of the C-Class and the battery-electric vehicles on the EVA2 platform. In addition, we will push ahead with the development of alternative drive systems. Investment in property, plant and equipment at Mercedes-Benz Cars & Vans is now expected to be slightly below the prior-year level. The focus of investment at Daimler Trucks & Buses will be mainly on the areas of electric mobility, emissions standards and the fuel efficiency of our conventional engines. Other key areas include the completion of the Freightliner vocational product portfolio and infrastructure optimisation. Daimler Trucks & Buses now anticipates a significant increase in investment in property, plant and equipment in 2021.

With our research and development activities, our goal is to continue strengthening Daimler's competitive position against the backdrop of upcoming technological challenges. We therefore now expect our **research and development expenditure** in 2021 to be significantly above the prior-year level. This applies both to the Group as well as to Mercedes-Benz Cars & Vans. However, research and development expenditure at Daimler Trucks & Buses will probably increase only slightly compared with the previous year.

At Mercedes-Benz Cars & Vans, a large proportion of the research and development expenditure in 2021 will be for the renewal of the product portfolio. The focus of research and development at Daimler Trucks & Buses will be on new technologies, including for truck automation and connectivity, as well as for electric drive powered by batteries and fuel cells. Other key areas will be the development of successor generations of existing products, especially in the segment of heavy-duty trucks, and of tailored products and technologies for important growth markets.

We expect the average CO₂ emissions of our fleet of new cars in Europe (European Union, Norway and Iceland) to decrease again significantly in 2021 compared with the comparable figure for the previous year calculated according to WLTP (probably between 130 to 140 g/km, based on preliminary figures for fuel consumption in 2020 taking into account the statutory regulations of 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/Loss Q2

C.01

	Q2 2021	Q2 2020
In millions of euros		
Revenue	43,482	30,184
Cost of sales	-33,634	-27,489
Gross profit	9,848	2,695
Selling expenses	-2,755	-2,462
General administrative expenses	-961	-808
Research and non-capitalised development costs	-1,787	-1,544
Other operating income	377	517
Other operating expense	-245	-151
Gains on equity-method investments, net	497	269
Other financial income/expense, net	211	-198
Earnings before interest and taxes (EBIT)	5,185	-1,682
Interest income	53	51
Interest expense	-149	-111
Profit/loss before income taxes	5,089	-1,742
Income taxes	-1,385	-164
Net profit/loss	3,704	-1,906
thereof profit attributable to non-controlling interests	106	95
thereof profit/loss attributable to shareholders of Daimler AG	3,598	-2,001
Earnings/loss per share (in euros)		
for profit/loss attributable to shareholders of Daimler AG		
Basic	3.36	-1.87
Diluted	3.36	-1.87

Consolidated Statement of Income/Loss Q1-2

C.02

	Q1-2 2021	Q1-2 2020
In millions of euros		
Revenue	84,499	67,407
Cost of sales	-65,644	-59,001
Gross profit	18,855	8,406
Selling expenses	-5,511	-5,351
General administrative expenses	-1,936	-1,728
Research and non-capitalised development costs	-3,618	-3,266
Other operating income	2,060	1,088
Other operating expense	-440	-307
Gains on equity-method investments, net	1,029	219
Other financial income/expense, net	494	-126
Earnings before interest and taxes (EBIT)	10,933	-1,065
Interest income	105	128
Interest expense	-267	-265
Profit/loss before income taxes	10,771	-1,202
Income taxes	-2,694	-536
Net profit/loss	8,077	-1,738
thereof profit attributable to non-controlling interests	189	169
thereof profit/loss attributable to shareholders of Daimler AG	7,888	-1,907
Earnings/loss per share (in euros)		
for profit/loss attributable to shareholders of Daimler AG		
Basic	7.37	-1.78
Diluted	7.37	-1.78

Consolidated Statement of Comprehensive Income/Loss Q2

C.03

	Q2 2021	Q2 2020
In millions of euros		
Net profit/loss	3,704	-1,906
Gains/losses on currency translation	-133	-480
Gains/losses on debt instruments	-1	30
Gains/losses on derivative financial instruments	85	100
Items that may be reclassified to profit/loss	-49	-350
Actuarial gains/losses from pensions and similar obligations	608	-1,905
Gains/losses on equity instruments	61	10
Items that will not be reclassified to profit/loss	669	-1,895
Other comprehensive income/loss, net of taxes	620	-2,245
thereof income/loss attributable to non-controlling interests, after taxes	-3	-15
thereof income/loss attributable to shareholders of Daimler AG, after taxes	623	-2,230
Total comprehensive income/loss	4,324	-4,151
thereof income/loss attributable to non-controlling interests	103	80
thereof income/loss attributable to shareholders of Daimler AG	4,221	-4,231

Consolidated Statement of Comprehensive Income/Loss Q1-2

C.04

	Q1-2 2021	Q1-2 2020
In millions of euros		
Net profit/loss	8,077	-1,738
Gains/losses on currency translation	963	-1,011
Gains/losses on debt instruments	-1	-1
Gains/losses on derivative financial instruments	-209	349
Items that may be reclassified to profit/loss	753	-663
Actuarial gains/losses from pensions and similar obligations	2,626	-1,333
Gains/losses on equity instruments	92	9
Items that will not be reclassified to profit/loss	2,718	-1,324
Other comprehensive income/loss, net of taxes	3,471	-1,987
thereof income/loss attributable to non-controlling interests, after taxes	25	-19
thereof income/loss attributable to shareholders of Daimler AG, after taxes	3,446	-1,968
Total comprehensive income/loss	11,548	-3,725
thereof income/loss attributable to non-controlling interests	214	150
thereof income/loss attributable to shareholders of Daimler AG	11,334	-3,875

Consolidated Statement of Financial Position

C.05

	30 June 2021	31 Dec. 2020
In millions of euros		
Assets		
Intangible assets	16,494	16,399
Property, plant and equipment	35,338	35,246
Equipment on operating leases	47,785	47,552
Equity-method investments	6,851	5,189
Receivables from financial services	55,463	53,709
Marketable debt securities and similar investments	1,090	1,041
Other financial assets	4,220	4,167
Deferred tax assets	4,775	6,259
Other assets	1,269	911
Total non-current assets	173,285	170,473
Inventories	28,915	26,444
Trade receivables	10,703	10,649
Receivables from financial services	41,077	42,476
Cash and cash equivalents	26,180	23,048
Marketable debt securities and similar investments	4,759	5,356
Other financial assets	2,966	2,757
Other assets	4,847	4,534
Total current assets	119,447	115,264
Total assets	292,732	285,737
Equity and liabilities		
Share capital	3,070	3,070
Capital reserves	11,543	11,551
Retained earnings	56,291	47,111
Other reserves	-245	-1,041
Equity attributable to shareholders of Daimler AG	70,659	60,691
Non-controlling interests	1,482	1,557
Total equity	72,141	62,248
Provisions for pensions and similar obligations	8,859	12,070
Provisions for other risks	11,423	11,116
Financing liabilities	81,589	86,539
Other financial liabilities	1,994	1,971
Deferred tax liabilities	4,183	3,649
Deferred income	1,576	1,567
Contract and refund liabilities	5,815	5,787
Other liabilities	977	981
Total non-current liabilities	116,416	123,680
Trade payables	15,295	12,378
Provisions for other risks	8,466	9,334
Financing liabilities	61,031	59,303
Other financial liabilities	7,299	6,627
Deferred income	1,638	1,594
Contract and refund liabilities	7,009	7,169
Other liabilities	3,437	3,404
Total current liabilities	104,175	99,809
Total equity and liabilities	292,732	285,737

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

Consolidated Statement of Cash Flows

C.06

	Q1-2 2021	Q1-2 2020
In millions of euros		
Profit/loss before income taxes	10,771	-1,202
Depreciation and amortisation/impairments	3,668	4,452
Other non-cash expense and income	-1,931	-296
Gains (-)/losses (+) on disposals of assets	-759	22
Change in operating assets and liabilities		
Inventories	-2,281	-1,059
Trade receivables	31	2,237
Trade payables	2,879	194
Receivables from financial services	1,946	3,675
Vehicles on operating leases	398	2,249
Other operating assets and liabilities	-1,236	-1,151
Dividends received from equity-method investments	81	64
Income taxes paid	-1,645	-784
Cash provided by operating activities	11,922	8,401
Additions to property, plant and equipment	-2,234	-2,637
Additions to intangible assets	-1,371	-1,487
Proceeds from disposals of property, plant and equipment and intangible assets	302	178
Investments in shareholdings	-104	-201
Proceed from the disposal of shares in Daimler Truck Fuel Cell GmbH & Co. KG	634	-
Proceeds from disposals of shareholdings	141	214
Acquisition of marketable debt securities and similar investments	-1,405	-1,192
Proceeds from sales of marketable debt securities and similar investments	1,979	2,405
Other	-36	-49
Cash used for investing activities	-2,094	-2,769
Change in financing liabilities	-5,310	-2,175
Dividend paid to shareholders of Daimler AG	-1,444	-
Dividends paid to non-controlling interests	-287	-207
Proceeds from the issue of share capital	36	31
Acquisition of treasury shares	-48	-30
Acquisition of non-controlling interests in subsidiaries	-34	-
Cash used for financing activities	-7,087	-2,381
Effect of foreign exchange-rate changes on cash and cash equivalents	391	-185
Net increase in cash and cash equivalents	3,132	3,066
Cash and cash equivalents at beginning of period	23,048	18,883
Cash and cash equivalents at end of period	26,180	21,949

Consolidated Statement of Changes in Equity

C.07

In millions of euros	Share capital	Capital reserves	Retained earnings	Other reserves	
				Currency translation	Items that may be reclassified to profit/loss Equity instruments/ debt instruments
Balance at 1 January 2020	3,070	11,552	46,329	909	30
Net profit	-	-	-1,907	-	-
Other comprehensive income/loss before taxes	-	-	-1,602	-993	7
Deferred taxes on other comprehensive income/loss	-	-	269	-	2
Total comprehensive income/loss	-	-	-3,240	-993	9
Dividends	-	-	-	-	-
Changes in consolidated group	-	-	-78	-	-
Capital increase/Issue of new shares	-	-	-	-	-
Acquisition of treasury shares	-	-	-	-	-
Issue and disposal of treasury shares	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-1	-	-	-
Other	-	-	26	-	-
Balance at 30 June 2020	3,070	11,551	43,037	-84	39
Balance at 1 January 2021	3,070	11,551	47,111	-1,516	206
Net profit	-	-	7,888	-	-
Other comprehensive income/loss before taxes	-	-	3,638	938	125
Deferred taxes on other comprehensive income/loss	-	-	-1,012	-	-34
Total comprehensive income/loss	-	-	10,514	938	91
Dividends	-	-	-1,444	-	-
Acquisition of treasury shares	-	-	-	-	-
Issue and disposal of treasury shares	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-8	-	-	-
Other	-	-	110	-	-
Balance at 30 June 2021	3,070	11,543	56,291	-578	297

Derivative financial instruments	Treasury shares	Equity attributable to shareholders of Daimler AG	Non-controlling interests	Total equity	
In millions of euros					
-546	-	61,344	1,497	62,841	Balance at 1 January 2020
-	-	-1,907	169	-1,738	Net profit
505	-	-2,083	-19	-2,102	Other comprehensive income/loss before taxes
-156	-	115	-	115	Deferred taxes on other comprehensive income/loss
349	-	-3,875	150	-3,725	Total comprehensive income/loss
-	-	-	-218	-218	Dividends
-	-	-78	2	-76	Changes in consolidated group
-	-	-	13	13	Capital increase/Issue of new shares
-	-30	-30	-	-30	Acquisition of treasury shares
-	30	30	-	30	Issue and disposal of treasury shares
-	-	-1	-	-1	Changes in ownership interests in subsidiaries
-	-	26	-3	23	Other
-197	-	57,416	1,441	58,857	Balance at 30 June 2020
269	-	60,691	1,557	62,248	Balance at 1 January 2021
-	-	7,888	189	8,077	Net profit
-290	-	4,411	25	4,436	Other comprehensive income/loss before taxes
81	-	-965	-	-965	Deferred taxes on other comprehensive income/loss
-209	-	11,334	214	11,548	Total comprehensive income/loss
-	-	-1,444	-311	-1,755	Dividends
-	-48	-48	-	-48	Acquisition of treasury shares
-	48	48	-	48	Issue and disposal of treasury shares
-	-	-8	24	16	Changes in ownership interests in subsidiaries
-24	-	86	-2	84	Other
36	-	70,659	1,482	72,141	Balance at 30 June 2021

Notes to the Interim Consolidated Financial Statements

1. Presentation of the Interim Consolidated Financial Statements

General

These Interim Consolidated Financial Statements (Interim Financial Statements) of Daimler AG and its subsidiaries (“Daimler” 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.

Daimler AG is a stock corporation organised under the laws of the Federal Republic of Germany. Daimler AG 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 of the Daimler Group 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 Consolidated Financial Statements for publication on 20 July 2021. These Interim Consolidated Financial Statements have been reviewed by the Daimler Group’s auditors.

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. Results for the interim periods presented are not necessarily indicative of the results that may be expected for any future period or for the full financial year. The Interim Financial Statements should be read in conjunction with the 31 December 2020 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 ended 31 December 2020.

Extension of useful lives for property, plant and equipment prospectively from January 2021

The industrial business activities of the Daimler Group have been confronted with worldwide competitive pressure and technological changes. Our continuous efforts to increase efficiency include improving the utilisation of our production facilities. Within the context of the regular review of useful lives, those for scheduled depreciation of property, plant and equipment were reassessed and partially extended at the end of 2020.

This change in estimates has been applied from 1 January 2021 and leads to a positive impact on earnings before interest and taxes (EBIT) of €210 million in the second quarter of 2021 and €442 million in the six-month period ended 30 June 2021. The income is mainly included in the cost of sales and is mainly attributable to the Mercedes-Benz Cars & Vans segment.

The expected full-year effects are €0.8 billion in 2021 and €0.4 billion in 2022.

2. Assets and liabilities held for sale

Sale of interests in Mercedes-Benz Grand Prix Ltd.

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

At 30 June 2021, Mercedes-Benz Grand Prix Ltd. is classified as held for sale. Due to its minor importance for the financial position of the Daimler Group, the assets (€0.3 billion) and liabilities (€0.2 billion) held for sale are not presented separately in the Consolidated Statement of Financial Position. The assets held for sale mainly consist of property, plant and equipment.

3. 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 [7 C.08](#) and table [7 C.09](#). 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 Daimler Mobility and effects from currency hedging.

C.08

Revenue for the three-month periods ended 30 June

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Total segments	Recon- ciliation	Daimler Group
In millions of euros						
Q2 2021						
Europe	11,322	3,174	1,153	15,649	-723	14,926
North America	4,976	4,016	1,578	10,570	14	10,584
Asia	9,880	1,241	48	11,169	-3	11,166
Other markets	1,185	1,346	18	2,549	-9	2,540
Revenue according to IFRS 15	27,363	9,777	2,797	39,937	-721	39,216
Other revenue	789	235	4,077	5,101	-835	4,266
Total revenue	28,152	10,012	6,874	45,038	-1,556	43,482

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Total segments	Recon- ciliation	Daimler Group
In millions of euros						
Q2 2020						
Europe	6,875	1,970	944	9,789	-374	9,415
North America	3,340	2,164	1,233	6,737	-156	6,581
Asia	7,423	1,275	41	8,739	-2	8,737
Other markets	645	539	30	1,214	0	1,214
Revenue according to IFRS 15	18,283	5,948	2,248	26,479	-532	25,947
Other revenue	666	252	4,202	5,120	-883	4,237
Total revenue	18,949	6,200	6,450	31,599	-1,415	30,184

C.09**Revenue for the six-month periods ended 30 June**

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Total segments	Recon- ciliation	Daimler Group
In millions of euros						
Q1-2 2021						
Europe	22,640	5,750	2,415	30,805	-1,326	29,479
North America	9,858	7,469	3,150	20,477	-32	20,445
Asia	18,782	2,688	93	21,563	-9	21,554
Other markets	2,193	2,315	48	4,556	-11	4,545
Revenue according to IFRS 15	53,473	18,222	5,706	77,401	-1,378	76,023
Other revenue	1,565	455	8,134	10,154	-1,678	8,476
Total revenue	55,038	18,677	13,840	87,555	-3,056	84,499

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Total segments	Recon- ciliation	Daimler Group
In millions of euros						
Q1-2 2020						
Europe	17,195	4,440	2,058	23,693	-1,014	22,679
North America	7,972	5,745	2,748	16,465	-431	16,034
Asia	13,897	2,901	83	16,881	-5	16,876
Other markets	1,770	1,344	59	3,173	-3	3,170
Revenue according to IFRS 15	40,834	14,430	4,948	60,212	-1,453	58,759
Other revenue	1,311	514	8,603	10,428	-1,780	8,648
Total revenue	42,145	14,944	13,551	70,640	-3,233	67,407

4. Functional costs**Cost of sales**

Cost of sales amounted to €33,634 million in the second quarter of 2021 (Q2 2020: €27,489 million) and €65,644 million in the six-month period ended 30 June 2021 (Q1-2 2020: €59,001 million). It primarily comprises the expenses of goods sold.

Selling expenses

In the second quarter of 2021, selling expenses amounted to €2,755 million (Q2 2020: €2,462 million) and in the six-month period ended 30 June 2021, they amounted to €5,511 million (Q1-2 2020: €5,351 million). Selling expenses consist of direct selling costs as well as selling overhead expenses and comprise personnel expenses, material costs and other selling costs.

General administrative expenses

General administrative expenses amounted to €961 million in the second quarter of 2021 (Q2 2020: €808 million) and €1,936 million in the six-month period ended 30 June 2021 (Q1-2 2020: €1,728 million). They consist of expenses which are not attributable to production, sales or research and development functions, and comprise personnel expenses, depreciation and amortisation of fixed and intangible assets, and other administrative costs.

C.10**Expenses associated with personnel-cost optimisation programmes in the automotive segments**

	Q2 2021	Q2 2020	Q1-2 2021	Q1-2 2020
In millions of euros				
Mercedes-Benz Cars & Vans	-59	-101	-351	-101
Daimler Trucks & Buses	-12	-9	-100	-9

Research and non-capitalised development costs

Research and non-capitalised development costs amounted to €1,787 million in the second quarter of 2021 (Q2 2020: €1,544 million) and €3,618 million in the first six months of 2021 (Q1-2 2020: €3,266 million). They primarily comprise personnel expenses and material costs.

In all functional cost areas, there were expenses from personnel-cost optimisation programmes in connection with the measures agreed with the General Works Council of Daimler AG in December 2019 to reduce costs and reduce jobs in a socially responsible manner. The expenses were mainly attributable to the automotive segments and are shown in table [C.10](#).

5. Other operating income and expense

Other operating income amounted to €377 million in the second quarter of 2021 (Q2 2020: €517 million) and €2,060 million in the first half of the year (Q1-2 2020: €1,088 million). In March 2021, income from the fuel-cell joint venture cellcentric GmbH & Co. KG (cellcentric) resulted in a positive effect on earnings of €1,215 million that was split almost equally between the Mercedes-Benz Cars & Vans and Daimler Trucks & Buses segments. For further information, see [Note 12](#). A positive impact on income of €154 million resulted from the contribution of the smart brand to the joint venture smart Automobile Co., Ltd. in the first quarter of 2020.

Other operating expense was €245 million in the second quarter of 2021 (Q2 2020: €151 million) and €440 million in the six-month period ended 30 June 2021 (Q1-2 2020: €307 million).

6. Other financial income/expense

Table [7 C.11](#) shows the components of other financial income/expense, net.

In the six-month period ended 30 June 2021, miscellaneous other financial income includes income of €249 million in connection with the IPO of the charging-infrastructure operator Chargepoint, Inc. and its resulting remeasurement at fair value. €246 million of the income was attributable to the Mercedes-Benz Cars & Vans segment and €3 million was attributable to the Daimler Trucks & Buses segment. In addition, the IPO of Proterra Inc. resulted in an income of €75 million attributable to the Daimler Trucks & Buses segment in the second quarter of 2021.

7. Interest income and interest expense

The composition of interest income and interest expense is shown in table [7 C.12](#).

C.11

Other financial income/expense, net

	Q2 2021	Q2 2020	Q1-2 2021	Q1-2 2020
In millions of euros				
Income and expense from compounding and effects from changes in discount rates of provisions for other risks	6	-202	80	-60
Miscellaneous other financial income/expense, net	205	4	414	-66
	211	-198	494	-126

C.12

Interest income and interest expense

	Q2 2021	Q2 2020	Q1-2 2021	Q1-2 2020
In millions of euros				
Interest income				
Net interest income on the net assets of defined-benefit pension plans	1	-	2	1
Interest and similar income	52	51	103	127
	53	51	105	128
Interest expense				
Net interest expense on the net obligation from defined-benefit pension plans	-27	-39	-52	-79
Interest and similar expense	-122	-72	-215	-186
	-149	-111	-267	-265

C.13**Income Taxes**

	Q2 2021	Q2 2020	Q1-2 2021	Q1-2 2020
In millions of euros				
Income/loss before income taxes	5,089	-1,742	10,771	-1,202
Income taxes	-1,385	-164	-2,694	-536
Tax rate	27.2%	-9.4%	25.0%	-44.6%

C.14**Intangible assets**

	30 June 2021	31 Dec. 2020
In millions of euros		
Goodwill	1,247	1,221
Development costs	13,213	13,107
Other intangible assets	2,034	2,071
	16,494	16,399

C.15**Property, plant and equipment (excluding right-of-use assets)**

	30 June 2021	31 Dec. 2020
In millions of euros		
Land, leasehold improvements and buildings including buildings on land owned by others	10,395	10,321
Technical equipment and machinery	10,217	10,074
Other equipment, factory and office equipment	7,739	7,458
Advance payments relating to plant and equipment and construction in progress	3,292	3,683
	31,643	31,536

C.16**Right-of-use assets**

	30 June 2021	31 Dec. 2020
In millions of euros		
Land, leasehold improvements and buildings	3,266	3,449
Technical equipment and machinery	357	193
Other equipment, factory and office equipment	72	68
	3,695	3,710

8. Income taxes

Table [7 C.13](#) shows income/loss before income taxes, income taxes and the derived effective tax rate.

In the first six months of 2021, the effective tax rate was slightly 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). A deferred tax expense for trade tax (14%) did not occur in 2021. The deferred tax asset for trade tax was not recognised for the German tax group in the previous year.

In the second quarter of 2020 and the first six months of 2020, income taxes are significantly impacted by the non-recognition of deferred tax assets on losses incurred in Germany in 2020. Thus, in spite of a pre-tax loss, a tax expense was recognised.

9. Intangible assets

The composition of intangible assets is shown in table [7 C.14](#).

10. Property, plant and equipment

Property, plant and equipment as presented in the Statement of Financial Position with a carrying amount of €35,338 million (31 December 2019: €35,246 million) also includes right-of-use assets related to lessee accounting.

Table [7 C.15](#) shows property, plant and equipment excluding right-of-use assets.

Table [7 C.16](#) shows the right-of-use assets.

11. Equipment on operating leases

At 30 June 2021, the carrying amount of equipment on operating leases was €47,785 million (31 December 2020: €47,552 million). In the six-month period ended 30 June 2021, additions and disposals amounted to €11,020 million and €7,233 million respectively (Q1-2 2020: €9,495 million and €6,998 million). Depreciation for the six-month period ended 30 June 2021 was €4,227 million (Q1-2 2020: €4,772 million). Other changes primarily comprise the effects of currency translation.

12. Equity-method investments

Table 7 C.17 shows the carrying amounts and gains/losses on equity-method investments.

Table 7 C.18 presents key figures on interests in associated companies accounted for using the equity method in the Group's Consolidated Financial Statements.

Table 7 C.19 presents key figures on interests in joint ventures accounted for using the equity method in the Group's Consolidated Financial Statements.

C.17

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

In millions of euros	Associated companies	Joint ventures	Joint operations	Total
At 30 June 2021				
Equity investment ¹	4,741	2,097	13	6,851
Equity result (Q2 2021) ¹	428	67	2	497
Equity result (Q1-2 2021) ¹	981	45	3	1,029
At 31 December 2020				
Equity investment ¹	3,757	1,419	13	5,189
Equity result (Q2 2020) ¹	432	-163	-	269
Equity result (Q1-2 2020) ¹	493	-276	2	219

1 Including investor-level adjustments.

C.18

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

In millions of euros	BBAC	BAIC Motor ²	THBV (HERE)	Others	Total
At 30 June 2021					
Equity interest (in %)	49.0	9.6	29.7		
Equity investment ¹	3,419	369	345	608	4,741
Equity result (Q2 2021) ¹	391	24	-8	21	428
Equity result (Q1-2 2021) ¹	874	23	-14	98	981
At 31 December 2020					
Equity interest (in %)	49.0	9.6	29.7		
Equity investment ¹	2,431	331	361	634	3,757
Equity result (Q2 2020) ¹	364	-5	88	-15	432
Equity result (Q1-2 2020) ¹	586	-144	68	-17	493

1 Including investor-level adjustments.

2 Earnings of BAIC Motor Corporation Ltd. (BAIC Motor) are included in Daimler's Consolidated Financial Statements with a three-month time lag.

C.19

Key figures on interests in joint ventures accounted for using the equity method

In millions of euros	cellcentric ²	YOUR NOW ³	Others	Total
At 30 June 2021				
Equity interest (in %)	50	50		
Equity investment ¹	652	439	1,006	2,097
Equity result (Q2 2021) ¹	-12	-40	119	67
Equity result (Q1-2 2021) ¹	-17	-105	167	45
At 31 December 2020				
Equity interest (in %)	-	50		
Equity investment ¹	-	544	875	1,419
Equity result (Q2 2020) ¹	-	-171	8	-163
Equity result (Q1-2 2020) ¹	-	-248	-28	-276

1 Including investor-level adjustments.

2 The figures for the equity result relate to the period of 1 March to 30 June 2021.

3 Earnings of YOUR NOW Holding GmbH (YOUR NOW) are included in Daimler's Consolidated Financial Statements with a one-month time lag.

BAIC Motor

In the first quarter of 2020, due to a reassessment of the business development in light of the covid-19 pandemic, the Group recognised an impairment loss of €150 million with respect to its investment in BAIC Motor Corporation Ltd. (BAIC Motor). The loss is included in the line item profit/loss on equity-method investments, net.

YOUR NOW

In the second quarter of 2020, the profit/loss on equity-method investments, net of YOUR NOW Holding GmbH (YOUR NOW) included an impairment loss of €105 million.

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. On 1 March 2021 they completed the transaction. In 2020 the Daimler Group placed the assets and liabilities of the Group-wide fuel-cell activities in the Daimler Truck Fuel Cell GmbH & Co. KG, a wholly owned subsidiary of Daimler Truck AG. The Volvo Group acquired 50 percent 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, income before taxes of €1,215 million, of which €624 million is accounted for in particular by the remeasurement of the interest in cellcentric that is still held by Daimler, and a cash inflow of €634 million were recognised at the Daimler Group. Both amounts were split almost equally between the Mercedes-Benz Cars & Vans and Daimler Trucks & Buses segments.

After completion of the transaction, the equity-method investment and the equity-method result are allocated to the Daimler Trucks & Buses segment.

Other joint ventures accounted for using the equity method

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 is reported in the line item profit/loss on equity-method investments, net. The company had been allocated to the Daimler Mobility segment.

13. Receivables from financial services

Receivables from financial services are shown in the following table:

C.20

Receivables from financial services

	30 June 2021			31 December 2020		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Sales financing with customers	21,987	39,011	60,998	20,853	37,133	57,986
Sales financing with dealers	11,197	2,785	13,982	13,701	3,171	16,872
Finance lease contracts	8,493	14,567	23,060	8,606	14,319	22,925
Gross carrying amount	41,677	56,363	98,040	43,160	54,623	97,783
Loss allowances	-600	-900	-1,500	-684	-914	-1,598
Net carrying amount	41,077	55,463	96,540	42,476	53,709	96,185

14. Inventories

Inventories are comprised as follows:

C.21

Inventories

	30 June 2021	31 Dec. 2020
In millions of euros		
Raw materials and manufacturing supplies	4,046	3,010
Work in progress	6,079	3,629
Finished goods, parts and products held for resale	18,675	19,675
Advance payments to suppliers	115	130
	28,915	26,444

15. Equity

Approved capital

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

Approved Capital 2018 has not yet been exercised.

Conditional capital

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

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

The authorisation to issue convertible and/or warrant bonds has not yet been exercised.

Treasury shares

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

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

Employee share purchase plan

In the first quarter of 2021, 0.7 million (2020: 1.1 million) Daimler shares were purchased 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, to be reissued to employees in connection with employee share purchase plans. The shares were reissued on 24 March 2021.

Dividend

The Annual General Meeting held on 31 March 2021 authorised Daimler to pay a dividend of €1,444 million (€1.35 per dividend-entitled no-par-value share) from the distributable profit of Daimler AG (separate financial statements) for the year 2020 (2020: €963 million and €0.90 per share). The dividend was paid out on 7 April 2021.

16. Pensions and similar obligations

Development of funded status

The funded status of pension obligations is shown in table [7 C.22](#). The decrease in the present value of defined benefit obligations resulted especially from the significant increase in discount rates.

Pension cost

The components of pension cost included in the Consolidated Statement of Income are shown in table [7 C.23](#) and table [7 C.24](#).

Contributions to pension plan assets

In the second quarter and the first half of 2021, contributions by Daimler to the Group's pension plan assets amounted to €61 million and €189 million respectively (2020: €29 million and €120 million).

C.22

Development of funded status

	30 June 2021	31 Dec. 2020
In millions of euros		
Present value of the defined benefit obligation	-36,872	-39,846
Fair value of plan assets	29,265	28,870
Funded status	-7,607	-10,976
actuarial loss due to asset ceiling	-4	-3
Net defined benefit liability	-7,611	-10,979
thereof recognised in other assets	206	68
thereof recognised in provisions for pensions and similar obligations	-7,817	-11,047

C.23

Pension cost for the three-month-periods ended 30 June

	Total	Q2 2021		Total	Q2 2020	
		German plans	Non-German plans		German plans	Non-German plans
In millions of euros						
Current service cost	-206	-187	-19	-200	-171	-29
Past service cost	-10	-	-10	-	-	-
Net interest expense	-17	-11	-6	-27	-19	-8
Net interest income	1	-	1	-	-	-
	-232	-198	-34	-227	-190	-37

C.24

Pension cost for the six-month-periods ended 30 June

	Total	Q1-2 2021		Total	Q1-2 2020	
		German plans	Non-German plans		German plans	Non-German plans
In millions of euros						
Current service cost	-413	-374	-39	-399	-342	-57
Past service cost	-10	-	-10	-	-	-
Net interest expense	-35	-22	-13	-55	-38	-17
Net interest income	2	-	2	1	-	1
	-456	-396	-60	-453	-380	-73

17. Provisions for other risks

Provisions for other risks are comprised as shown in table [↗ C.25](#).

C.25

Provisions for other risks

	30 June 2021			31 Dec. 2020		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Product warranties	3,751	4,614	8,365	3,995	4,481	8,476
Personnel and social costs	1,888	3,127	5,015	1,624	3,014	4,638
Litigation risks and regulatory proceedings	709	3,064	3,773	1,578	3,047	4,625
Other	2,118	618	2,736	2,137	574	2,711
	8,466	11,423	19,889	9,334	11,116	20,450

18. Financing liabilities

Financing liabilities are comprised as follows:

C.26

Financing liabilities

	30 June 2021			31 Dec. 2020		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Notes/bonds	19,025	55,752	74,777	17,806	58,857	76,663
Commercial paper	446	-	446	664	-	664
Liabilities to financial institutions	17,995	11,303	29,298	19,703	12,688	32,391
Deposits in the direct banking business	11,695	2,806	14,501	10,868	3,648	14,516
Liabilities from ABS transactions	10,623	8,349	18,972	8,819	7,748	16,567
Lease liabilities	637	2,892	3,529	678	3,069	3,747
Loans, other financing liabilities	610	487	1,097	765	529	1,294
	61,031	81,589	142,620	59,303	86,539	145,842

19. Legal proceedings

As previously reported, Daimler 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.

Diesel emission behaviour: governmental proceedings

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

In the United States, Daimler AG and Mercedes-Benz USA, LLC (MBUSA) reached agreements in the third quarter of 2020 with various authorities to settle civil and environmental claims regarding the emission control systems of certain diesel vehicles which have become final and effective. The authorities take the position that Daimler failed to disclose Auxiliary Emission Control Devices (AECs) in certain of its US diesel vehicles and that several of these AECs are illegal defeat devices.

As part of these settlements, Daimler denies the allegations by the authorities and does not admit liability, but has agreed to, among other things, pay civil penalties, conduct an emission modification programme for affected vehicles and take certain other measures. The failure to meet certain of those obligations may trigger additional stipulated penalties. In the first quarter of 2021, Daimler paid the civil penalties, provisions have been recognised for the emission modification programme and other measures.

As already reported, in April 2016, the U.S. Department of Justice ("DOJ") requested that Daimler conduct an internal investigation. While Daimler has conducted such internal investigation as part of DOJ's investigation, DOJ's investigation remains open. In addition, further US state authorities have recently opened investigations pursuant to both state environmental and consumer protection laws and have requested documents and information. In Canada, the Canadian environmental regulator Environment and Climate Change Canada ("ECCC") is conducting an investigation in connection with Diesel exhaust emissions based on the suspicion of potential violations of the Canadian Environmental Protection Act, as well as undisclosed AECs and defeat devices. Daimler continues to cooperate with the investigating authorities.

In Germany, the Stuttgart public prosecutor's office issued a fine notice against Daimler in September 2019 based on a negligent violation of supervisory duties, which has become legally binding, thereby concluding the related administrative offense proceedings against Daimler. The Stuttgart public prosecutor's office is still conducting criminal investigation proceedings against Daimler employees on the suspicion of fraud and criminal advertising.

Since 2018, the German Federal Motor Transport Authority ("KBA") has repeatedly issued subsequent auxiliary provisions for the EC type approvals of certain Mercedes-Benz diesel vehicles, and has ordered mandatory recalls as well as, in some cases, stops of the first registration. In each of those cases, it held that certain calibrations of specified functionalities in certain Mercedes-Benz diesel vehicles are to be qualified as impermissible defeat devices. Daimler has a contrary legal opinion on this question. Since 2018, however, it has (in view of KBA's interpretation of the law as a precautionary measure) implemented a temporary delivery and registration stop with respect to certain models, also covering the used car, leasing and financing businesses, and is constantly reviewing whether it can lift this delivery and registration stop in whole or in part. Daimler has filed timely objections against the KBA's administrative orders mentioned above. In early 2021, the KBA issued objection orders ("Widerspruchsbescheide") in these proceedings, thereby not following the arguments brought forward by Daimler. Since Daimler still does have a different understanding of the relevant legal provisions, it filed lawsuits with the competent administrative court to have the controversial questions at issue clarified in a court of law. Irrespective of such objections and the lawsuits that are now pending, Daimler continues to cooperate fully with the KBA. The new calibrations requested by KBA are being processed, and for the majority of the vehicles, the relevant software has already been approved by KBA; the related recalls have insofar been initiated. It cannot be ruled out that under certain circumstances, software updates may have to be reworked, or further delivery and registration stops may be ordered or resolved by the Company as a precautionary measure, also with regard to the used car, leasing and financing businesses. In the course of its regular market supervision, the KBA is routinely conducting further reviews of Mercedes-Benz vehicles and is asking questions about technical elements of the vehicles. In addition, Daimler continues to be in a dialogue with the German Ministry for Transport and Digital Infrastructure (BMVI) to conclude the analysis of the diesel-related emissions matter and to further the update of affected customer vehicles. In light of the aforementioned administrative orders issued by the KBA, and continued discussions with the KBA and the BMVI, it cannot be ruled out completely that additional administrative orders may be issued in the course of the ongoing and/or further investigations. Since 1 September 2020, this also applies to other responsible authorities of other Member States and the European Commission which conduct market surveillance under the new European Type Approval Regulation and can take measures upon assumed non-compliance, irrespective of the place of the original type approval.

In the course of its formal investigation into possible collusion on clean emission technology, the European Commission sent a statement of objections to Daimler and other automobile manufacturers in April 2019. In this context, Daimler filed an application for immunity from fines (leniency application) with the European Commission some time ago. On 8 July 2021, the proceedings were closed by way of a settlement with the European Commission. During the entire proceedings, Daimler AG cooperated closely with the European Commission, and the European Commission has granted the company complete immunity from fines.

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

Daimler continues to fully cooperate with the authorities and institutions.

Diesel emission behaviour: consumer actions and other lawsuits in the United States, Canada, Germany and other states

In a consolidated class action against Daimler AG and MBUSA before the US District Court for New Jersey, plaintiffs alleged that Daimler AG and MBUSA used devices that impermissibly impair the effectiveness of emission control systems in reducing nitrogen-oxide (NO_x) emissions and which cause excessive emissions from vehicles with diesel engines. In addition, plaintiffs alleged that consumers were deliberately deceived in connection with the advertising of Mercedes-Benz diesel vehicles.

In the third quarter of 2020, Daimler AG and MBUSA reached a settlement with plaintiffs' counsel of this consumer class action. As part of the settlement, Daimler AG and MBUSA deny the material factual allegations and legal claims asserted by the class action plaintiffs, but have agreed to provide payments to certain current and former diesel vehicle owners and lessees. On 12 July 2021, the final approval order for the settlement was issued. Objections to the order can still be raised. The estimated cost of the settlement is approximately USD 700 million. In addition, Daimler estimates further expenses of a mid three-digit-million Euro amount to fulfil requirements of this settlement and the aforementioned settlements with the US authorities. Provisions have been recognised accordingly.

A consumer class action making similar allegations and seeking similar remedies as to vehicles sold or leased in Canada was filed against Daimler AG and other Group companies in Ontario in April 2016. In June 2017, the court granted a procedural motion to certify certain issues for class treatment. Litigation is still ongoing.

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

In Germany, a large number of customers of diesel vehicles have filed lawsuits for damages or rescission of sales contracts. They assert that the vehicles contained illegal defeat devices and/or showed impermissibly high emission or consumption values. They refer to, in particular, the German Federal Motor Transport Authority's recall orders (see above). Given the current development of case numbers, we expect a continued high number of lawsuits being filed in this respect. In this context, the Federation of German Consumer Organisations (Verbraucherzentrale Bundesverband e.V.) filed a model declaratory action (Musterfeststellungsklage) against Daimler AG with the Stuttgart Higher Regional Court on 7 July 2021. Such action seeks a ruling that certain preconditions of alleged consumer claims are met. Daimler has not yet received the statement of claim. Daimler will defend itself against the federation's allegations in any model declaratory action.

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

Daimler AG and the respective other affected companies of the Group regard the lawsuits set out before as being without merit and will defend against the claims, unless a settlement has already been reached as described above.

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

Accounting assessment of the legal proceedings in connection with diesel emission behaviour

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

Antitrust law proceedings (including actions for damages)

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

In the course of its formal investigation into possible collusion on clean emission technology, the European Commission sent a statement of objections to Daimler and other automobile manufacturers in April 2019. In this context, Daimler filed a leniency application with the European Commission some time ago. On 8 July 2021, the proceedings were closed by way of a settlement with the European Commission. During the entire proceedings, Daimler AG cooperated closely with the European Commission, and the European Commission has granted the company complete immunity from fines.

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

Class-action lawsuits Takata airbag inflators

As already reported, class actions in connection with Takata airbags are pending in Canada, the United States, Israel, and Argentina. The lawsuits are based on allegations that, along with Takata entities and many other companies that sold vehicles equipped with Takata airbag inflators, Daimler entities and others were allegedly negligent in selling such vehicles, purportedly not recalling them quickly enough, and failing to warn consumers about a potential defect and/or to provide an adequate replacement airbag inflator. One of the complaints in the United States also asserts claims by automotive recyclers who allege injury because they are not able to re-sell salvaged airbag inflators that are subject to the Takata recall. Daimler AG continues to regard all these claims as being without merit, and the Daimler Group affiliates respectively affected will further defend themselves against the claims. Contingent liabilities were disclosed to a low extent for this topic.

The statements regarding legal proceedings set out above are to be read in conjunction with Notes 23, 30 and 31 to the Consolidated Financial Statements as at 31 December 2020.

C.27

Carrying amounts and fair values of financial instruments

	30 June 2021		31 Dec. 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
In millions of euros				
Financial assets				
Receivables from financial services	96,540	98,278	96,185	98,115
Trade receivables	10,703	10,703	10,649	10,649
Cash and cash equivalents	26,180	26,180	23,048	23,048
Marketable debt securities and similar investments	5,849	5,849	6,397	6,397
Recognised at fair value through other comprehensive income	2,746	2,746	3,314	3,314
Recognised at fair value through profit or loss	2,925	2,925	2,657	2,657
Measured at cost	178	178	426	426
Other financial assets				
Equity instruments and debt instruments	1,840	1,840	1,311	1,311
Recognised at fair value through other comprehensive income	1,063	1,063	942	942
Recognised at fair value through profit or loss	777	777	369	369
Other financial assets recognised at fair value through profit or loss	60	60	74	74
Derivative financial instruments used in hedge accounting	1,581	1,581	2,145	2,145
Other receivables and financial assets	3,242	3,242	2,942	2,942
	145,995	147,733	142,751	144,681
Financial liabilities				
Financing liabilities				
Trade payables	139,091	141,196	142,095	144,972
Other financial liabilities	15,295	15,295	12,378	12,378
Other financial liabilities				
Financial liabilities recognised at fair value through profit or loss	118	118	40	40
Derivative financial instruments used in hedge accounting	594	594	367	367
Miscellaneous other financial liabilities	8,504	8,504	8,065	8,065
Contract and refund liabilities				
Obligations from sales transactions	4,140	4,140	4,627	4,627
	167,742	169,847	167,572	170,449

20. Financial instruments

Table 7 C.27 shows the carrying amounts and fair values 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.

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. Daimler does not generally intend to sell its equity instruments which are presented at 30 June 2021.

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 include derivative financial instruments not used in hedge accounting. These financial instruments as well as derivative financial instruments used in hedge accounting comprise:

- Derivative currency-hedging contracts; the fair values of cross-currency interest-rate swaps are determined on the basis of the discounted estimated future cash flows (taking account of credit premiums and default risks) using market interest rates appropriate to the remaining terms of the financial instruments. The valuation of currency forwards is based on market quotes of forward curves; currency options are measured with option-pricing models using market data.

- Derivative interest-rate hedging contracts; the fair values of interest-rate hedging instruments (e.g., interest-rate swaps) are calculated on the basis of the discounted estimated future cash flows (taking account of credit premiums and default risks) using 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 7 C.28 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, Daimler 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.

C.28

Measurement hierarchy of financial assets and liabilities recognised at fair value

	30 June 2021				31 Dec. 2020			
	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	5,671	4,529	1,142	-	5,971	4,243	1,728	-
Recognised at fair value through other comprehensive income	2,746	1,622	1,124	-	3,314	1,590	1,724	-
Recognised at fair value through profit or loss	2,925	2,907	18	-	2,657	2,653	4	-
Equity instruments and debt instruments	1,840	1,208	155	477	1,311	736	276	299
Recognised at fair value through other comprehensive income	1,063	692	123	248	942	665	156	121
Recognised at fair value through profit or loss	777	516	32	229	369	71	120	178
Other financial assets recognised at fair value through profit or loss	60	-	59	1	74	-	73	1
Derivative financial instruments used in hedge accounting	1,581	-	1,581	-	2,145	-	2,145	-
	9,152	5,737	2,937	478	9,501	4,979	4,222	300
Financial liabilities recognised at fair value								
Financial liabilities recognised at fair value through profit or loss	118	-	118	-	40	-	40	-
Derivative financial instruments used in hedge accounting	594	-	594	-	367	-	367	-
	712	-	712	-	407	-	407	-

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 information for the three-month periods ended 30 June 2021 and 30 June 2020 is as follows:

C.29

Segment reporting for the three-month periods ended 30 June

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Total segments	Recon- ciliation	Daimler Group
In millions of euros						
Q2 2021						
External revenue	27,295	9,553	6,634	43,482	-	43,482
Intersegment revenue	857	459	240	1,556	-1,556	-
Total revenue	28,152	10,012	6,874	45,038	-1,556	43,482
Segment profit/loss (EBIT)	3,438	819	924	5,181	4	5,185

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Total segments	Recon- ciliation	Daimler Group
In millions of euros						
Q2 2020						
External revenue	18,235	5,895	6,054	30,184	-	30,184
Intersegment revenue	714	305	396	1,415	-1,415	-
Total revenue	18,949	6,200	6,450	31,599	-1,415	30,184
Segment profit/loss (EBIT)	-1,125	-756	205	-1,676	-6	-1,682

Segment information for the six-month periods ended 30 June 2021 and 30 June 2020 is as follows:

C.30

Segment reporting for the six-month periods ended 30 June

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Total segments	Recon- ciliation	Daimler Group
In millions of euros						
Q1-2 2021						
External revenue	53,382	17,870	13,247	84,499	-	84,499
Intersegment revenue	1,656	807	593	3,056	-3,056	-
Total revenue	55,038	18,677	13,840	87,555	-3,056	84,499
Segment profit/loss (EBIT)	7,516	1,860	1,668	11,044	-111	10,933

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Total segments	Recon- ciliation	Daimler Group
In millions of euros						
Q1-2 2020						
External revenue	40,547	14,294	12,566	67,407	-	67,407
Intersegment revenue	1,598	650	985	3,233	-3,233	-
Total revenue	42,145	14,944	13,551	70,640	-3,233	67,407
Segment profit/loss (EBIT)	-615	-509	263	-861	-204	-1,065

Reconciliation

Reconciliation of the total segments' profit/loss (EBIT) to the EBIT of the Daimler Group is as shown in table [↗ C.31](#).

The reconciliation comprises corporate items for which head-quarters is responsible. Transactions between the segments are eliminated in the context of consolidation.

C.31**Reconciliation to Group figures**

	Q2 2021	Q2 2020	Q1-2 2021	Q1-2 2020
In millions of euros				
Total segments' profit/loss (EBIT)	5,181	-1,676	11,044	-861
Profit/loss on equity-method investments ¹	25	-4	24	-143
Other corporate items	-25	-79	-153	-158
Eliminations	4	77	18	97
EBIT	5,185	-1,682	10,933	-1,065

1 In the first quarter of 2020, the impairment of Daimler's equity investment in BAIC Motor of €150 million is included.

22. Transactions with related parties

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

Related companies

Business transactions with related companies are generally carried out at market terms. Most of the goods and services supplied between the Group and related companies comprise transactions with associated companies and joint ventures and are shown in table [C.32](#).

Associated companies

A large proportion of the Group's sales of goods and services with associated companies relates to business relations with LSH Auto International Limited (LSHAI) and with Beijing Benz Automotive Co., Ltd. (BBAC), which are allocated to Mercedes-Benz Cars & Vans.

Joint ventures

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

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

C.32

Related party relationships

In millions of euros	Sales of goods and services and other income				Purchases of goods and services and other expenses			
	Q2 2021	Q2 2020	Q1-2 2021	Q1-2 2020	Q2 2021	Q2 2020	Q1-2 2021	Q1-2 2020
Associated companies	4,556	3,312	8,087	6,098	292	203	445	418
thereof LSHAI	2,760	1,717	4,466	3,137	218	108	287	271
thereof BBAC	1,722	1,527	3,461	2,804	71	91	151	139
Joint ventures	403	174	769	603	219	66	448	170

In millions of euros	Receivables ¹		Payables ²	
	30 June 2021	31 Dec. 2020	30 June 2021	31 Dec. 2020
Associated companies	2,919	2,946	107	101
thereof LSHAI	672	713	23	17
thereof BBAC	2,084	2,178	82	76
Joint ventures	453	273	197	131

1 After write-downs totalling €69 million (31 December 2020: €70 million).

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

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Stuttgart, 20 July 2021

Ola Källenius

Martin Daum

Renata Jungo Brüngger

Wilfried Porth

Markus Schäfer

Britta Seeger

Hubertus Troska

Harald Wilhelm

Auditor's Review Report

To Daimler Aktiengesellschaft, Stuttgart

We have reviewed the condensed interim consolidated financial statements of Daimler 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 Daimler AG, for the period from 1 January to 30 June 2021, that are part of the semi-annual 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, 20 July 2021

KPMG AG
Wirtschaftsprüfungsgesellschaft

Sailer
Wirtschaftsprüfer

Bock
Wirtschaftsprüfer

Further Information

Financial Calendar

Information on the Internet

Specific information on our shares and earnings development can be found on our website

 daimler.com/en

in the Investors section. The Group's annual and interim reports and the company financial statements of Daimler AG can be accessed there. You can also find topical reports, presentations, an overview of various key figures, information on our share price and other services.

 daimler.com/investors

Daimler AG has ceased printing annual and interim reports and company financial statements for reasons of sustainability. It is also no longer possible to order copies of previous years' reports. All annual and interim reports are only available online and as PDF files to download.

 daimler.com/investors/reports-news

Daimler AG
70546 Stuttgart
Germany
Phone +49 711 17 0
Fax +49 711 17 22244
 daimler.com/en

Investor Relations
Fax +49 711 17 94075
ir.dai@daimler.com

Concept and contents

Daimler AG
Investor Relations

Interim Report Q2 2021

21 July 2021

Interim Report Q3 2021

29 October 2021

As changes to the above dates cannot be ruled out, it is advisable to check on our website a short time in advance.

 daimler.com/investors/events

