



Interim Report Q2 2022

Mercedes-Benz Group



Contents

INTERIM MANAGEMENT REPORT	3 – 29
Business development	3
Important events	5
Profitability	7
Cash flows	16
Financial position	23
Risk and opportunity report	26
Outlook	27
INTERIM CONSOLIDATED FINANCIAL STATEMENTS	30 – 65
Consolidated Statement of Income	30
Consolidated Statement of Comprehensive Income	32
Consolidated Statement of Financial Position	34
Consolidated Statement of Cash Flows	36
Consolidated Statement of Changes in Equity	37
Notes to the Interim Consolidated Financial Statements	39
RESPONSIBILITY STATEMENT	66
AUDITOR'S REVIEW REPORT	67
INFORMATION ON THE INTERNET	68

Cover photo: GLC Plug-in Hybrid.

Interim Management Report

- **Unit sales of Mercedes-Benz Cars of 487,100 vehicles in second quarter of 2022 slightly below the prior-year level**
- **Unit sales of Mercedes-Benz Vans of 100,100 vehicles in second quarter at the prior-year level**
- **Revenue of €36.4 billion in second quarter (Q2 2021: €34.1 billion)**
- **Group EBIT of €4.6 billion in second quarter (Q2 2021: €4.4 billion); adjusted Group EBIT of €4.9 billion (Q2 2021: €4.6 billion)**
- **Net profit of €3.2 billion in second quarter (Q2 2021: €3.1 billion)**
- **Free cash flow of the industrial business of €2.6 billion in the first six months of 2022 (Q1-2 2021: €3.5 billion)**

Business development

As in the first quarter of 2022, the global automotive market was impacted by a variety of negative factors in the second quarter and thus also in the complete first half of the year. The ongoing effects of the war in Ukraine have weighed on market development, especially in the Europe region. Moreover, the covid-related lockdowns in China and the ongoing bottlenecks in global supply chains have had a negative impact on markets.

Globally, the **car market** was significantly lower in the second quarter than in the same period of the previous year and thus slightly down overall in the first six months. In the second quarter, the European market fell well short of the previous year. The US market for cars and light trucks also recorded a significant loss compared to the previous year. China saw a sharp market decline in April due to the covid-related lockdowns. Even though sales figures recovered significantly in June in particular, the market was slightly down for the quarter as a whole.

These conditions also influenced key **van markets** in the second quarter and in the complete first half of the year. In the Europe region, market development in the second quarter decreased sharply both in the combined segment of mid-size and large vans and in the segment of small vans. The US market for large vans also contracted significantly. In China, sales in the mid-size van segment were also well below the prior-year level.

Mercedes-Benz Cars sold 974,100 cars of the Mercedes-Benz and smart brands worldwide in the first six months of 2022 (Q1-2 2021: 1,060,100). The figure for the second quarter of 2022 was 487,100 vehicles (Q2 2021: 521,200). The year-on-year drop in unit sales for the quarter was mainly caused by global supply chain bottlenecks for semiconductors, while customer demand continues to remain high.

In the regions most important to us, sales figures developed as follows in the second quarter of 2022:

A total of 149,900 vehicles (Q2 2021: 155,700) were sold in Europe (European Union, United Kingdom, Switzerland and Norway). Mercedes-Benz Cars sold 47,600 vehicles in its core market of Germany (Q2 2021: 53,400). In China, which is Mercedes-Benz Cars' biggest sales market, unit sales reached 164,600 vehicles (Q2 2021: 199,200), due to the impact of semiconductor bottlenecks and local lockdown measures. In the United States, unit sales of Mercedes-Benz Cars rose by 22% to 83,200 vehicles (Q2 2021: 68,300).

Driven in part by the S-Class and the EQS, unit sales in the Top-End Luxury product category amounted to 75,500 vehicles (Q2 2021: 77,900). Unit sales of Core Luxury products exceeded those of the prior-year quarter and reached 272,600 vehicles (Q2 2021: 266,200). In contrast, 139,100 vehicles (Q2 2021: 177,100) from the Entry Luxury product category were sold. Driven by the EQA and EQB, the proportion of all-electric vehicles within the Entry Luxury cluster has almost doubled compared to the previous-year quarter.

As announced at the capital market day “The Economics of Desire“ on 19 May 2022, Mercedes-Benz concentrates on the three product categories Top-End Luxury, Core Luxury and Entry Luxury. In the Top-End Luxury segment the product portfolio encompasses Mercedes-AMG, Mercedes-Maybach, G-Class, S-Class, GLS and EQS. Core Luxury stands for the core of the brand with the Mercedes-Benz C-Class and E-Class model ranges and their derivatives. The Entry Luxury product category represents the new entrance point of the Mercedes-Benz portfolio.

Mercedes-Benz Vans posted unit sales of 188,600 vehicles worldwide from January through June 2022 (Q1-2 2021: 186,800); 100,100 of these vehicles were sold in the second quarter of 2022 (Q2 2021: 98,400). The second quarter continued to be characterised by the volatile supply situation in the semiconductor segment. At 60,000 units, unit sales in the core region of Europe (European Union, United Kingdom, Switzerland and Norway) were significantly lower than in the prior-year quarter (Q2 2021: 65,400). We sold 24,400 vehicles in Germany during this period (Q2 2021: 27,600). At 19,400 units (Q2 2021: 8,500), we set a new sales record in the United States. In China, 7,700 vehicles (Q2 2021: 11,000) were sold in the second quarter under the influence of local lockdown measures and the semiconductor situation.

In the first six months of 2022, the new business of **Mercedes-Benz Mobility** dropped significantly by 16% to €28.7 billion; new business declined by 18% to €14.1 billion in the second quarter of 2022. The main reason for this was the effects of the supply bottlenecks and the slightly decreased proportion of leased and financed vehicles in unit sales. However, the fact that the prior-year figure still included the Daimler commercial vehicle business that has since been spun off and hived down must also be taken into consideration.

In the regions most important to us, developments in the second quarter of 2022 were as follows:

In North America, new business was significantly lower than in the previous year. In this area in particular, some of the decline was due to the spin-off and hive-down of the Daimler commercial vehicle business. New business was stable in China, but declined slightly in Germany.

This was due to supply bottlenecks for semiconductors. At the end of June 2022, contract volume amounted to €135.0 billion and was thus at the same level as at the end of 2021. Athlon and Daimler Fleet Management had a total of 388,000 contracts at the end of the quarter. This corresponds to a contract volume of €6.8 billion.

The **investments in property, plant and equipment** of the **Mercedes-Benz Group** amounted to €1.6 billion in the first six months of 2022 (Q1-2 2021: €2.2 billion). It totalled €0.8 billion in the second quarter (Q2 2021: €1.0 billion). Of this amount, €1.6 billion was attributable to Mercedes-Benz Cars in the first six months of 2022 (Q1-2 2021: €2.0 billion) and €50 million (Q1-2 2021: €60 million) to Mercedes-Benz Vans. In the second quarter, Mercedes-Benz Cars invested €0.7 billion in property, plant and equipment (Q2 2021: €0.9 billion) and Mercedes-Benz Vans invested €32 million (Q2 2021: €31 million).

The **research and development expenditure** of the **Mercedes-Benz Group** amounted to €4.1 billion in the first six months of the year (Q1-2 2021: €4.8 billion), of which €1.3 billion (Q1-2 2021: €1.2 billion) was capitalised. Research and development expenditure in the second quarter amounted to €2.2 billion (Q2 2021: €2.4 billion); of this, €0.7 billion (Q2 2021: €0.6 billion) was capitalised. At €3.8 billion, Mercedes-Benz Cars accounted for a majority of the research and development expenditure in the first six months of the year (Q1-2 2021: €3.8 billion). It totalled €1.9 billion in the second quarter (Q2 2021: €1.9 billion). During the first six months of the year, Mercedes-Benz Vans had research and development expenditure of €279 million (Q1-2 2021: €239 million). It amounted to €195 million in the second quarter (Q2 2021: €120 million).

Important events

First Annual General Meeting of Mercedes-Benz Group AG

At its first Annual General Meeting under a new corporate structure as Mercedes-Benz Group AG on 29 April 2022, the brand with the three-pointed star reasserted its claim to leadership in the automotive luxury segment. In addition to accelerating electrification and digitalisation, the company's transformation continues with a relentless focus on improving financial robustness. Strong earnings in the financial year 2021 and a successful start to 2022 affirm the company's strategic path, even in a volatile environment.

The shareholders approved a dividend of €5.00 for the financial year 2021 (2020: €1.35) per share. The total payout for 2021 was €5.35 billion (2020: €1.4 billion).

At the end of the virtual Annual General Meeting, Bader M. Al Saad and Prof. Dr. Clemens Börsig stepped down from the Supervisory Board. Dame Polly Courtice, the former Director of the University of Cambridge Institute for Sustainability Leadership, and Marco Gobetti, CEO of Salvatore Ferragamo S.p.A., have been elected as their successors.

Long-term ambitions as the world's most valuable luxury car brand

On 19 May 2022, Mercedes-Benz hosted a capital market day. This 'Economics of Desire' event outlined the future of Mercedes-Benz as a dedicated pure-play luxury car company and provided details of its strategic course. The company will focus its car business even more strongly on luxury, continue to elevate its product portfolio, accelerate on its path to a fully electric future and target structurally higher profitability.

The company aims to grow the sales share of its Top-End vehicles by around 60% by 2026 versus 2019 and intends to achieve higher quality growth and a further significant increase in profitability and resilience. Here Mercedes-Benz Cars is aiming to achieve a return on sales of approximately 14% by mid of the decade in favourable market conditions. Our strategic decision to become fully electric by 2030 – wherever market conditions allow – and the ambition to become CO₂-neutral by 2039 will further enhance the connection between luxury and sustainability.

Mercedes-Benz prepares car production network for new all-electric portfolio

Mercedes-Benz is aligning its global production network to manufacture its repositioned product portfolio focused on luxury electric vehicles. As announced on 29 June 2022, Mercedes-Benz cars has set itself the target of becoming all electric by the end of the decade – wherever market conditions allow.

The Mercedes-Benz plants in Sindelfingen, Bremen, Rastatt and Kecskemét will start production of the new electric models in the Top-End Luxury, Core Luxury and Entry Luxury segments from the middle of the decade. The Mercedes-Benz Sindelfingen site is the lead plant for the Top-End Luxury segment and will produce models based on the electric AMG.EA platform (AMG Electric Architecture) from 2025. The Mercedes-Benz plants in Bremen, Germany and Kecskemét, Hungary will manufacture vehicles based on the electric MB.EA platform (Mercedes-Benz Electric Architecture) in Europe. Rastatt and Kecskemét will also produce the repositioned models based on the MMA platform (Mercedes Modular Architecture) from 2024 onwards. As part of implementing the Mercedes-Benz 2022-2026 Business Plan, the company is investing more than two billion euros into its European production sites.

Profitability, cash flows and financial position

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

To provide a better insight into the Group's profitability, cash flows and financial position, the condensed statement of income, the condensed statement of cash flows and the condensed statement of financial position are shown for the "Industrial Business" and for "Mercedes-Benz Mobility" as well as for the Mercedes-Benz Group. The industrial business comprises the vehicle segments Mercedes-Benz Cars and Mercedes-Benz Vans. Mercedes-Benz Mobility is identical to the Mercedes-Benz Mobility segment. The effects from intra-Group eliminations between the industrial business and Mercedes-Benz Mobility as well as items at the corporate level are generally allocated to the industrial business. In justified individual cases, effects on the profitability, cash flows and financial position are not assigned to the corresponding segment according to a legal perspective, but the segment reporting follows an economic perspective.

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

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

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

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

Detailed information is also provided in Note 2 of the Interim Consolidated Financial Statements.

Profitability

Mercedes-Benz Group statement of income for the three-month period ended 30 June 2022

The **revenue** was slightly above the previous year at €36,440 million in the second quarter of 2022 (Q2 2021: €34,124 million), despite lower sales volumes. Also adjusted for positive exchange-rate effects, revenue was slightly higher than in the same quarter of the previous year. The increase in revenue was primarily due to the substantial improvement in net pricing and the favourable product mix at the Mercedes-Benz Cars and Mercedes-Benz Vans segments.

EBIT was €4,622 million in the second quarter of 2022 and was thus also slightly above the level of the same quarter of the previous year (Q2 2021: €4,374 million). Exchange-rate effects had a positive net impact.

The increase in the **cost of sales** resulted, among other things, from higher raw material prices and one-time payments to suppliers due to additional costs caused by inflation or supply chain issues.

The other **functional costs** in total were at the level of the same quarter of the previous year.

The decrease in **other operating income/expense** resulted primarily from increased expenses in connection with ongoing governmental and court proceedings and measures taken relating to Mercedes-Benz diesel vehicles.

The **other financial income/expense** improved compared to the prior-year quarter due to significantly higher interest rates.

The **interest expense** in the second quarter of 2022 amounted to €73 million (Q2 2021: €70 million).

The **income tax expense** recognised in the second quarter of 2022 amounted to €1,351 million (Q2 2021: €1,165 million). The tax rate was 29.7% (Q2 2021: 27.1%).

Profit from continuing operations of €3,198 million in the second quarter of 2022 was at the level of the same quarter of the previous year (Q2 2021: €3,139 million).

In the same quarter of the previous year the **profit from discontinued operations, after taxes** of €565 million included the income and expenses in connection with the assets and liabilities of the former Daimler Trucks & Buses segment.

Net profit for the second quarter thus amounted to €3,198 million (Q2 2021: €3,704 million). Net profit of €91 million is attributable to **non-controlling interests** (Q2 2021: €106 million). The net profit attributable to the **shareholders of Mercedes-Benz Group AG** amounted to €3,107 million (Q2 2021: €3,598 million). This led to a decrease in **earnings per share** to €2.91 (Q2 2021: €3.36) since the previous year included the earnings of the former Daimler Trucks & Buses segment.

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

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

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

A.01

Condensed consolidated statement of income for the three-month period ended 30 June

	Mercedes-Benz Group		Industrial Business		Mercedes-Benz Mobility	
	Q2 2022	Q2 2021	Q2 2022	Q2 2021	Q2 2022	Q2 2021
In millions of euros						
Revenue	36,440	34,124	29,725	27,250	6,715	6,874
Cost of sales	-27,938	-26,222	-22,244	-20,662	-5,694	-5,560
Gross profit	8,502	7,902	7,481	6,588	1,021	1,314
Selling expenses	-2,406	-2,245	-2,225	-2,072	-181	-173
General administrative expenses	-590	-651	-387	-430	-203	-221
Research and non-capitalised development costs	-1,449	-1,484	-1,449	-1,484	-	-
Other operating income/expense	-1	332	-11	275	10	57
Gains/losses from equity-method investments, net	395	408	415	460	-20	-52
Other financial income/expense, net	171	112	174	113	-3	-1
EBIT	4,622	4,374	3,998	3,450	624	924
Interest expense	-73	-70	-72	-68	-1	-2
Profit from continuing operations, before taxes	4,549	4,304	3,926	3,382	623	922
Income taxes	-1,351	-1,165	-1,208	-932	-143	-233
Profit from continuing operations	3,198	3,139	2,718	2,450	480	689
Profit from discontinued operations, after taxes	-	565	-	565	-	-
Net profit	3,198	3,704	2,718	3,015	480	689
thereof profit attributable to non-controlling interests	91	106				
thereof profit attributable to shareholders of Mercedes-Benz Group AG	3,107	3,598				
thereof from continuing operations	3,107	3,041				
thereof from discontinued operations	-	557				
Earnings per share (in euros)						
for profit attributable to shareholders of Mercedes-Benz Group AG						
Basic	2.91	3.36				
thereof from continuing operations	2.91	2.84				
thereof from discontinued operations	-	0.52				
Diluted	2.91	3.36				
thereof from continuing operations	2.91	2.84				
thereof from discontinued operations	-	0.52				

EBIT of the segments for the three-month period ended 30 June 2022

The adjusted EBIT of the **Mercedes-Benz Cars** segment was significantly above the previous year and was influenced by the following material factors:

- Strongly improved net pricing
- Favourable product mix
- Positive measurement effects in connection with the discounting of non-current provisions due to higher interest rates
- Lower unit sales due to worldwide shortage of certain semiconductor components and covid-related lockdowns
- Higher raw material prices and one-time payments to suppliers due to additional costs caused by inflation or supply chain issues
- Negative measurement effects from investments, e.g. Chargepoint Inc.

The adjustments of the Mercedes-Benz Cars segment comprised:

- Expenses of €41 million in connection with ongoing governmental and court proceedings and measures taken relating to Mercedes-Benz diesel vehicles

Despite the difficult market environment, the **Mercedes-Benz Vans** segment was able to achieve an adjusted EBIT at the level of the prior-year period. The segment was influenced by the following material factors:

- Strongly improved net pricing
- Favourable product mix
- Positive measurement effects in connection with the discounting of non-current provisions due to higher interest rates
- Higher raw material prices

- Inefficiencies in production due to supply constraints
- Increased R&D expenditures for new products (e.g. VAN.EA)

The adjustments of the Mercedes-Benz Vans segment comprised:

- Expenses of €32 million in connection with ongoing governmental and court proceedings and measures taken relating to Mercedes-Benz diesel vehicles

The **Mercedes-Benz Mobility** segment showed a stable interest margin despite increased funding costs. The earnings were influenced by the following factors:

- Favourable development of exchange rates
- Reduced contract volume due to the spin-off and hive-down of the former Daimler Trucks & Buses segment, supply constraints and lower market penetration
- Significant increase in credit risk reserves driven by a weaker macroeconomic outlook

The EBIT of the **reconciliation** was negatively impacted primarily by expenses of €244 million in connection with the sale of individual investments and business activities to Daimler Truck in 2022, which were adjusted for the determination of the adjusted EBIT (M&A transaction).

The earnings contribution of the equity-method investment in Daimler Truck Holding AG was slightly positive in the second quarter of 2022. The depreciation of assets from the purchase price allocation reduced the pro-rata net profit of Daimler Truck Holding AG.

A.02

EBIT for the three-month period ended 30 June

	Mercedes-Benz Group	Mercedes-Benz Cars	Mercedes-Benz Vans	Mercedes-Benz Mobility	Reconciliation
In millions of euros					
Q2 2022					
Revenue	36,440	26,999	4,107	6,715	-1,381
Cost of sales	-27,938	-20,368	-3,224	-5,694	1,348
Gross profit	8,502	6,631	883	1,021	-33
Selling expenses	-2,406	-1,925	-313	-181	13
General administrative expenses	-590	-348	-69	-203	30
Research and non-capitalised development costs	-1,449	-1,264	-166	-	-19
Other income/expense	565	698	47	-13	-167
EBIT	4,622	3,792	382	624	-176
Legal proceedings (and related measures)	73	41	32	-	-
Restructuring measures	-	-	-	-	-
M&A transactions	244	-	-	-	244
Expenses in connection with adjustments of the business activities in Russia	-	-	-	-	-
Adjusted EBIT	4,939	3,833	414	624	68
Return on sales/return on equity (in %)					
		14.0	9.3	17.1	
Adjusted return on sales/return on equity (in %)¹					
		14.2	10.1	17.1	

	Mercedes-Benz Group	Mercedes-Benz Cars	Mercedes-Benz Vans	Mercedes-Benz Mobility	Reconciliation
In millions of euros					
Q2 2021					
Revenue	34,124	24,974	3,669	6,874	-1,393
Cost of sales	-26,222	-19,123	-2,796	-5,560	1,257
Gross profit	7,902	5,851	873	1,314	-136
Selling expenses	-2,245	-1,863	-290	-173	81
General administrative expenses	-651	-355	-59	-221	-16
Research and non-capitalised development costs	-1,484	-1,361	-112	-	-11
Other income/expense	852	749	20	4	79
EBIT	4,374	3,021	432	924	-3
Legal proceedings (and related measures)	107	124	-17	-	-
Restructuring measures	65	56	3	6	-
M&A transactions	15	-	-	-	15
Adjusted EBIT	4,561	3,201	418	930	12
Return on sales/return on equity (in %)					
		12.1	11.8	23.9	
Adjusted return on sales/return on equity (in %)¹					
		12.8	11.4	24.0	

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

Mercedes-Benz Group statement of income for the six-month period ended 30 June 2022

The **revenue** was slightly above the previous year at €71,298 million in the first half of 2022 (Q1-2 2021: €67,006 million), despite lower sales volumes. Also adjusted for positive exchange-rate effects, revenue was slightly higher than in the same period of the previous year. The increase in revenue was primarily due to the substantial improvement in net pricing and the favourable product mix at the Mercedes-Benz Cars and Mercedes-Benz Vans segments.

EBIT was €9,851 million in the first half of 2022 and was thus also slightly above the prior-year period (Q1-2 2021: €9,075 million). Exchange-rate effects had a positive net impact.

The increase in the **cost of sales** was mainly due to expenses in connection with adjustments of the business activities in Russia as well as higher raw material costs and one-time payments to suppliers due to additional costs caused by inflation or supply chain issues.

The other **functional costs** in total were at the level of the same period of the previous year.

In the first half of 2022, the other **operating income/expense** primarily includes both income of €385 million from the sale of shares in Mercedes-Benz Grand Prix Ltd. and €514 million from the sale of the retail activities in Canada. In the first half of the previous year, income of €604 million was included in connection with the fuel-cell joint venture cellcentric GmbH & Co. KG (cellcentric). Opposing effects, above all increased expenses in connection with ongoing governmental and court proceedings and measures taken relating to Mercedes-Benz diesel vehicles influenced the other operating income/expense. The expenses in the first half of 2022 amounted to €354 million.

In the first half of 2022 significantly higher interest rates had in particular a positive effect on the **other financial income/expense**. On the other hand, negative measurement effects from investments had an impact on the result. In addition, the previous year included income of €246 million in connection with the IPO of the charging infrastructure operator Chargepoint, Inc.

The **interest expense** in the first half of 2022 amounted to €115 million (Q1-2 2021: €113 million).

The **income tax expense** recognised in the first half of 2022 amounted to €2,952 million (Q1-2 2021: €2,353 million). The tax rate was 30.3% (Q1-2 2021: 26.3%). In the prior-year period, the effective tax rate was reduced due to the formation of the fuel-cell joint venture cellcentric as the income was only subject to a deferred tax expense for corporate income tax.

Profit from continuing operations of €6,784 million was at the level of the prior-year period (Q1-2 2021: €6,609 million).

In the first half of 2021 the **profit from discontinued operations, after taxes** of €1,468 million included the income and expenses in connection with the assets and liabilities of the former Daimler Trucks & Buses segment.

Net profit for the first half of 2022 thus amounted to €6,784 million (Q1-2 2021: €8,077 million). Net profit of €187 million is attributable to **non-controlling interests** (Q1-2 2021: €189 million). The net profit attributable to the **shareholders of Mercedes-Benz Group AG** amounted to €6,597 million (Q1-2 2021: €7,888 million). This led to a decrease in **earnings per share** to €6.17 (Q1-2 2021: €7.37) since the previous year includes the earnings of the former Daimler Trucks & Buses segment.

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

Table A.03 shows the condensed statement of income of the Mercedes-Benz Group as well as of the industrial business and Mercedes-Benz Mobility.

Table A.04 shows both the composition of Group EBIT by segment and the reconciliation as well as the reconciliation of EBIT to adjusted EBIT.

A.03

Condensed consolidated statement of income for the six-month period ended 30 June

	Mercedes-Benz Group		Industrial Business		Mercedes-Benz Mobility	
	Q1-2 2022	Q1-2 2021	Q1-2 2022	Q1-2 2021	Q1-2 2022	Q1-2 2021
In millions of euros						
Revenue	71,298	67,006	57,801	53,166	13,497	13,840
Cost of sales	-54,832	-51,718	-43,404	-40,250	-11,428	-11,468
Gross profit	16,466	15,288	14,397	12,916	2,069	2,372
Selling expenses	-4,631	-4,460	-4,290	-4,118	-341	-342
General administrative expenses	-1,200	-1,330	-815	-915	-385	-415
Research and non-capitalised development costs	-2,826	-3,000	-2,826	-3,000	-	-
Other operating income/expense	997	1,293	943	1,197	54	96
Gains/losses from equity-method investments, net	777	905	817	947	-40	-42
Other financial income/expense, net	268	379	268	380	-	-1
EBIT	9,851	9,075	8,494	7,407	1,357	1,668
Interest income/expense	-115	-113	-113	-109	-2	-4
Profit from continuing operations, before taxes	9,736	8,962	8,381	7,298	1,355	1,664
Income taxes	-2,952	-2,353	-2,602	-1,926	-350	-427
Profit from continuing operations	6,784	6,609	5,779	5,372	1,005	1,237
Profit from discontinued operations, after taxes	-	1,468	-	1,468	-	-
Net profit	6,784	8,077	5,779	6,840	1,005	1,237
thereof profit attributable to non-controlling interests	187	189				
thereof profit attributable to shareholders of Mercedes-Benz Group AG	6,597	7,888				
thereof from continuing operations	6,597	6,439				
thereof from discontinued operations	-	1,449				
Earnings per share (in euros)						
for profit attributable to shareholders of Mercedes-Benz Group AG						
Basic	6.17	7.37				
thereof from continuing operations	6.17	6.02				
thereof from discontinued operations	-	1.35				
Diluted	6.17	7.37				
thereof from continuing operations	6.17	6.02				
thereof from discontinued operations	-	1.35				

EBIT of the segments for the six-month period ended 30 June 2022

The adjusted EBIT of the **Mercedes-Benz Cars** segment was significantly above the previous year and was influenced by the following material factors:

- Strongly improved net pricing
- Favourable product mix
- Positive development of the used car business
- Positive measurement effects in connection with the discounting of non-current provisions due to higher interest rates
- Lower unit sales due to worldwide shortage of certain semiconductor components and covid-related lockdowns
- Higher raw material prices and one-time payments to suppliers due to additional costs caused by inflation or supply chain issues
- Product related expenses
- Negative measurement effects from investments, e.g. Chargepoint Inc.; on the other hand the first quarter of 2021 was positively impacted by IPO of Chargepoint Inc.

The adjustments of the Mercedes-Benz Cars segment comprised:

- Income of €478 million in connection with the restructuring of the sales activities in Canada (M&A transaction)
- Income of €385 million related to the change in the investment structure of the motorsport business (M&A transaction)
- Expenses of €658 million in connection with the adjustment of the business activities in Russia
- Expenses of €218 million in connection with ongoing governmental and court proceedings and measures taken relating to Mercedes-Benz diesel vehicles
- In the previous year, income of €604 million in connection with the fuel-cell joint venture cellcentric (M&A transaction)

Despite the difficult market environment, the adjusted EBIT of the **Mercedes-Benz Vans** segment was significantly above the prior-year period. The segment was influenced by the following material factors:

- Strongly improved net pricing
- Favourable product mix
- Positive development of the used vehicle business
- Positive measurement effects in connection with the discounting of non-current provisions due to higher interest rates
- Higher raw material prices
- Disruption and inefficiencies in production network due to shortage of semiconductor components
- Increased R&D expenditures for new products (e.g. VAN.EA)

The adjustments of the Mercedes-Benz Vans segment comprised:

- Income of €36 million in connection with the restructuring of the sales activities in Canada (M&A transaction)
- Expenses of €135 million in connection with ongoing governmental and court proceedings and measures taken relating to Mercedes-Benz diesel vehicles
- Expenses of €51 million in connection with the adjustments of the business activities in Russia

The **Mercedes-Benz Mobility** segment showed a stable interest margin in the second quarter 2022, despite higher financing costs. The first half of the year was influenced by the following developments:

- Favourable development of exchange rates
- Reduced contract volume due to the spin-off and hive-down of the former Daimler Trucks & Buses segment, supply constraints and lower market penetration
- Significant increase in credit risk reserves driven by a weaker macroeconomic outlook

The EBIT of the **reconciliation** was influenced in particular by expenses of €225 million in connection with the sale of individual investments and business activities to Daimler Truck in 2022, which were adjusted for the determination of the adjusted EBIT (M&A transaction).

The earnings contribution of the equity-method investment in Daimler Truck Holding AG was slightly negative in the first half of 2022, as the pro-rata net profit of Daimler Truck Holding AG was offset by the depreciation of assets from the purchase price allocation.

A.04

EBIT for the six-month period ended 30 June

	Mercedes-Benz Group	Mercedes-Benz Cars	Mercedes-Benz Vans	Mercedes-Benz Mobility	Reconciliation
In millions of euros					
Q1-2 2022					
Revenue	71,298	52,835	7,794	13,497	-2,828
Cost of sales	-54,832	-40,021	-6,114	-11,428	2,731
Gross profit	16,466	12,814	1,680	2,069	-97
Selling expenses	-4,631	-3,686	-612	-341	8
General administrative expenses	-1,200	-712	-128	-385	25
Research and non-capitalised development costs	-2,826	-2,541	-241	-	-44
Other income/expense	2,042	2,188	31	14	-191
EBIT	9,851	8,063	730	1,357	-299
Legal proceedings (and related measures)	354	218	135	-	1
Restructuring measures	-	-	-	-	-
M&A transactions	-674	-863	-36	-	225
Expenses in connection with adjustments of the business activities in Russia	709	658	51	-	-
Adjusted EBIT	10,240	8,076	880	1,357	-73
Return on sales/return on equity (in %)		15.3	9.4	18.6	
Adjusted return on sales/return on equity (in %)¹		15.3	11.3	18.6	

	Mercedes-Benz Group	Mercedes-Benz Cars	Mercedes-Benz Vans	Mercedes-Benz Mobility	Reconciliation
In millions of euros					
Q1-2 2021					
Revenue	67,006	48,898	7,067	13,840	-2,799
Cost of sales	-51,718	-37,320	-5,487	-11,468	2,557
Gross profit	15,288	11,578	1,580	2,372	-242
Selling expenses	-4,460	-3,619	-587	-342	88
General administrative expenses	-1,330	-689	-112	-415	-114
Research and non-capitalised development costs	-3,000	-2,759	-224	-	-17
Other income/expense	2,577	2,300	65	53	159
EBIT	9,075	6,811	722	1,668	-126
Legal proceedings (and related measures)	182	183	-1	-	-
Restructuring measures	426	326	25	42	33
M&A transactions	-678	-604	-	-89	15
Adjusted EBIT	9,005	6,716	746	1,621	-78
Return on sales/return on equity (in %)		13.9	10.2	22.1	
Adjusted return on sales/return on equity (in %)¹		13.7	10.6	21.4	

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

Cash flows

Free cash flow of the industrial business

The free cash flow of the industrial business is regarded as a key performance indicator for the Mercedes-Benz Group. The free cash flow of the industrial business is derived from the reported cash flows from operating and investing activities in table A.06. The cash flows from sales and purchases of marketable debt securities and similar investments included in cash flows from investing activities are deducted, as those securities are allocated to liquidity and changes in them are thus not a part of the free cash flow. On the other hand, effects in connection with the recognition and measurement of right-of-use assets, which result from lessee accounting and are largely non-cash items, are included in the free cash flow of the industrial business. Other adjustments relate to effects from the financing of the Group's own dealerships and effects from internal deposits within the Group. In addition, the calculation of the free cash flow includes the cash flows to be shown under cash flows from financing activities in connection with the acquisition or disposal of interests in subsidiaries without loss of control.

A.05

Condensed statement of cash flows¹

	Mercedes-Benz Group		Industrial Business		Mercedes-Benz Mobility	
	Q1-2 2022	Q1-2 2021	Q1-2 2022	Q1-2 2021	Q1-2 2022	Q1-2 2021
In millions of euros						
Cash and cash equivalents at beginning of period	23,182	23,048	18,033	20,344	5,149	2,704
Profit before income taxes from continuing and discontinued operations	9,736	10,771	8,381	9,107	1,355	1,664
Depreciation and amortisation/impairments	3,226	3,668	3,167	3,604	59	64
Other non-cash expenses and income and gains/losses from disposals of assets	-1,274	-2,690	-1,346	-2,751	72	61
Change in operating assets and liabilities						
Inventories	-4,213	-2,281	-4,255	-2,693	42	412
Trade receivables	-306	31	-486	240	180	-209
Trade payables	2,616	2,879	2,502	2,794	114	85
Receivables from financial services	-1,664	1,946	-10	-56	-1,654	2,002
Vehicles on operating leases	2,046	398	-533	-616	2,579	1,014
Other operating assets and liabilities	-752	-1,236	-861	-1,264	109	28
Dividends received from equity-method investments	818	81	818	81	-	-
Income taxes paid	-2,266	-1,645	-1,594	-1,079	-672	-566
Cash flow from operating activities	7,967	11,922	5,783	7,367	2,184	4,555
Additions to property, plant and equipment and intangible assets	-3,030	-3,605	-3,010	-3,550	-20	-55
Investments in and disposals of shareholdings and other business operations	1,386	671	-1	452	1,387	219
Acquisitions and sales of marketable debt securities and similar investments	1,353	574	1,447	587	-94	-13
Other	181	266	128	259	53	7
Cash flow from investing activities	-110	-2,094	-1,436	-2,252	1,326	158
Change in financing liabilities	-11,610	-5,310	-8,796	-5,105	-2,814	-205
Dividends paid	-5,575	-1,731	-5,550	-1,713	-25	-18
Other transactions with shareholders	-19	-46	-19	-46	-	-
Internal equity and financing transactions	-	-	1,813	3,708	-1,813	-3,708
Cash flow from financing activities	-17,204	-7,087	-12,552	-3,156	-4,652	-3,931
Effect of foreign exchange-rate changes on cash and cash equivalents	498	391	399	361	99	30
Cash and cash equivalents at end of period	14,333	26,180	10,227	22,664	4,106	3,516
thereof cash and cash equivalents classified as assets held for sale at end of period	17	-	11	-	6	-

¹ For 2021 the consolidated cash flows from continuing and discontinued operations are presented in the Consolidated Statement of Cash Flows. The cash flows from continuing and discontinued operations are shown in Note 2 to the Interim Consolidated Financial Statements. A reconciliation from continuing and discontinued operations to profit/loss before income taxes is also included in Note 2 to the Interim Consolidated Financial Statements.

A.06

Free cash flow of the industrial business

	Q1-2 2022	Q1-2 2021	Change
In millions of euros			
Cash flow from operating activities ¹	5,783	7,367	-1,584
Cash flow from investing activities ¹	-1,436	-2,252	+816
Change in marketable debt securities and similar investments ¹	-1,447	-587	-860
Right-of-use assets ¹	-234	-167	-67
Other adjustments ²	-33	-903	+870
Free cash flow of the industrial business	2,633	3,458	-825
Legal proceedings (and related measures)	436	1,271	-835
Restructuring measures	344	558	-214
M&A transactions	-134	-299	+165
Adjusted free cash flow of the industrial business	3,279	4,988	-1,709

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

2 For 2021 the free cash flow of the industrial business is adjusted by €0.9 billion for the free cash flow of the spun-off Daimler commercial vehicles business

The free cash flow of the industrial business

amounted to €2.6 billion (Q1-2 2021: €3.5 billion) during the first six months of 2022 and was influenced by the following, partly opposing factors:

- negative development of working capital, mainly due to increased inventory levels as a result of the semiconductor shortage
- an improvement in the operational business performance and thus increased income taxes paid
- payment of €0.9 billion made in the previous year resulting from the settlement of civil and environmental claims made by several US authorities in 2019 in connection with emission control systems used in certain diesel vehicles
- dividends received from BBAC amounting to €0.7 billion

- cash inflow of €0.6 billion from the restructuring of retail activities in Canada and cash outflow of €0.4 billion from investing in Automotive Cells Company SE (2021 cash inflow from the sale of cellcentric: €0.3 billion)

In the interest of greater transparency in reporting on the ongoing business, we additionally calculate and report an **adjusted free cash flow of the industrial business** of €3.3 billion (Q1-2 2021: €5.0 billion) in table A.06. The following adjustments were taken into account in the first six months of 2022 and 2021:

- The legal proceedings include payments by the industrial business in connection with ongoing governmental and legal proceedings and related measures taken with regard to Mercedes-Benz diesel vehicles.
- The restructuring measures include payments made in connection with the programmes for the optimisation of personnel costs.
- The M&A transactions mainly include cash inflows from the restructuring of retail activities in Canada and the cash outflow from investing in Automotive Cells Company SE (Q1-2 2021: sale of cellcentric).

As well as being calculated on the basis of the disclosed cash flows from operating and investing activities, the free cash flow of the industrial business can also be calculated on the basis of the cash flows before interest and taxes (CFBIT) of the automotive segments. The reconciliation from the CFBIT of Mercedes-Benz Cars and Mercedes-Benz Vans to the free cash flow of the industrial business also includes the payments for interest and taxes. The other reconciliation items primarily comprise eliminations between the segments and items that are allocated to the industrial business but for which the automotive segments are not responsible. Table A.07 shows the reconciliation of the CFBIT of the automotive segments to the free cash flow of the industrial business.

In the first six months of 2022, the **free cash flow of the Mercedes-Benz Group** resulted in a cash inflow of €6.3 billion (Q1-2 2021: €8.2 billion). Besides the effects of the free cash flow of the industrial business, the free cash flow of the Mercedes-Benz Group is mainly affected by the leasing and sales-financing business of Mercedes-Benz Mobility.

In the first six months of 2022, a cash inflow in the amount of €1.1 billion which related to the payments received from the sale of intercompany loans in connection with the sale of various Phase 2 units of the truck financing business and does not legally relate to Mercedes-Benz Mobility was economically allocated to the **cash flow from investing activities of Mercedes-Benz Mobility**. An opposing repayment of the financing liabilities in the same amount was recognised in the cash flow from financing activities of Mercedes-Benz Mobility.

In reporting period, the **cash flow from financing activities of the Mercedes-Benz Group** (cf. Table A.05) resulted in a cash outflow of €17.2 billion (Q1-2 2021: €7.1 billion). The change on the same period of the prior year is primarily due to the lower net refinancing as a result of the positive cash flow situation and the higher dividend payment to Mercedes-Benz Group AG shareholders.

CFBIT and cash conversion rate of the automotive segments

The **CFBIT of the automotive segments** is derived from the EBIT and the change in net assets, and also includes additions to the right-of-use assets. Table A.09 shows the composition of CFBIT for Mercedes-Benz Cars and Mercedes-Benz Vans for the second quarter of 2022 compared with the same quarter of the previous year. Table 0 shows the reconciliation from CFBIT to **adjusted CFBIT** and the **adjusted cash conversion rate** for Mercedes-Benz Cars and Mercedes-Benz Vans.

A.07

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

	Q2 2022	Q2 2021	Q1-2 2022	Q1-2 2021
In millions of euros				
CFBIT Mercedes-Benz Cars	2,393	2,290	4,240	4,558
CFBIT Mercedes-Benz Vans	254	201	632	-95
Income taxes paid/refunded	-985	-478	-1,594	-816
Interest paid/received	14	49	-151	-32
Other reconciling items	-259	99	-494	-157
Free cash flow of the industrial business	1,417	2,161	2,633	3,458

A.08

CFBIT for the three-month period ended 30 June

	Mercedes-Benz Cars		Mercedes-Benz Vans	
	Q2 2022	Q2 2021	Q2 2022	Q2 2021
In millions of euros				
EBIT	3,792	3,021	382	432
Change in working capital	-1,172	-16	-161	-183
Net financial investments	-518	-10	1	1
Net investments in property, plant and equipment and intangible assets	-1,574	-1,534	-68	-53
Depreciation and amortisation/impairments	1,476	1,426	110	117
Other	389	-597	-10	-113
CFBIT	2,393	2,290	254	201

A.09

CFBIT for the six-month period ended 30 June

	Mercedes-Benz Cars		Mercedes-Benz Vans	
	Q1-2 2022	Q1-2 2021	Q1-2 2022	Q1-2 2021
In millions of euros				
EBIT	8,063	6,811	730	722
Change in working capital	-2,056	1,011	-106	-364
Net financial investments	-104	176	44	1
Net investments in property, plant and equipment and intangible assets	-3,000	-3,074	-102	-99
Depreciation and amortisation/impairments	2,934	2,812	232	232
Other	-1,597	-3,178	-166	-587
CFBIT	4,240	4,558	632	-95

A.10

Reconciliation to adjusted CFBIT for the three-month period ended 30 June

	Mercedes-Benz Cars		Mercedes-Benz Vans	
	Q2 2022	Q2 2021	Q2 2022	Q2 2021
In millions of euros				
CFBIT	2,393	2,290	254	201
Legal proceedings (and related measures)	147	118	79	89
Restructuring measures	18	87	-	9
M&A transactions	390	-	-	-
Adjusted CFBIT	2,948	2,495	333	299
Adjusted EBIT	3,833	3,201	414	418
Adjusted cash conversion rate¹	0.8	0.8	0.8	0.7

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

A.11

Reconciliation to adjusted CFBIT for the six-month period ended 30 June

	Mercedes-Benz Cars		Mercedes-Benz Vans	
	Q1-2 2022	Q1-2 2021	Q1-2 2022	Q1-2 2021
In millions of euros				
CFBIT	4,240	4,558	632	-95
Legal proceedings (and related measures)	270	738	165	531
Restructuring measures	293	456	16	49
M&A transactions	-175	-310	-43	-
Adjusted CFBIT	4,628	5,442	770	485
Adjusted EBIT	8,076	6,716	880	746
Adjusted cash conversion rate¹	0.6	0.8	0.9	0.7

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

Net debt and net liquidity

As can be seen in Table A.05, after taking currency translation into account, the cash and cash equivalents of the Mercedes-Benz Group decreased to €14.3 billion compared with 31 December 2021. Total liquidity for the Group, which also includes marketable debt securities and similar investments, decreased by €10.3 billion to €20.5 billion. **Net debt** at Group level, which primarily results from the refinancing of the leasing and sales-financing business, increased compared with 31 December 2021 by €2.0 billion to €96.8 billion. See table A.13.

The **net liquidity of the industrial business**, which is shown in table A.12 decreased by €1.9 billion to €19.1 billion during this period. The decrease is mainly due to the dividend payment in the second quarter to the Mercedes-Benz Group AG shareholders. Opposing effects resulted from the positive free cash flow of the industrial business, the transfer of profits from Mercedes-Benz Mobility and positive exchange-rate effects.

A.12

Net liquidity of the industrial business

	30. June 2022	31 Dec. 2021	Change
In millions of euros			
Cash and cash equivalents	10,227	18,034	-7,807
Marketable debt securities and similar investments	5,160	6,591	-1,431
Liquidity	15,387	24,625	-9,238
Financing liabilities ¹	4,589	-3,913	+8,502
Market valuation and currency hedges for financing liabilities	-836	293	-1,129
Financing liabilities (nominal)	3,753	-3,620	+7,373
Net liquidity	19,140	21,005	-1,865

¹ Financing liabilities include liabilities from refinancing of internal dealerships.

A.13

Net debt of the Mercedes-Benz Group

	30 June 2022	31 Dec. 2021	Change
In millions of euros			
Cash and cash equivalents	14,333	23,182	-8,849
Marketable debt securities and similar investments	6,171	7,579	-1,408
Liquidity	20,504	30,761	-10,257
Financing liabilities	-116,504	-125,905	+9,401
Market valuation and currency hedges for financing liabilities	-769	327	-1,096
Financing liabilities (nominal)	-117,273	-125,578	+8,305
Net debt	-96,769	-94,817	-1,952

Refinancing

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

In the first six months of 2022, the Mercedes-Benz Group had a cash inflow of €0.8 billion from the **issuance of bonds** (Q1-2 2021: €6.1 billion). The redemption of bonds resulted in cash outflows of €9.7 billion (Q1-2 2021: €8.8 billion).

In the first six months of 2022, **asset-backed securities (ABS) transactions** were successfully conducted in Germany, Canada and Australia. Additional transactions were conducted in China generating a total volume of CNY 12.5 billion and a transaction carried out in the United Kingdom with a volume of GBP 1 billion.

In addition, since July 2018, the Mercedes-Benz Group has had a syndicated **credit line** of €11 billion, which had not been utilised as of 30 June 2022.

Financial position

As of 30 June 2022 the **balance-sheet total** was slightly below the level of 31 December 2021. The change includes positive effects from currency translation of €5.9 billion; adjusted for these exchange-rate effects, there was a decrease of €8.3 billion. Mercedes-Benz Mobility accounted for 57% of the Mercedes-Benz Group's balance-sheet total; almost unchanged from

31 December 2021. Current assets account for 38% of the balance-sheet total and are thus at the prior-year level. Current liabilities amount to 35% of total equity and liabilities and are slightly above the prior-year level.

Table A.14 shows the condensed statement of financial position for the Mercedes-Benz Group as well as for the industrial business and Mercedes-Benz Mobility.

A.14

Condensed statement of financial position

	Mercedes-Benz Group		Industrial Business		Mercedes-Benz Mobility	
	30 June 2022	31 Dec. 2021	30 June 2022	31 Dec. 2021	30 June 2022	31 Dec. 2021
In millions of euros						
Assets						
Intangible assets	15,166	15,005	14,570	14,386	596	619
Property, plant and equipment	27,838	27,859	27,514	27,497	324	362
Equipment on operating leases	43,824	44,471	14,173	14,400	29,651	30,071
Receivables from financial services	84,378	80,625	-75	-83	84,453	80,708
Equity-method investments	13,649	13,588	13,199	13,117	450	471
Inventories	26,198	21,466	25,713	20,976	485	490
Trade receivables	7,956	7,673	7,363	6,875	593	798
Cash and cash equivalents	14,316	23,120	10,216	18,034	4,100	5,086
Marketable debt securities and similar investments	6,171	7,579	5,160	6,591	1,011	988
thereof current	5,327	6,706	4,920	6,289	407	417
thereof non-current	844	873	240	302	604	571
Other financial assets	7,149	6,260	-6,721	-8,207	13,870	14,467
Other assets	9,151	9,043	-28	-152	9,179	9,195
Assets held for sale	1,664	3,142	203	201	1,461	2,941
Total assets	257,460	259,831	111,287	113,635	146,173	146,196
Equity and liabilities						
Equity	78,409	73,167	63,901	58,719	14,508	14,448
Provisions	17,792	21,321	16,996	20,385	796	936
Financing liabilities	116,021	125,843	-4,623	3,877	120,644	121,966
thereof current	51,364	52,300	-18,988	-17,893	70,352	70,193
thereof non-current	64,657	73,543	14,365	21,770	50,292	51,773
Trade payables	13,332	10,655	12,216	9,670	1,116	985
Other financial liabilities	8,671	7,805	5,255	5,089	3,416	2,716
Contract and refund liabilities	10,247	9,909	9,914	9,567	333	342
Other liabilities	12,449	10,962	7,792	6,282	4,657	4,680
Liabilities held for sale	539	169	-164	46	703	123
Total equity and liabilities	257,460	259,831	111,287	113,635	146,173	146,196

On the total assets side there was mainly a decrease in cash and cash equivalents. Opposing effects came from higher inventories and receivables from financial services.

Receivables from financial services increased due to the growth in sales-financing in China and North America. At 50 %, the leasing and sales-financing business as a proportion of the total assets was above the previous year's level of 48%. **Inventories** increased significantly, partly due to the supply chain bottlenecks for semiconductors. The decrease in **cash and cash equivalents** was mainly due to the lower net refinancing and the dividend payment to the shareholders of Mercedes-Benz Group AG.

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

The Group's **equity** increased, in particular as a result of the positive earnings development. As the balance-sheet total decreased, the Group's **equity ratio** of 30.5% was therefore significantly above the level of the previous year (31 December 2021: 26.1%); the equity ratio for the industrial business was 57.4% (31 December 2021: 47.0%). **Provisions** of €17.8 billion were significantly below the level of 31 December 2021 (€21.3 billion). Provisions for pensions and similar obligations decreased by €4.2 billion, primarily due to the significantly increased discount rate. The funded status of 30 June 2022 was approximately 102%. **Financing liabilities** of €116.0 billion were significantly below the level of the previous year (31 December 2021: €125.8 billion). The decrease was due to the lower net refinancing as a result of the positive cash flow situation.

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

Table A.15 shows the derivation of net assets for the automotive segments. They relate to the operating assets and liabilities for which the segments are responsible.

A.15

Net assets of the automotive segments

	Mercedes-Benz Cars		Mercedes-Benz Vans	
	30 June 2022	31 Dec. 2021	30 June 2022	31 Dec. 2021
In millions of euros				
Intangible assets	13,321	13,088	1,237	1,286
Property, plant and equipment	25,584	25,566	1,943	1,951
Inventories	23,018	18,790	2,770	2,300
Trade receivables	6,252	5,880	1,110	1,016
Other segment assets	24,628	23,171	2,930	2,865
Segment assets	92,803	86,495	9,990	9,418
thereof assets held for sale	42	71	-	-
Trade payables	10,851	8,648	1,353	952
Other segment liabilities	43,308	42,882	7,715	7,717
Segment liabilities	54,159	51,530	9,068	8,669
thereof liabilities held for sale	13	48	-	-
Net assets	38,644	34,965	922	749

Risk and opportunity report

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

The extraordinary uncertainties and negative factors for both the global economy and the business development of the Mercedes-Benz Group continue. The different **effects of the Russia-Ukraine war** (for example a potential natural gas delivery stop by Russia) play an important role here. But also the persistently very high and possibly further **increasing inflation rates** and the corresponding reaction of the central banks might have a growing impact on global economic growth and the automotive business environment.

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

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

The general market risks for the remainder of the financial year 2022 have decreased from high to medium compared to the previous quarter due to the reduced observation horizon.

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

Legal risks

As described in the Combined Management Report with Non-Financial Statement of the Annual Report 2021 in the chapter "Risk and Opportunity Report", Mercedes-Benz Group AG and its subsidiaries are faced with various court proceedings, claims and official investigations and orders (legal proceedings), which relate to a variety of topics (we refer to the "Legal risks" section in the Annual Report 2021).

Further information on legal proceedings can be found in note 19 of these Interim Consolidated Financial Statements and in note 31 of the Consolidated Financial Statements as of 31 December 2021.

Outlook

The macroeconomic and geopolitical conditions continue to be characterised by an exceptional degree of uncertainty. A key factor contributing to this is the war in Ukraine, with its effects on supply chains and on the availability and the development of prices for energy and raw materials. Further effects due to the rapidly changing situation in Russia and Ukraine are not currently known and have not yet been taken into account in our key figures, but could possibly have substantial negative consequences for our business activities, should it escalate beyond its current state. In addition, the continued very high inflationary pressure for consumers and companies and the associated central-bank increases in interest rates as well as ongoing bottlenecks in global supply chains make the outlook more difficult. Not least the further course of the pandemic, in particular in China, holds uncertainties for the expected development of the market.

In view of this situation, we expect the **global car market** to only remain at approximately the previous year's level. Because the Europe region continues to be particularly affected by the situation in Ukraine, we now expect the European market to remain at the weak level of the previous year. The volume of the US market for cars and light trucks is in the meantime assumed to be slightly below the previous year's level. The Chinese market should be slightly higher than in the previous year.

The above factors will also continue to influence the **van markets**. In the Europe region, the combined market segment for mid-size and large vans is meanwhile expected to be slightly below the prior-year level. The segment for small vans is now also expected to contract somewhat in Europe. Meanwhile we also anticipate a slight decrease in the US market for large vans. In China, too, we now expect sales of mid-size vans to decline slightly compared to the previous year's level.

Despite the existing macroeconomic uncertainties, we are expecting continued strong demand for our products in all of our key markets in the second half of the year. We also have a high order backlog. Due to our strong product portfolio, we expect demand to be greater than supply.

On this basis, we have made the following forecasts concerning the key performance indicators of our divisions and the Group.

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

- Unit sales: slightly higher than in the prior year.
- Revenue: now significantly higher than the prior-year level.
- Adjusted return on sales: now 12 – 14%.
- Adjusted cash conversion rate: 0.8 – 1.0.
- Investments in property, plant and equipment: now significantly below the prior year.
- Research and development expenditures: now significantly higher than in the prior year.

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

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

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

- New business: now only slightly below the prior-year level.

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

- Contract volume: slightly below the prior-year level.

The reported contract volume as of 31 December 2021 had already been adjusted for a large part of the Daimler commercial vehicle business. The impact of the volumes of the commercial vehicle business still to be transferred for 2022 will be comparatively small.

- Revenue: now only slightly below the prior-year level.

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

- Adjusted return on equity: 16 – 18%.

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

- Revenue: now significantly higher than the prior-year level.

- EBIT: now slightly above the prior-year level.

- Free cash flow of the industrial business: now at the prior-year level.

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

Forward-looking statements:

This document contains forward-looking statements that reflect our current views about future events. The words “anticipate,” “assume,” “believe,” “estimate,” “expect,” “intend,” “may,” “can,” “could,” “plan,” “project,” “should” and similar expressions are used to identify forward-looking statements. These statements are subject to many risks and uncertainties, including an adverse development of global economic conditions, in particular a decline of demand in our most important markets; a deterioration of our refinancing possibilities on the credit and financial markets; events of force majeure including natural disasters, pandemics, acts of terrorism, political unrest, armed conflicts, industrial accidents and their effects on our sales, purchasing, production or financial services activities; changes in currency exchange rates, customs and foreign trade provisions; a shift in consumer preferences towards smaller, lower-margin vehicles; a possible lack of acceptance of our products or services which limits our ability to achieve prices and adequately utilise our production capacities; price increases for fuel, raw materials or energy; disruption of production due to shortages of materials or energy, 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 Q2

B.01

Q2 2022 Q2 2021

In millions of euros

Revenue	36,440	34,124
Cost of sales	-27,938	-26,222
Gross profit	8,502	7,902
Selling expenses	-2,406	-2,245
General administrative expenses	-590	-651
Research and non-capitalised development costs	-1,449	-1,484
Other operating income	515	497
Other operating expense	-516	-165
Gains/losses from equity-method investments, net	395	408
Other financial income/expense, net	171	112
Earnings before interest and taxes (EBIT)	4,622	4,374
Interest income	53	53
Interest expense	-126	-123
Profit from continuing operations, before taxes	4,549	4,304
Income taxes	-1,351	-1,165
Profit from continuing operations	3,198	3,139
Profit from discontinued operations, after taxes	-	565
Net profit	3,198	3,704
thereof profit attributable to non-controlling interests	91	106
thereof profit attributable to shareholders of Mercedes-Benz Group AG	3,107	3,598
thereof from continuing operations	3,107	3,041
thereof from discontinued operations	-	557
Earnings per share (in euros)		
for profit attributable to shareholders of Mercedes-Benz Group AG		
Basic	2.91	3.36
thereof from continuing operations	2.91	2.84
thereof from discontinued operations	-	0.52
Diluted	2.91	3.36
thereof from continuing operations	2.91	2.84
thereof from discontinued operations	-	0.52

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

Consolidated Statement of Income Q1-2

B.02

Q1-2 2022 Q1-2 2021

In millions of euros

Revenue	71,298	67,006
Cost of sales	-54,832	-51,718
Gross profit	16,466	15,288
Selling expenses	-4,631	-4,460
General administrative expenses	-1,200	-1,330
Research and non-capitalised development costs	-2,826	-3,000
Other operating income	1,904	1,632
Other operating expense	-907	-339
Gains/losses from equity-method investments, net	777	905
Other financial income/expense, net	268	379
Earnings before interest and taxes (EBIT)	9,851	9,075
Interest income	94	106
Interest expense	-209	-219
Profit from continuing operations, before taxes	9,736	8,962
Income taxes	-2,952	-2,353
Profit from continuing operations	6,784	6,609
Profit from discontinued operations, after taxes	-	1,468
Net profit	6,784	8,077
thereof profit attributable to non-controlling interests	187	189
thereof profit attributable to shareholders of Mercedes-Benz Group AG	6,597	7,888
thereof from continuing operations	6,597	6,439
thereof from discontinued operations	-	1,449
Earnings per share (in euros)		
for profit attributable to shareholders of Mercedes-Benz Group AG		
Basic	6.17	7.37
thereof from continuing operations	6.17	6.02
thereof from discontinued operations	-	1.35
Diluted	6.17	7.37
thereof from continuing operations	6.17	6.02
thereof from discontinued operations	-	1.35

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

Consolidated Statement of Comprehensive Income Q2

B.03

Q2 2022 Q2 2021
(restated)

In millions of euros

Net profit	3,198	3,704
Gains/losses on currency translation (restated)	738	-106
Gains/losses on debt instruments	-13	-1
Gains/losses on derivative financial instruments	-147	85
Gains/losses on equity-method investments	182	-
Items that may be reclassified to profit/loss in the Statement of Income in the future (restated)	760	-22
Actuarial gains/losses from pensions and similar obligations	1,403	608
Gains/losses on equity instruments	-51	61
Gains/losses on equity-method investments	193	-
Items that will not be reclassified to profit/loss in the Statement of Income	1,545	669
Other comprehensive income/loss, net of taxes (restated)	2,305	647
thereof income/loss attributable to non-controlling interests, after taxes	11	-3
thereof income/loss attributable to shareholders of Mercedes-Benz Group AG, after taxes (restated)	2,294	650
Total comprehensive income/loss (restated)	5,503	4,351
thereof income/loss attributable to non-controlling interests	102	103
thereof income/loss attributable to shareholders of Mercedes-Benz Group AG (restated)	5,401	4,248

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

Consolidated Statement of Comprehensive Income Q1-2

B.04

Q1-2 2022 Q1-2 2021
(restated) (restated)

In millions of euros

Net profit	6,784	8,077
Gains/losses on currency translation (restated)	1,216	1,008
Gains/losses on debt instruments	-26	-1
Gains/losses on derivative financial instruments	251	-209
Gains/losses on equity-method investments	189	-
Items that may be reclassified to profit/loss in the Statement of Income in the future (restated)	1,630	798
Actuarial gains/losses from pensions and similar obligations	2,333	2,626
Gains/losses on equity instruments	-171	92
Gains/losses on equity-method investments	343	-
Items that will not be reclassified to profit/loss in the Statement of Income	2,505	2,718
Other comprehensive income/loss, net of taxes (restated)	4,135	3,516
thereof income/loss attributable to non-controlling interests, after taxes	26	25
thereof income/loss attributable to shareholders of Mercedes-Benz Group AG, after taxes (restated)	4,109	3,491
Total comprehensive income/loss (restated)	10,919	11,593
thereof income/loss attributable to non-controlling interests	213	214
thereof income/loss attributable to shareholders of Mercedes-Benz Group AG (restated)	10,706	11,379

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

Consolidated Statement of Financial Position

B.05

30 June 31 Dec.
2022 2021
(restated)

In millions of euros

Assets

Intangible assets	15,166	15,005
Property, plant and equipment	27,838	27,859
Equipment on operating leases	43,824	44,471
Equity-method investments	13,649	13,588
Receivables from financial services	48,574	46,955
Marketable debt securities and similar investments	844	873
Other financial assets	4,047	3,181
Deferred tax assets	2,535	3,434
Other assets	2,172	1,536
Total non-current assets	158,649	156,902
Inventories	26,198	21,466
Trade receivables	7,956	7,673
Receivables from financial services	35,804	33,670
Cash and cash equivalents	14,316	23,120
Marketable debt securities and similar investments	5,327	6,706
Other financial assets	3,102	3,079
Other assets	4,444	4,073
Assets held for sale	1,664	3,142
Total current assets	98,811	102,929
Total assets	257,460	259,831

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

B.06

	30 June 2022	31 Dec. 2021 (restated)
In millions of euros		
Equity and liabilities		
Share capital	3,070	3,070
Capital reserves	11,721	11,723
Retained earnings (restated)	59,864	55,926
Other reserves (restated)	2,606	1,232
Equity attributable to shareholders of Mercedes-Benz Group AG	77,261	71,951
Non-controlling interests	1,148	1,216
Total equity	78,409	73,167
Provisions for pensions and similar obligations	1,191	5,359
Provisions for other risks	8,167	7,909
Financing liabilities	64,657	73,543
Other financial liabilities	2,838	1,808
Deferred tax liabilities	6,087	4,488
Deferred income	1,265	1,175
Contract and refund liabilities	3,888	3,980
Other liabilities	710	727
Total non-current liabilities	88,803	98,989
Trade payables	13,332	10,655
Provisions for other risks	8,434	8,053
Financing liabilities	51,364	52,300
Other financial liabilities	5,833	5,997
Deferred income	1,445	1,486
Contract and refund liabilities	6,359	5,929
Other liabilities	2,942	3,086
Liabilities held for sale	539	169
Total current liabilities	90,248	87,675
Total equity and liabilities	257,460	259,831

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

Consolidated Statement of Cash Flows

B.07

Q1-2 2022 Q1-2 2021

In millions of euros

Profit before income taxes from continuing and discontinued operations	9,736	10,771
Depreciation and amortisation/impairments	3,226	3,668
Other non-cash expense and income	-714	-1,931
Gains (-)/losses (+) from disposals of assets	-560	-759
Change in operating assets and liabilities		
Inventories	-4,213	-2,281
Trade receivables	-306	31
Trade payables	2,616	2,879
Receivables from financial services	-1,664	1,946
Vehicles on operating leases	2,046	398
Other operating assets and liabilities	-752	-1,236
Dividends received from equity-method investments	818	81
Income taxes paid	-2,266	-1,645
Cash flow from operating activities	7,967	11,922
Additions to property, plant and equipment	-1,632	-2,234
Additions to intangible assets	-1,398	-1,371
Proceeds from disposals of property, plant and equipment and intangible assets	162	302
Investments in shareholdings	-765	-104
Proceeds from disposals of shareholdings and other business operations	2,151	775
Acquisition of marketable debt securities and similar investments	-446	-1,405
Proceeds from sales of marketable debt securities and similar investments	1,799	1,979
Other	19	-36
Cash flow from investing activities	-110	-2,094
Change in financing liabilities	-11,610	-5,310
Dividend paid to shareholders of Mercedes-Benz Group AG	-5,349	-1,444
Dividends paid to non-controlling interests	-226	-287
Proceeds from the issue of shares	34	36
Acquisition of treasury shares	-48	-48
Acquisition of non-controlling interests in subsidiaries	-15	-34
Proceeds from disposals of shareholdings in subsidiaries without loss of control	10	-
Cash flow from financing activities	-17,204	-7,087
Effect of foreign exchange-rate changes on cash and cash equivalents	498	391
Net increase/decrease in cash and cash equivalents	-8,849	3,132
Cash and cash equivalents at beginning of period	23,182	23,048
Less cash and cash equivalents classified as assets held for sale at beginning of period	62	-
Cash and cash equivalents at beginning of period (Consolidated Statement of Financial Position)	23,120	23,048
Cash and cash equivalents at end of period	14,333	26,180
Less cash and cash equivalents classified as assets held for sale at end of period	17	-
Cash and cash equivalents at end of period (Consolidated Statement of Financial Position)	14,316	26,180

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

Consolidated Statement of Changes in Equity

B.08

	Share capital	Capital reserves	Retained earnings (restated)	Other reserves	
				Currency translation (restated)	Items that may be reclassified to profit/loss Equity instruments/ debt instruments
In millions of euros					
Balance at 1 Jan. 2021 (restated)	3,070	11,551	46,948	-1,353	206
Net profit	-	-	7,888	-	-
Other comprehensive income/loss before taxes (restated)	-	-	3,638	983	125
Deferred taxes on other comprehensive income/loss	-	-	-1,012	-	-34
Total comprehensive income/loss (restated)	-	-	10,514	983	91
Dividends	-	-	-1,444	-	-
Acquisition of treasury shares	-	-	-	-	-
Issue and disposal of treasury shares	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-8	-	-	-
Other (restated)	-	-	65	-	-
Balance at 30 June 2021 (restated)	3,070	11,543	56,083	-370	297
Balance at 1 Jan. 2022 (restated)	3,070	11,723	55,926	1,691	202
Net profit	-	-	6,597	-	-
Other comprehensive income/loss before taxes (restated)	-	-	4,113	1,371	-214
Deferred taxes on other comprehensive income/loss	-	-	-1,439	-	19
Total comprehensive income/loss (restated)	-	-	9,271	1,371	-195
Dividends	-	-	-5,349	-	-
Changes in the consolidated group	-	-	-	-	-
Acquisition of treasury shares	-	-	-	-	-
Issue and disposal of treasury shares	-	-	-	-	-
Other (restated)	-	-2	16	-	-10
Balance at 30 June 2022	3,070	11,721	59,864	3,062	-3

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

Interim Report Q2 2022 · Mercedes-Benz Group
Interim Consolidated Financial Statements

Derivative financial instruments	Treasury shares	Equity attributable to shareholders of Mercedes-Benz Group AG (restated)	Non-controlling interests	Total equity (restated)	
In millions of euros					
269	-	60,691	1,557	62,248	Balance at 1 Jan. 2021 (restated)
-	-	7,888	189	8,077	Net profit
-290	-	4,456	25	4,481	Other comprehensive income/loss before taxes (restated)
81	-	-965	-	-965	Deferred taxes on other comprehensive income/loss
-209	-	11,379	214	11,593	Total comprehensive income/loss (restated)
-	-	-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	-	41	-2	39	Other (restated)
36	-	70,659	1,482	72,141	Balance at 30 June 2021 (restated)
-661	-	71,951	1,216	73,167	Balance at 1 Jan. 2022 (restated)
-	-	6,597	187	6,784	Net profit
347	-	5,617	26	5,643	Other comprehensive income/loss before taxes (restated)
-88	-	-1,508	-	-1,508	Deferred taxes on other comprehensive income/loss
259	-	10,706	213	10,919	Total comprehensive income/loss (restated)
-	-	-5,349	-245	-5,594	Dividends
-	-	-	-38	-38	Changes in the consolidated group
-	-48	-48	-	-48	Acquisition of treasury shares
-	48	48	-	48	Issue and disposal of treasury shares
-51	-	-47	2	-45	Other (restated)
-453	-	77,261	1,148	78,409	Balance at 30 June 2022

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

Notes to the Interim Consolidated Financial Statements

1. Presentation of the Interim Consolidated Financial Statements

General

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

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

Mercedes-Benz Group AG is a public limited liability company organised under the laws of the Federal Republic of Germany. The Company is entered in the Commercial Register of the Stuttgart District Court under No. HRB 19360 and its registered office is located at Mercedesstraße 120, 70372 Stuttgart, Germany.

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

The Board of Management authorised the Interim Financial Statements for publication on 26 July 2022. These Interim Financial Statements have been reviewed by the Mercedes-Benz Group’s auditors.

Presentation

All significant intercompany accounts and transactions have been eliminated. In the opinion of the management, the Interim Financial Statements reflect all adjustments (i.e., normal recurring adjustments) necessary for a fair presentation of the profitability, liquidity and capital resources, and financial position of the Group. Earnings in the interim periods presented are not necessarily indicative of the earnings that may be expected for any future period or for the full financial year.

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

Hyperinflation and change in presentation of the effects from inflation in equity

In addition to Argentina, Turkey is classified as a hyperinflationary economy as of the second quarter of 2022. In both countries, the accounting of the activities of the Mercedes-Benz Group is carried out in accordance with IAS 29.

The gains and losses from changes in purchasing power of the monetary balance sheet items of Turkish subsidiaries are considered in profit and loss in the second quarter of 2022 as applied for the subsidiaries in Argentina, which are already classified as highly inflationary, and are included in the Consolidated Statement of Income under other operating expense or other operating income.

With the application of IAS 29 to the Argentinian subsidiaries as of 1 January 2018, the Mercedes-Benz Group began to report the effects of taking into account the impact of inflation on the equity of the subsidiaries directly in retained earnings.

The inflation effect according to IAS 29 can either be presented as single effect with direct recognition in retained earnings, separately from the currency translation effect required by IAS 21. As an alternative presentation, based on the strong economic relationship of both effects, the net effect can be presented as currency translation effect under IAS 21 in other comprehensive income/loss.

In connection with the first-time application of hyperinflation accounting for the Turkish subsidiaries in the second quarter of 2022 and thus the greater relevance of hyperinflation accounting, beginning with the second quarter of 2022 the presentation of the effect of inflation on equity is changed. Thus beginning with the second quarter of 2022, the effect of inflation on equity is recognised as a net effect with the currency translation effect in currency translation through other comprehensive income/loss. According to IAS 8, the change in accounting policy is carried out retrospectively.

Table B.09 and table B.10 show the impact on the items of Consolidated Statement of Changes in Equity at 1 January and at 30 June of the reporting period and the previous period as a result of the change in presentation. Furthermore, table B.09 includes information on the effect on retained earnings and other reserves in the Consolidated Statement of Financial Position at 31 December 2021.

Table B.11 shows the impact on the lines of the Consolidated Statement of Comprehensive Income.

B.09

Impact on the items of the Consolidated Statement of Changes in Equity

	2022	2021
In millions of euros		
Retained earnings:		
Derecognition of inflation effect		
Balance at 1 January before retrospective adjustment	56,190	47,111
Retrospective adjustment in line Other	-264	-163
Balance at 1 January after retrospective adjustment	55,926	46,948
Balance at 30 June before retrospective adjustment	-	56,291
Retrospective adjustment in line Other	-	-208
Balance at 30 June after retrospective adjustment	-	56,083
Other reserves:		
Difference amount from the currency translation:		
Recognition of inflation effect		
Balance at 1 January before retrospective adjustment	1,427	-1,516
Retrospective adjustment in line Other comprehensive income/loss before taxes and in line Total comprehensive income/loss	264	163
Balance at 1 January after retrospective adjustment	1,691	-1,353
Balance at 30 June before retrospective adjustment	-	-578
Retrospective adjustment in line Other comprehensive income/loss before taxes and in line Total comprehensive income/loss	-	208
Balance at 30 June after retrospective adjustment	-	-370

B.10

Impact on the items of the Consolidated Statement of Changes in Equity

	2022	2021
In millions of euros		
Equity attributable to shareholders of Mercedes-Benz Group AG		
Balance at 1 January before retrospective adjustment	71,951	60,691
Retrospective adjustment in line Other comprehensive income/loss before taxes and in line Total comprehensive income/loss	264	163
Retrospective adjustment in line Other	-264	-163
Balance at 1 January after retrospective adjustment	71,951	60,691
Balance at 30 June before retrospective adjustment	-	70,659
Retrospective adjustment in line Other comprehensive income/loss before taxes and in line Total comprehensive income/loss	-	208
Retrospective adjustment in line Other	-	-208
Balance at 30 June after retrospective adjustment	-	70,659
Total equity		
Balance at 1 January before retrospective adjustment	73,167	62,248
Retrospective adjustment in line Other comprehensive income/loss before taxes and in line Total comprehensive income/loss	264	163
Retrospective adjustment in line Other	-264	-163
Balance at 1 January after retrospective adjustment	73,167	62,248
Balance at 30 June before retrospective adjustment	-	72,141
Retrospective adjustment in line Other comprehensive income/loss before taxes and in line Total comprehensive income/loss	-	208
Retrospective adjustment in line Other	-	-208
Balance at 30 June after retrospective adjustment	-	72,141

B.11

Impact on the lines of the Consolidated Statement of Comprehensive Income

	Q2 2021	Q1-2 2021	Q1-2 2022
In millions of euros			
Gains/losses from currency translation before retrospective adjustment	-133	963	1,189
Retrospective adjustment	27	45	27
Gains/losses on currency translation after retrospective adjustment	-106	1,008	1,216
Items that may be reclassified to profit/loss in the Statement of Income in the future, before retrospective adjustment	-49	753	1,603
Retrospective adjustment	27	45	27
Items that may be reclassified to profit/loss in the Statement of Income in the future, after retrospective adjustment	-22	798	1,630
Other comprehensive income/loss, net of taxes, before retrospective adjustment	620	3,471	4,108
Retrospective adjustment	27	45	27
Other comprehensive income/loss, net of taxes, after retrospective adjustment	647	3,516	4,135
thereof income/loss attributable to shareholders of Mercedes-Benz Group AG, after taxes, before retrospective adjustment	623	3,446	4,082
Retrospective adjustment	27	45	27
thereof income/loss attributable to shareholders of Mercedes-Benz Group AG, after taxes, after retrospective adjustment	650	3,491	4,109
Total comprehensive income/loss before retrospective adjustment	4,324	11,548	10,892
Retrospective adjustment	27	45	27
Total comprehensive income/loss after retrospective adjustment	4,351	11,593	10,919
thereof income/loss attributable to shareholders of Mercedes-Benz Group AG, after taxes, before retrospective adjustment	4,221	11,334	10,679
Retrospective adjustment	27	45	27
thereof income/loss attributable to shareholders of Mercedes-Benz Group AG, after taxes, after retrospective adjustment	4,248	11,379	10,706

Estimates and management judgements as a result of the Russia-Ukraine War

Due to the ongoing Russia-Ukraine war, the estimates and management judgements in connection with the assets and liabilities in particular are still subject to increased uncertainty in connection with the adjustments to business activities in Russia.

On 2 March 2022, the Mercedes-Benz Group decided to stop exporting cars and vans to Russia and to cease local production in Russia until further notice. It is currently not assumed that there is a significant and

continuing restriction on the exercise of the rights of the Mercedes-Benz Group with respect to the assets or the management of the Russian subsidiaries. The Group continuously monitors the sanctions to be complied with and the resulting consequences and examines all potential measures to limit risks to the profitability, liquidity and capital resources, and financial position as best as possible.

A degree of discretion has been exercised in the consideration and subsequent derivation of the effects of the sanctions and counter-sanctions on business activities, in particular the processing of existing transactions in Russia. This resulted in expenses in connection with the measurement of asset and liability in the first quarter of 2022 of €658 million in the Mercedes-Benz Cars segment and €51 million in the Mercedes-Benz Vans segment. In the Mercedes-Benz Mobility segment, expenses of €104 million arose primarily from the assessment of credit default risks and increased refinancing costs. Most of the expenses are included in the cost of sales.

In the second quarter of 2022, the accounting and measurement as of 31 March 2022 of the effects of the Russia-Ukraine war on earnings was confirmed in substance.

As of 30 June 2022, assets of around €2 billion are recognized in the Russian subsidiaries. In addition, Russian subsidiaries have liabilities to banks of around €1 billion, for which the Group has provided a global guarantee.

Between the end of 2021 and 30 June 2022, there was an increase of around €1.8 billion in contingent liabilities as a result of the Russia-Ukraine war. The increase compared to 31 March 2022 is almost exclusively due to exchange rate effects.

In order not to impair the position of the Mercedes-Benz Group, no further disclosures on the risks considered in the Interim Consolidated Financial Statements are made in accordance with IAS 37.92.

Reportable segments

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

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

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

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

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

Assets and liabilities held for sale

In various countries, individual investments and business operations of the Mercedes-Benz Group will not be sold to Daimler Truck Holding AG, its subsidiaries or third parties until 2022 or 2023. If a sale is scheduled to take place within the next twelve months, the corresponding assets and liabilities as of 31 December 2021 and 30 June 2022 were reported as “held for sale” in accordance with IFRS 5.

The assets and liabilities held for sale shown in the Consolidated Statement of Financial Position as of 30 June 2022 are shown in the table B.12.

B.12

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

	30 June 2022	31 Dec. 2021
In millions of euros		
Equipment on operating leases	236	533
Receivables from financial services	1,188	2,228
Cash and cash equivalents	17	62
Other financial assets	167	179
Other assets	56	140
Assets held for sale	1,664	3,142
Financial liabilities	508	107
Other liabilities	31	62
Liabilities held for sale	539	169

In the second quarter of 2022, assets of €1,604 million and liabilities of €136 million were transferred to the Daimler Truck Group in connection with the sale or transfer of investments or business operations of the commercial vehicle business of the Mercedes-Benz Mobility segment. The assets disposed of include, in particular, receivables from financial services of €1,219 million and equipment on operating leases of €248 million. Amongst others, cash and cash equivalents of €17 million are also included. The provisional purchase prices including the settlement of the Mercedes-Benz Group internal financial liabilities of the investments and business operations resulted in a cash inflow of €1,409 million. The fair value measurement as well as the sale and transfer resulted in expenses of €140 million in the reconciliation. This includes expenses of €68 million from the realisation of the reserves of currency translation.

Furthermore, the reconciliation in the second quarter of 2022 includes expenses resulting from the fair value measurement less transaction costs of €79 million of the Mercedes-Benz Mobility entities which are planned to be sold or transferred to the Daimler Truck Group in the second half of 2022.

Profit/loss from discontinued operations

In the second quarter of 2021 and the first six months of 2021, profit from discontinued operations, after income taxes, comprises the profit from the ongoing business of the discontinued operations (€593 million and €1,496 million). It includes the income and expenses in connection with the assets and liabilities of the former Daimler Trucks & Buses segment that were deconsolidated in the fourth quarter of 2021 (including the costs of €13 million in connection with the spin-off and hive-down). In addition, the second quarter of 2021 includes a loss of €23 million from the measurement of the discontinued operations before taxes. The measurement of the discontinued operations exclusively includes transaction costs attributable to the spin-off and hive-down.

Table B.13 shows the composition of profit from discontinued operations, after income taxes.

B.13

Profit from discontinued operations, after income taxes

	Q2 2021	Q1-2 2021
In millions of euros		
Revenue	9,358	17,493
Functional costs	-8,535	-16,201
Other operating income	-120	428
Other operating expense	-80	-101
Gains from equity-method investments, net	89	124
Other financial income/expense, net	99	115
Earnings before interest and taxes (EBIT)	811	1,858
Interest income/expense	-26	-49
Profit from discontinued operations, before income taxes	785	1,809
Income taxes	-220	-341
Profit from discontinued operations, after income taxes	565	1,468

Consolidated statement of cash flows

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

Table B.14 shows the reconciliation of profit/loss before income taxes of continuing operations in the consolidated statement of income to profit before income taxes of continuing and discontinued operations in the consolidated statement of cash flows.

The individual cash flows are presented in table B.15.

B.14

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

	Q2 2022	Q2 2021	Q1-2 2022	Q1-2 2021
In millions of euros				
Profit/loss before income taxes from continuing operations	4,549	4,304	9,736	8,962
Profit/loss from discontinued operations, before income taxes	-	785	-	1,809
Profit/loss before income taxes from continuing and discontinued operations	4,549	5,089	9,736	10,771

B.15

Cash flows from continuing and discontinued operations

	Q1-2 2021		
	Cash flow from discontinued operations	Cash flow from continuing operations	Cash flow total
In millions of euros			
Cash flow from operating activities	709	11,213	11,922
Cash flow from investing activities	-280	-1,814	-2,094
Cash flow from financing activities	-488	-6,599	-7,087

3. Other significant acquisitions and disposals of investments

Acquisition of a 33.33% stake in ACC

On 22 March 2022 Mercedes-Benz AG signed an agreement with PSA Automobiles SA, Opel Automobile GmbH and Saft EV SAS to acquire a 33.33% stake in Automotive Cells Company SE (ACC) through a capital contribution of approximately €390 million. The Mercedes-Benz Group also committed itself to the provision of further funds up to €410 million. The transaction was completed on 12 May 2022. The investment in the European battery cell manufacturer ACC is being made in order to advance the development and production of high-performance battery cells and modules in the course of the transformation towards »electric only«. The shares in the joint venture ACC are included in the consolidated financial statements using the equity method and are allocated to the Mercedes-Benz Cars segment.

Sale of interests in Mercedes-Benz Grand Prix Ltd.

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

Sale of retail activities in Canada

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

Foundation of the fuel-cell joint venture cellcentric

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

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

4. Revenue

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

Revenue from contracts with customers (revenue according to IFRS 15) is disaggregated by the two categories — type of products and services and geographical regions — and presented in table B.16 and table B.17. The category type of products and services corresponds to the reportable segments.

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

B.16

Revenue for the three-month period ended 30 June

	Mercedes-Benz Cars	Mercedes-Benz Vans	Mercedes-Benz Mobility	Total segments	Others ¹	Mercedes-Benz Group
In millions of euros						
Q2 2022						
Europe	8,795	2,396	1,210	12,401	-747	11,654
North America	6,140	970	1,711	8,821	-9	8,812
Asia	10,327	262	34	10,623	-4	10,619
Other markets	1,488	362	19	1,869	1	1,870
Revenue according to IFRS 15	26,750	3,990	2,974	33,714	-759	32,955
Other revenue	249	117	3,741	4,107	-622	3,485
Total revenue	26,999	4,107	6,715	37,821	-1,381	36,440

	Mercedes-Benz Cars	Mercedes-Benz Vans	Mercedes-Benz Mobility	Total segments	Others ¹	Mercedes-Benz Group
In millions of euros						
Q2 2021						
Europe	8,171	2,421	1,150	11,742	-768	10,974
North America	4,587	403	1,578	6,568	20	6,588
Asia	9,645	235	48	9,928	-3	9,925
Other markets	2,016	376	21	2,413	44	2,457
Revenue according to IFRS 15	24,419	3,435	2,797	30,651	-707	29,944
Other revenue	555	234	4,077	4,866	-686	4,180
Total revenue	24,974	3,669	6,874	35,517	-1,393	34,124

¹ Others includes eliminations and in Q2 2021 the parts of Daimler's commercial vehicle business remaining in the Mercedes-Benz Group after the spin-off and hive-down which are not presented under discontinued operations. Revenue according to IFRS 15 includes in Q2 2021 €75 million for the parts of Daimler's commercial vehicle business remaining at the Mercedes-Benz Group.

B.17

Revenue for the six-month period ended 30 June

	Mercedes-Benz Cars	Mercedes-Benz Vans	Mercedes-Benz Mobility	Total segments	Others ¹	Mercedes-Benz Group
In millions of euros						
Q1-2 2022						
Europe	17,456	4,512	2,477	24,445	-1,566	22,879
North America	11,295	1,740	3,373	16,408	-18	16,390
Asia	20,526	524	71	21,121	-7	21,114
Other markets	2,934	688	40	3,662	-	3,662
Revenue according to IFRS 15	52,211	7,464	5,961	65,636	-1,591	64,045
Other revenue	624	330	7,536	8,490	-1,237	7,253
Total revenue	52,835	7,794	13,497	74,126	-2,828	71,298

	Mercedes-Benz Cars	Mercedes-Benz Vans	Mercedes-Benz Mobility	Total segments	Others ¹	Mercedes-Benz Group
In millions of euros						
Q1-2 2021						
Europe	16,610	4,629	2,411	23,650	-1,472	22,178
North America	9,068	813	3,150	13,031	-29	13,002
Asia	18,311	471	93	18,875	-9	18,866
Other markets	3,784	714	52	4,550	90	4,640
Revenue according to IFRS 15	47,773	6,627	5,706	60,106	-1,420	58,686
Other revenue	1,125	440	8,134	9,699	-1,379	8,320
Total revenue	48,898	7,067	13,840	69,805	-2,799	67,006

¹ Others includes eliminations and in Q1-2 2021 the parts of Daimler's commercial vehicle business remaining in the Mercedes-Benz Group after the spin-off and hive-down which are not presented under discontinued operations. Revenue according to IFRS 15 includes in Q1-2 2021 €154 million for the parts of Daimler's commercial vehicle business remaining at the Mercedes-Benz Group.

5. Functional costs

The increase in the cost of sales in the second quarter 2022 resulted, among other things, from increased raw material prices and one-time payments to suppliers due to additional costs caused by inflation or supply chain issues. The increase in cost of sales in the first half of the year 2022 resulted in particular from expenses in connection with adjustments of the business activities in Russia as well as increased raw material costs and one-time payments to suppliers due to additional costs caused by inflation or supply chain issues.

Selling expenses slightly increased in the second quarter and the first half of the year 2022.

General administrative expenses slightly decreased in the second quarter and the first half of the year 2022.

Research and non-capitalised development costs in the second quarter and the first half of the year 2022 were slightly below prior-year periods.

6. Other operating income and expense

Other operating income amounted to €515 million in the second quarter of 2022 (Q2 2021: €497 million) and €1,904 million in the six-month period ended 30 June 2022 (Q1-2 2021: €1,632 million).

In the first quarter of 2022, the sale of shares in Mercedes-Benz Grand Prix Ltd. resulted in income of €385 million in the segment Mercedes-Benz Cars. In addition, there was a gain of €514 million in the first quarter of 2022 from the sale of the retail activities in Canada, which is presented in other operating income and mainly allocated to the Mercedes-Benz Cars segment.

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

For further information, see Note 3.

Other operating expense was €516 million in the second quarter of 2022 (Q2 2021: €165 million) and €907 million in the six-month period ended 30 June 2022 (Q1-2 2021: €339 million).

The increase in other operating expense mainly resulted from increased expenses in connection with ongoing governmental and court proceedings and measures taken relating to Mercedes-Benz diesel vehicles. In total, the expenses in EBIT amounted to €73 million in the second quarter of 2022 (Q2 2021: €107 million) and €354 million in the first half of 2022 (Q1-2 2021: €182 million).

Moreover, in the second quarter of 2022, an expense of €140 million resulted from the fair value measurement as well as the sale and transfer of investments and business operations of the commercial vehicle business of the Mercedes-Benz Mobility segment. An additional expense of €79 million from the fair value measurement less transaction costs of Mercedes-Benz Mobility entities is included which are planned to be sold or transferred to the Daimler Truck Group in the second half of 2022. For further information, see Note 2.

7. Other financial income/expense

Table B.18 shows the components of other financial income/expense, net.

B.18

Other financial income/expense, net

	Q2 2022	Q2 2021	Q1-2 2022	Q1-2 2021
In millions of euros				
Income and expense from compounding and effects from changes in discount rates of provisions for other risks	322	5	502	62
Miscellaneous other financial income/expense, net	-151	107	-234	317
	171	112	268	379

In the six-months period ended 30 June 2021, miscellaneous other financial income includes income of €246 million attributable to the segment Mercedes-Benz Cars in connection with the IPO of the charging-infrastructure operator Chargepoint, Inc. and its resulting remeasurement at fair value.

8. Income taxes

Table B.19 shows income before income taxes, income taxes and the derived effective tax rate.

B.19

Income taxes

	Q2 2022	Q2 2021	Q1-2 2022	Q1-2 2021
In millions of euros				
Income before income taxes	4,549	4,304	9,736	8,962
Income taxes	-1,351	-1,165	-2,952	-2,353
Tax rate	29.7%	27.1%	30.3%	26.3%

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

In the first 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).

9. Intangible assets

The composition of intangible assets is shown in table B.20.

B.20

Intangible assets

	30 June 2022	31 Dec. 2021
In millions of euros		
Goodwill	760	764
Development costs	12,936	12,697
Other intangible assets	1,470	1,544
	15,166	15,005

10. Property, plant and equipment

Property, plant and equipment as presented in the Statement of Financial Position with a carrying amount of €27,838 million (31 December 2021: €27,859 million) also includes right-of-use assets of €2,645 million (31 December 2021: €2,711 million) related to lessee accounting.

Table B.21 shows the composition of property, plant and equipment excluding right-of-use assets.

B.21

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

	30 June 2022	31 Dec. 2021
In millions of euros		
Land, land rights and buildings, including build-ings on third-party land	8,271	8,225
Technical equipment and machinery	8,437	8,461
Other equipment, factory and office equipment	6,400	6,267
Advance payments and construction in progress	2,085	2,195
	25,193	25,148

11. Equipment on operating leases

As of 30 June 2022, the carrying amount of equipment on operating leases was €43,824 million (31 December 2021: €44,471 million). In the six-month period ended 30 June 2022, additions amounted to €8,546 million (Q1-2 2021: €11,020 million) and disposals to €7,040 million (Q1-2 2021: €7,233 million). Depreciation for the six-month period ended 30 June 2022 was €3,657 million (Q1-2 2021: €4,227 million).

12. Equity-method investments

Table B.22 shows the composition of the carrying amounts and the gains/losses on equity-method investments.

B.22

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

	Associated companies	Joint ventures	Total
In millions of euros			
30 June 2022			
Equity-method carrying amount ¹	12,421	1,228	13,649
Equity-method gains/losses (Q2 2022) ¹	413	-18	395
Equity-method gains/losses (Q1-2 2022) ¹	819	-42	777
31 Dec. 2021			
Equity-method carrying amount ¹	12,652	936	13,588
Equity-method gains/losses (Q2 2021) ¹	417	-9	408
Equity-method gains/losses (Q1-2 2021) ¹	969	-64	905

¹ Including investor-level adjustments.

Associated companies

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

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

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

In the second quarter of 2022, the shareholders of **Beijing Benz Automotive Co., Ltd. (BBAC)** resolved to pay out a dividend of €653 million. This payment correspondingly reduced the shareholding's carrying amount. The dividend payment caused a cash inflow of €661 million.

The Mercedes-Benz Group plans to contribute additional equity of approximately €0.2 billion in accordance with the shareholding ratio at BBAC.

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

Joint ventures

As of 30 June 2022 33.33% of **Automotive Cells Company SE (ACC)** are included in the joint ventures. Further information regarding the acquisition of the shares is provided in note 3.

In the fourth quarter of 2021, the shareholders Daimler Greater China Ltd. and BYD Automotive Industry Co., Ltd. (BYD) signed a contract on the structural realignment of the joint venture **Shenzhen DENZA New Energy Automotive Co. Ltd. (DENZA)**. In the first quarter of 2022 the Mercedes-Benz Group contributed additional equity of €0.1 billion to its investment in DENZA in accordance with its shareholding of 50% at that time. At 30 June 2022 the Group transferred 40% of the shares of DENZA to BYD. After the equity transfer, the Mercedes-Benz Group holds an equity interest of 10% while BYD holds 90%. In future DENZA will be included in the Consolidated Financial Statements as equity instrument under IFRS 9. The company is allocated to the Mercedes-Benz Cars segment. The transaction has not had any material effects on profitability, cash flows and financial position in the second quarter 2022.

13. Receivables from financial services

Receivables from financial services are shown in the following table:

B.23

Receivables from financial services

	30 June 2022			31 Dec. 2021		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Sales financing with customers	19,650	33,434	53,084	18,463	32,055	50,518
Sales financing with dealers	9,001	2,971	11,972	7,726	2,432	10,158
Finance lease contracts	7,116	12,086	19,202	7,327	12,117	19,444
Residual-value receivables	531	778	1,309	550	914	1,464
Gross carrying amount	36,298	49,269	85,567	34,066	47,518	81,584
Loss allowances	-494	-695	-1,189	-396	-563	-959
Net carrying amount	35,804	48,574	84,378	33,670	46,955	80,625

14. Inventories

Inventories are comprised as follows:

B.24

Inventories

	30 June 2022	31 Dec. 2021
In millions of euros		
Raw materials and manufacturing supplies	3,247	2,488
Work in progress	5,384	3,969
Finished goods, spare parts and products held for resale	17,460	14,829
Advance payments to suppliers	107	180
	26,198	21,466

Inventory levels increased significantly, mainly due to the semi-conductor shortage.

15. Equity

Employee share purchase plan

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

Dividend

The Annual Shareholders' Meeting on 29 April 2022, authorised to pay out €5,349 million of the distributable profit of Mercedes-Benz Group AG as a dividend to the shareholders for the year ended 31 December 2021, equivalent to €5.00 per no-par-value share entitled to a dividend (2021: €1,444 million and €1.35 per share). The dividend was paid out on 4 May 2022.

16. Pensions and similar obligations

The funded status of pension obligations is shown in table B.25. The significant decrease in the present value of defined benefit obligations resulted in particular from the significant increase in discount rates in Germany from 1.1% as of 31 December 2021 to 3.35% as of 30 June 2022. The rise in the expected increase in cost of living in Germany from 1.8% to 2.0% had a slight opposing effect. The significant decrease in the fair value of plan assets is partially compensated by the contribution of the about 5% shares in Daimler Truck Holding AG of €1.3 billion contributed in the first quarter of 2022.

17. Provisions for other risks

Provisions for other risks are comprised as shown in table B.26.

B.25

Development of funded status

	30 June 2022	31 Dec. 2021
In millions of euros		
Present value of the defined benefit obligation	20,713	28,504
Fair value of plan assets	21,173	24,212
Funded status	460	-4,292
actuarial loss due to asset ceiling	-14	-14
Net defined benefit liability	446	-4,306
thereof recognised in: Other assets	1,161	608
thereof recognised in: Provisions for pensions and similar obligations	-715	-4,914

B.26

Provisions for other risks

	30 June 2022			31 Dec. 2021		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Product warranties	3,270	3,615	6,885	3,438	3,348	6,786
Personnel and social costs	1,702	2,182	3,884	1,996	2,625	4,621
Litigation risks and regulatory proceedings	1,566	2,016	3,582	1,139	1,499	2,638
Other	1,896	354	2,250	1,480	437	1,917
	8,434	8,167	16,601	8,053	7,909	15,962

18. Financing liabilities

Financing liabilities are comprised as follows:

B.27

Financing liabilities

	30 June 2022			31 Dec. 2021		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Notes/bonds	13,327	44,620	57,947	15,141	51,225	66,366
Commercial paper	61	11	72	57	-	57
Liabilities to financial institutions	16,027	7,642	23,669	14,897	9,100	23,997
Deposits in the direct banking business	11,374	1,618	12,992	11,559	2,032	13,591
Liabilities from ABS transactions	9,732	8,417	18,149	9,572	8,831	18,403
Lease liabilities	488	2,073	2,561	496	2,066	2,562
Loans, other financing liabilities	355	276	631	578	289	867
	51,364	64,657	116,021	52,300	73,543	125,843

19. Legal proceedings

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

Compared to the legal proceedings described therein, the following significant changes occurred in the reporting period:

In the class action relating to Euro 5 and 6 diesel vehicles in the Netherlands, the court ruled in a partial judgment of 22 June 2022 that only such customers may participate who purchased their vehicles in the Netherlands. In addition, these claimants must actively register (opt-in). Furthermore, due to the applicability of the previous legal regime, only a determination of claims can be obtained. The decision is not yet final.

As previously reported, starting in July 2017, a number of class actions were filed in the United States and in Canada against Mercedes-Benz Group AG and other manufacturers of automobiles. Plaintiffs allege to have suffered damage because defendants engaged in anti-competitive behaviour relating to, amongst others, diesel emissions control technology, since the 1990s. On 21 June 2022, the US Supreme Court denied the dealer plaintiffs' petition for certiorari, thereby ending that appeal. Consequently, in the United States, both the dealer and consumer claims now have been dismissed in favour of Mercedes-Benz. Mercedes-Benz also regards the remaining lawsuits pending in Canada as being without merit, and will continue to defend itself against them.

In May and July 2022, class actions were filed in the United States alleging claims based on a voluntary recall of certain Mercedes-Benz ML-, GL- and R-Class vehicles produced during the 2004–2015 model years for potentially corroded brake boosters. Among other things, plaintiffs allege that the brake boosters in such vehicles can corrode and lead to reduced braking force. They allege failure to disclose the claimed defect and make various assorted claims. A similar class action was filed in Israel. Based on the information currently available to Mercedes-Benz, it considers the class actions to be without merit and will defend itself against them.

20. Financial instruments

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

Table B.28 shows the carrying amounts and fair values of the respective classes of the Group's financial instruments.

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Given the varying influencing factors, the reported fair values can only be viewed as indicators of the prices that may actually be achieved in the market.

B.28

Carrying amounts and fair values of financial instruments

	30 June 2022		31 Dec. 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
In millions of euros				
Financial assets				
Receivables from financial services	85,566	86,399	82,853	84,386
Trade receivables	7,960	7,960	7,703	7,703
Cash and cash equivalents	14,333	14,333	23,182	23,182
Marketable debt securities and similar investments	6,171	6,171	7,579	7,579
Recognised at fair value through other comprehensive income	2,032	2,032	2,364	2,364
Recognised at fair value through profit or loss	4,128	4,128	4,937	4,937
Measured at cost	11	11	278	278
Other financial assets				
Equity instruments and debt instruments	1,752	1,752	1,707	1,707
Recognised at fair value through other comprehensive income	997	997	1,042	1,042
Recognised at fair value through profit or loss	755	755	665	665
Other financial assets recognised at fair value through profit or loss	243	243	61	61
Derivative financial instruments used in hedge accounting	1,623	1,623	1,020	1,020
Other receivables and financial assets	3,376	3,376	3,258	3,258
	121,024	121,857	127,363	128,896
Financial liabilities				
Financing liabilities	113,943	112,435	123,343	125,737
Trade payables	13,332	13,332	10,682	10,682
Other financial liabilities				
Financial liabilities recognised at fair value through profit or loss	235	235	130	130
Derivative financial instruments used in hedge accounting	2,857	2,857	1,420	1,420
Miscellaneous other financial liabilities	5,565	5,565	6,264	6,264
Contract and refund liabilities				
Obligations from sales transactions	3,988	3,988	3,860	3,860
	139,920	138,412	145,699	148,093

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

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

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

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

Marketable debt securities and equity instruments recognised at fair value were measured using quoted market prices at the end of the reporting period. If quoted market prices were not available for these debt and equity instruments, fair-value measurement is based on inputs that are either directly or indirectly observable in active markets. Fair values are calculated using recognised financial valuation models such as discounted cash-flow models or multiples.

Other financial assets and liabilities recognised at fair value through profit or loss relate to derivative financial instruments not used in hedge accounting. These financial instruments as well as derivative financial instruments used in hedge accounting comprise:

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

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

Contract and refund liabilities

Contract and refund liabilities include obligations from sales transactions that qualify as financial instruments. Obligations from sales transactions should, in principle, be regarded as short term. Due to the short maturities of these financial instruments, it is assumed that their fair values are equal to their carrying amounts.

Table B.29 provides an overview of the classification into measurement hierarchies of financial assets and liabilities recognised at fair value (according to IFRS 13). At the end of each reporting period, the Group reviews the necessity for reclassification between the fair-value hierarchies.

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

B.29

Measurement hierarchy of financial assets and liabilities recognised at fair value

	30 June 2022				31 Dec. 2021			
	Total	Level 1 ¹	Level 2 ²	Level 3 ³	Total	Level 1 ¹	Level 2 ²	Level 3 ³
In millions of euros								
Financial assets recognised at fair value								
Marketable debt securities	6,160	5,603	557	-	7,301	6,395	906	-
Recognised at fair value through other comprehensive income	2,032	1,483	549	-	2,364	1,468	896	-
Recognised at fair value through profit or loss	4,128	4,120	8	-	4,937	4,927	10	-
Equity instruments and debt instruments	1,752	523	312	917	1,707	850	227	630
Recognised at fair value through other comprehensive income	997	373	186	438	1,042	643	145	254
Recognised at fair value through profit or loss	755	150	126	479	665	207	82	376
Other financial assets recognised at fair value through profit or loss	243	-	242	1	61	-	60	1
Derivative financial instruments used in hedge accounting	1,623	-	1,623	-	1,020	-	1,020	-
	9,778	6,126	2,734	918	10,089	7,245	2,213	631
Financial liabilities recognised at fair value								
Financial liabilities recognised at fair value through profit or loss	235	-	235	-	130	-	130	-
Derivative financial instruments used in hedge accounting	2,857	-	2,857	-	1,420	-	1,420	-
	3,092	-	3,092	-	1,550	-	1,550	-

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

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

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

21. Segment reporting

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

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

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

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

B.30

Segment reporting for the three-month period ended 30 June

	Mercedes-Benz Cars	Mercedes-Benz Vans	Mercedes-Benz Mobility	Total segments	Reconciliation	Mercedes-Benz Group
In millions of euros						
Q2 2022						
External revenue	25,942	3,932	6,566	36,440	-	36,440
Intersegment revenue	1,057	175	149	1,381	-1,381	-
Total revenue	26,999	4,107	6,715	37,821	-1,381	36,440
Segment profit/loss (EBIT)	3,792	382	624	4,798	-176	4,622
In millions of euros						
Q2 2021						
External revenue	24,131	3,263	6,654	34,048	76	34,124
Intersegment revenue	843	406	220	1,469	-1,469	-
Total revenue	24,974	3,669	6,874	35,517	-1,393	34,124
Segment profit/loss (EBIT)	3,021	432	924	4,377	-3	4,374

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

B.31

Segment reporting for the six-month period ended 30 June

	Mercedes-Benz Cars	Mercedes-Benz Vans	Mercedes-Benz Mobility	Total segments	Reconciliation	Mercedes-Benz Group
In millions of euros						
Q1-2 2022						
External revenue	50,763	7,409	13,126	71,298	-	71,298
Intersegment revenue	2,072	385	371	2,828	-2,828	-
Total revenue	52,835	7,794	13,497	74,126	-2,828	71,298
Segment profit/loss (EBIT)	8,063	730	1,357	10,150	-299	9,851

	Mercedes-Benz Cars	Mercedes-Benz Vans	Mercedes-Benz Mobility	Total segments	Reconciliation	Mercedes-Benz Group
In millions of euros						
Q1-2 2021						
External revenue	47,088	6,474	13,288	66,850	156	67,006
Intersegment revenue	1,810	593	552	2,955	-2,955	-
Total revenue	48,898	7,067	13,840	69,805	-2,799	67,006
Segment profit/loss (EBIT)	6,811	722	1,668	9,201	-126	9,075

Table B.32 contains the reconciliation of the total segment earnings (EBIT) to the EBIT of the Consolidated Statement of Income.

In 2022, the line **other corporate items** includes expenses in connection with the sale of individual investments and business activities to Daimler Truck. Further information is provided in Note 2.

B.32

Reconciliation of EBIT to Group figures

	Q2 2022	Q2 2021	Q1-2 2022	Q1-2 2021
In millions of euros				
Total of segments' profit/loss (EBIT)	4,798	4,377	10,150	9,201
Gains/losses from equity-method investments, net	58	24	21	23
Other corporate items	-247	-8	-329	-133
Eliminations	13	-19	9	-16
EBIT as shown in the consolidated statement of income	4,622	4,374	9,851	9,075

22. Related party disclosures

Business transactions with related companies are generally carried out at market terms. Most of the goods and services supplied between the Group and related companies comprise transactions with associated companies and joint ventures and are shown in table B.33.

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

The leased equipment of the Mercedes-Benz Mobility segment includes commercial vehicles produced by the Daimler Truck Group which have been acquired from external dealers or other third parties not related to the Mercedes-Benz Group. Mercedes-Benz Mobility usually receives a residual-value guarantee from the Daimler Truck Group for this leased equipment in connection with the obligation to return the respective commercial vehicles to the Daimler Truck Group. At 30 June 2022 this guarantee was €618 million (31 December 2021: €685 million).

Additionally, the Mercedes-Benz Group is continuing the leasing and sales-financing business for the Daimler Truck Group's commercial vehicles and buses in some markets. These vehicles are directly acquired from the Daimler Truck Group and leased to the end customer. Insofar as a mandatory vehicle return has been agreed, there is a rental contract (head lease) between Mercedes-Benz Mobility and the Daimler Truck Group. The contract between Mercedes-Benz Mobility and the end customer constitutes a sublease in this respect. The receivables and right-of-use assets shown in table B.33 therefore include receivables from residual-value guarantees of €1,328 million (31 December 2021: €1,617 million) shown in receivables from financial services and right-of-use assets of €737 million (31 December 2021: €1,060 million) vis-à-vis the Daimler Truck Group shown in leased assets. These right-of-use assets were depreciated as planned by €204 million in 2022. Furthermore, table B.33 shows right-of-use-assets of Daimler Greater China Ltd. vis-à-vis BBAC resulting from a leasing contract almost unchanged at €103 million.

Effects on earnings resulting from the sale or transfer of operating interests and business activities of the commercial vehicle business of the Mercedes-Benz Mobility segment to the Daimler Truck Group are not included in table B.33. Additional information regarding these transactions is provided in Note 2.

In addition, the Mercedes-Benz Group holds minority interests of €188 million in real estate companies controlled by the Daimler Truck Group, which are shown as debt instruments in other financial assets.

As of 30 June 2022, off-balance-sheet guarantees related to the Daimler Truck Group in particular and amounted to a total of €438 million (31 December 2021: €569 million).

On 1 July 2022 an agreement became effective in favour of **smart Automobile Co., Ltd.** (smart), a joint venture of Mercedes-Benz AG and Zhejian Holding Group Co. Ltd. This agreement would require the shareholders to provide financial support up to a maximum amount of €646 million each if, and to the extent, that smart is not able to perform its payment obligations under a syndicated loan agreement. smart is allocated to the Mercedes-Benz Cars segment.

Note 12 provides further details of the significant associated companies and joint ventures. Additional information regarding the joint venture Automotive Cells Company SE (ACC) is provided in Note 3.

B.33

Related party relationships

	Sales of goods and services and other income ¹				Purchases of goods and services and other expenses ¹			
	Q2 2022	Q2 2021	Q1-2 2022	Q1-2 2021	Q2 2022	Q2 2021	Q1-2 2022	Q1-2 2021
In millions of euros								
Associated companies	4,622	4,556	8,870	8,087	708	292	1,355	445
thereof Daimler Truck Group ⁴	250	-	506	-	691	-	1,109	-
thereof LSHAI	2,339	2,760	4,641	4,466	-46	218	122	287
thereof BBAC	2,029	1,722	3,715	3,461	62	71	123	151
Joint ventures	146	403	330	769	8	219	16	448

	Receivables and right-of-use-assets ²		Payables and provisions ³	
	30 June 2022	31 Dec. 2021	30 June 2022	31 Dec. 2021
In millions of euros				
Associated companies	5,417	6,027	650	723
thereof Daimler Truck Group ⁴	2,477	3,426	447	533
thereof LSHAI	738	565	12	21
thereof BBAC	2,142	2,007	188	168
Joint ventures	139	153	47	139

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

² After loss allowances of receivables totalling €41 million (31 December 2021: €22 million).

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

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

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 Mercedes-Benz Group AG, 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, 26 July 2022

Ola Källenius

Dr. Jörg Burzer

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Auditor's Review Report

To Mercedes-Benz Group AG, Stuttgart

We have reviewed the condensed interim consolidated financial statements of Mercedes-Benz Group AG – comprising consolidated statement of income/loss, consolidated statement of comprehensive income/loss, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and selected, explanatory notes – together with the interim group management report of the Mercedes-Benz Group AG, for the period from 1 January to 30 June 2022, 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, 27 July 2022

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Wirtschaftsprüfer

Information on the Internet

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

 group.mercedes-benz.com/investors

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

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

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