



Interim Report
Q3 2022

Mercedes-Benz Group



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Interim Management Report

- **Unit sales of Mercedes-Benz Cars of 530,400 vehicles significantly above the prior-year level in third quarter of 2022**
- **Unit sales of Mercedes-Benz Vans of 104,000 vehicles significantly above the prior-year level in third quarter of 2022**
- **Revenue of €37.7 billion in third quarter 2022 (Q3 2021: €31.6 billion)**
- **Group EBIT of €5.2 billion in third quarter 2022 (Q3 2021: €2.8 billion); adjusted Group EBIT of €5.3 billion (Q3 2021: €3.1 billion)**
- **Net profit of €4.0 billion in third quarter (Q3 2021: €2.6 billion)**
- **Free cash flow of the industrial business of €5.6 billion in the first nine months of 2022 (Q1-3 2021: €6.5 billion)**

Business development

As in the first half of 2022, the global automotive market continued to be impacted by a variety of negative factors in the third quarter. Persistently high inflation, rising interest rates and a cooling economy weighed on market development, particularly in the United States and the European region. In addition, many markets continued to be impacted by disruptions and bottlenecks in global supply chains.

Despite this, the global **car market** was significantly above the prior-year level in the third quarter. Government purchase incentives in China and a lower basis for comparison in many markets in the prior-year period were the main reasons for the increase. By contrast, the European market was only at about the same level as in the prior year. As in the same period of the previous year, unit sales on the US market for cars and light trucks also remained more or less unchanged. In China, tax breaks for car purchases had a positive effect, causing that market to significantly exceed the prior-year level in the third quarter.

These conditions also influenced key **van markets** in the third quarter. In the Europe region, market development once again decreased sharply in the combined segment of mid-size and large vans. In the small van segment, the sales figures remained at approximately the same level as the previous year. The US market for large vans showed initial signs of recovery and recorded slight growth. In China, a substantial increase was observed in the segment for mid-size vans.

Mercedes-Benz Cars sold 530,400 cars worldwide in the third quarter of 2022 (Q3 2021: 383,500). This makes the third quarter the strongest sales quarter so far in 2022, even though production and sales continue to be affected by semiconductor bottlenecks and interrupted supply chains.

A total of 146,100 vehicles (Q3 2021: 120,100) were sold in Europe (European Union, United Kingdom, Switzerland and Norway) in the third quarter. Mercedes-Benz Cars sold 48,400 vehicles in its core market of Germany (Q3 2021: 45,100). In China, which is Mercedes-Benz Cars' biggest sales market, unit sales rose to 222,600. This is much higher than in the prior-year period (Q3 2021: 132,600), when semiconductor scarcity and covid measures restricted the supply. In the United States, unit sales of Mercedes-Benz Cars rose by 62% to 74,900 vehicles (Q3 2021: 46,200).

Sales in the Top-End Luxury category increased to 78,800 units in the third quarter (Q3 2021: 74,800). This segment was buoyed by strong sales of 5,200 units at Mercedes-Maybach (Q3 2021: 4,900) and 35,500 units at Mercedes-AMG (Q3 2021: 31,000). Unit sales of Core Luxury products substantially exceeded those of the prior-year quarter and reached 293,300 vehicles (Q3 2021: 193,300). This was due in part to the strong growth of the C-Class in the third quarter, with an increase of 85% to 77,200 units (Q3 2021: 41,800). Unit sales in the Entry Luxury product category amounted to 158,300 vehicles (Q3 2021: 115,400).

Mercedes-Benz Vans posted unit sales of 104,000 vehicles worldwide in the third quarter of 2022 (Q3 2021: 88,000). The third quarter continued to be characterized by the volatile supply situation in the semiconductor segment. At 63,500 units, unit sales in the core region of Europe (European Union, United Kingdom, Switzerland and Norway) were significantly above the prior-year quarter (Q3 2021: 51,700). Mercedes-Benz Vans sold 28,300 vehicles in Germany during this period (Q3 2021: 22,100). The segment sold 15,500 units (Q3 2021: 16,100) in the United States. Despite various local covid-related measures, unit sales in China reached 11,700 vehicles (Q3 2021: 7,500), which is a new record for a single quarter.

New business at **Mercedes-Benz Mobility** decreased slightly year-on-year by 3% to €14.3 billion in the third quarter. This decrease was mainly due to the spin-off and hive-down of Daimler's commercial vehicle business, which was still included in the prior-year period.

In North America, new business was significantly lower than in the previous year. In this region in particular, some of the decrease was due to the spin-off and hive-down of the Daimler commercial vehicle business. There was a significant increase in new business in China and Germany due to higher vehicle availability.

At the end of September 2022, contract volume amounted to €135.7 billion and was thus at the level of 31 December 2021.

The **investments in property, plant and equipment** of the **Mercedes-Benz Group** amounted to €0.8 billion in the third quarter of 2022 (Q3 2021: €1.1 billion). Of this amount, €0.7 billion (Q3 2021: €0.8 billion) was attributable to Mercedes-Benz Cars and €0.1 billion (Q3 2021: €0.1 billion) to Mercedes-Benz Vans.

The **research and development expenditure** of the **Mercedes-Benz Group** amounted to €2.3 billion in the third quarter (Q3 2021: €2.2 billion), of which €0.8 billion (Q3 2021: €0.6 billion) was capitalized. At €2.2 billion (Q3 2021: €1.7 billion), Mercedes-Benz Cars accounted for a majority of the research and development expenditure. During the third quarter, Mercedes-Benz Vans had research and development expenditure of €0.1 billion (Q3 2021: €0.1 billion).

Important events

Another milestone in the ramp-up of EV production

Mercedes-Benz Cars is taking a further step towards an all-electric future with the development and production of next-generation high-performance battery cells and modules. As announced on 12 August 2022, Mercedes-Benz Cars is further expanding its battery cell partnership with Contemporary Amperex Technology Co., Limited (CATL) with a new production site in Hungary. The new CATL plant in Debrecen will supply battery cells to European production sites in Germany and Hungary. It is an important part of the plan to build a total of eight cell factories worldwide by the end of the decade. The plants will have a total production capacity of more than 200 gigawatt hours.

Mercedes-Benz Vans is accelerating its electric transformation

By the middle of this decade, all newly introduced vans by Mercedes-Benz will be electric only. To this end, Mercedes-Benz Vans is developing a completely new, modular and all-electric van architecture called VAN.EA. The company plans to invest in the development of this platform.

In the third quarter 2022, Mercedes-Benz Vans and Rivian signed a memorandum of understanding for a strategic partnership. Among other things, the two companies intend to invest in and jointly operate a factory in Europe as part of a joint venture. The target is to build an all-new electric-only production facility leveraging an existing Mercedes Benz site in Central or Eastern Europe. Large electric vans for both Mercedes-Benz Vans and Rivian are expected to roll off the assembly line there in just a few years.

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 period has been adjusted accordingly.

To provide a better insight into the Group's profitability, cash flows and financial position, the consolidated condensed statement of income, the consolidated condensed statement of cash flows and the consolidated 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; instead 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 September 2022, the 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 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 Notes to the Interim Consolidated Financial Statements.

Profitability

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

Despite a volatile market environment **revenue** was significantly above the previous year at €37,716 million in the third quarter of 2022 (Q3 2021: €31,647 million). The increase in revenue was primarily due to significantly increased unit sales and substantial improvement in net pricing at the Mercedes-Benz Cars and Mercedes-Benz Vans segments.

The increase in the **cost of sales** compared to the prior-year quarter, essentially resulted from higher raw material prices and one-off expenses to suppliers for additional costs related to inflation or the supply chain.

The **other functional costs** were slightly above the level of the same quarter of the previous year.

The decrease in **other operating income/expense** in the third quarter of 2022 was primarily due to expenses resulting from the fair value measurement as well as the sale of operating investments and business operations of the commercial vehicle business of the Mercedes-Benz Mobility segment.

In particular, the higher proportional contribution of the investment in Beijing Benz Automotive Co., Ltd. (BBAC) led to a significant increase in the **profit from equity-method investments**.

The **other financial income/expense** improved compared to the prior-year quarter due to the subsequent measurement at fair value of Chargepoint Inc.

EBIT was €5,196 million in the third quarter of 2022 and was thus also significantly above the level of the same quarter of the previous year (Q3 2021: €2,838 million). Exchange-rate effects had a positive net impact.

The **interest expense** in the third quarter of 2022 amounted to €30 million (Q3 2021: €19 million).

The **income tax expense** recognized in the third quarter of 2022 amounted to €1,168 million (Q3 2021: €855 million). The tax rate was 22.6% (Q3 2021: 30.3%). In the third quarter of 2022, the ongoing reassessment of non-tax deductible expenses led to an adjustment of the effective tax rate.

Profit from continuing operations of €3,998 million in the third quarter of 2022 was significantly higher than in the same quarter of the previous year (Q3 2021: €1,964 million).

In the same quarter of the previous year the **profit from discontinued operations, after taxes** of €609 million included the income and expenses in connection with the assets and liabilities of the former Daimler Trucks & Buses segment.

Net profit for the third quarter 2022 thus amounted to €3,998 million (Q3 2021: €2,573 million). Net profit of €75 million is attributable to **non-controlling interests** (Q3 2021: €103 million). The net profit attributable to the **shareholders of Mercedes-Benz Group AG** amounted to €3,923 million (Q3 2021: €2,470 million). This led to an increase in **earnings per share** to €3.66 (Q3 2021: €2.31).

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 September

	Mercedes-Benz Group		Industrial Business		Mercedes-Benz Mobility	
	Q3 2022	Q3 2021	Q3 2022	Q3 2021	Q3 2022	Q3 2021
In millions of euros						
Revenue	37,716	31,647	31,117	24,792	6,599	6,855
Cost of sales	-28,934	-24,933	-23,316	-19,359	-5,618	-5,574
Gross profit	8,782	6,714	7,801	5,433	981	1,281
Selling expenses	-2,456	-2,199	-2,279	-2,034	-177	-165
General administrative expenses	-614	-707	-436	-509	-178	-198
Research and non-capitalized development costs	-1,525	-1,351	-1,525	-1,351	-	-
Other operating income/expense	232	318	208	273	24	45
Gains/losses on equity-method investments, net	719	135	794	156	-75	-21
Other financial income/expense, net	58	-72	56	-73	2	1
EBIT	5,196	2,838	4,619	1,895	577	943
Interest expense	-30	-19	-28	-17	-2	-2
Profit from continuing operations, before taxes	5,166	2,819	4,591	1,878	575	941
Income taxes	-1,168	-855	-990	-645	-178	-210
Profit from continuing operations	3,998	1,964	3,601	1,233	397	731
Profit from discontinued operations, after taxes	-	609	-	609	-	-
Net profit	3,998	2,573	3,601	1,842	397	731
thereof profit attributable to non-controlling interests	75	103				
thereof profit attributable to shareholders of Mercedes-Benz Group AG	3,923	2,470				
thereof from continuing operations	3,923	1,868				
thereof from discontinued operations	-	602				
Earnings per share (in euros)						
for profit attributable to shareholders of Mercedes-Benz Group AG						
Basic	3.66	2.31				
thereof from continuing operations	3.66	1.74				
thereof from discontinued operations	-	0.57				
Diluted	3.66	2.31				
thereof from continuing operations	3.66	1.74				
thereof from discontinued operations	-	0.57				

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

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

- Significantly increased unit sales
- Strongly improved net pricing
- Higher at-equity contribution from Beijing Benz Automotive Co., Ltd. (BBAC)
- Higher raw material prices and one-off expenses to suppliers for additional costs related to inflation or the supply chain
- Higher investments in future technologies and vehicles

The adjustments of the Mercedes-Benz Cars segment comprised:

- Expenses of €47 million in connection with ongoing governmental and court proceedings and measures taken relating to Mercedes-Benz diesel vehicles

The **Mercedes-Benz Vans** segment was able to achieve adjusted EBIT significantly above the level of the prior-year period. The segment was influenced by the following material factors:

- Significantly increased unit sales
- Strongly improved net pricing
- Positive impact from China business activities
- Higher raw material prices

The adjustments of the Mercedes-Benz Vans segment comprised:

- Expenses of €49 million in connection with ongoing governmental and court proceedings and measures taken relating to Mercedes-Benz diesel vehicles

The earnings of the **Mercedes-Benz Mobility** segment were influenced by the following factors:

- Favourable development of exchange rates
- Increase of cost of credit risk driven by the weaker macroeconomic outlook
- Decreasing interest margin due to increasing interest rates
- Reduced contract volume due to the spin-off and hive-down of the former Daimler Trucks & Buses segment and lower market penetration
- Lower earnings from equity-method investments

In the third quarter of 2022, the EBIT of the **reconciliation** includes the positive earnings contribution of the equity-method investment in Daimler Truck Holding AG.

On the other hand, the result was negatively impacted primarily by expenses of €51 million in connection with the sale of individual investments and business activities to Daimler Truck, which were adjusted for the determination of the adjusted EBIT (M&A transaction).

A.02

EBIT for the three-month period ended 30 September

	Mercedes-Benz Group	Mercedes-Benz Cars	Mercedes-Benz Vans	Mercedes-Benz Mobility	Reconciliation
In millions of euros					
Q3 2022					
Revenue	37,716	28,209	4,309	6,599	-1,401
Cost of sales	-28,934	-21,226	-3,456	-5,618	1,366
Gross profit	8,782	6,983	853	981	-35
Selling expenses	-2,456	-1,953	-329	-177	3
General administrative expenses	-614	-367	-63	-178	-6
Research and non-capitalized development costs	-1,525	-1,435	-75	-	-15
Other income/expense	1,009	806	111	-49	141
EBIT	5,196	4,034	497	577	88
Legal proceedings (and related measures)	97	47	49	-	1
Restructuring measures	-	-	-	-	-
M&A transactions	51	-	-	-	51
Expenses in connection with adjustments of the business activities in Russia	-	-	-	-	-
Adjusted EBIT	5,344	4,081	546	577	140
Return on sales/return on equity (in %)		14.3	11.5	15.8	
Adjusted return on sales/return on equity (in %)¹		14.5	12.7	15.8	

	Mercedes-Benz Group	Mercedes-Benz Cars	Mercedes-Benz Vans	Mercedes-Benz Mobility	Reconciliation
In millions of euros					
Q3 2021					
Revenue	31,647	22,434	3,546	6,855	-1,188
Cost of sales	-24,933	-17,597	-2,927	-5,574	1,165
Gross profit	6,714	4,837	619	1,281	-23
Selling expenses	-2,199	-1,759	-299	-165	24
General administrative expenses	-707	-337	-58	-198	-114
Research and non-capitalised development costs	-1,351	-1,217	-125	-	-9
Other income/expense	381	314	28	25	14
EBIT	2,838	1,838	165	943	-108
Legal proceedings (and related measures)	74	52	22	-	-
Restructuring measures	101	95	2	-	4
M&A transactions	96	-	-	-	96
Adjusted EBIT	3,109	1,985	189	943	-8
Return on sales/return on equity (in %)		8.2	4.7	23.3	
Adjusted return on sales/return on equity (in %)¹		8.8	5.3	23.3	

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.

Tables A.03 and A.04 show the earnings for the first nine months.

A.03

Condensed consolidated statement of income for the nine-month period ended 30 September

	Mercedes-Benz Group		Industrial Business		Mercedes-Benz Mobility	
	Q1-3 2022	Q1-3 2021	Q1-3 2022	Q1-3 2021	Q1-3 2022	Q1-3 2021
In millions of euros						
Revenue	109,014	98,653	88,918	77,958	20,096	20,695
Cost of sales	-83,766	-76,651	-66,720	-59,609	-17,046	-17,042
Gross profit	25,248	22,002	22,198	18,349	3,050	3,653
Selling expenses	-7,087	-6,659	-6,569	-6,152	-518	-507
General administrative expenses	-1,814	-2,037	-1,251	-1,424	-563	-613
Research and non-capitalized development costs	-4,351	-4,351	-4,351	-4,351	-	-
Other operating income/expense	1,229	1,611	1,151	1,470	78	141
Gains/losses on equity-method investments, net	1,496	1,040	1,611	1,103	-115	-63
Other financial income/expense, net	326	307	324	307	2	-
EBIT	15,047	11,913	13,113	9,302	1,934	2,611
Interest income/expense	-145	-132	-141	-126	-4	-6
Profit from continuing operations, before taxes	14,902	11,781	12,972	9,176	1,930	2,605
Income taxes	-4,120	-3,208	-3,592	-2,571	-528	-637
Profit from continuing operations	10,782	8,573	9,380	6,605	1,402	1,968
Profit from discontinued operations, after taxes	-	2,077	-	2,077	-	-
Net profit	10,782	10,650	9,380	8,682	1,402	1,968
thereof profit attributable to non-controlling interests	262	292				
thereof profit attributable to shareholders of Mercedes-Benz Group AG	10,520	10,358				
thereof from continuing operations	10,520	8,307				
thereof from discontinued operations	-	2,051				
Earnings per share (in euros)						
for profit attributable to shareholders of Mercedes-Benz Group AG						
Basic	9.83	9.68				
thereof from continuing operations	9.83	7.76				
thereof from discontinued operations	-	1.92				
Diluted	9.83	9.68				
thereof from continuing operations	9.83	7.76				
thereof from discontinued operations	-	1.92				

A.04

EBIT for the nine-month period ended 30 September

	Mercedes-Benz Group	Mercedes-Benz Cars	Mercedes-Benz Vans	Mercedes-Benz Mobility	Reconciliation
In millions of euros					
Q1-3 2022					
Revenue	109,014	81,044	12,103	20,096	-4,229
Cost of sales	-83,766	-61,247	-9,570	-17,046	4,097
Gross profit	25,248	19,797	2,533	3,050	-132
Selling expenses	-7,087	-5,639	-941	-518	11
General administrative expenses	-1,814	-1,079	-191	-563	19
Research and non-capitalized development costs	-4,351	-3,976	-316	-	-59
Other income/expense	3,051	2,994	142	-35	-50
EBIT	15,047	12,097	1,227	1,934	-211
Legal proceedings (and related measures)	451	265	184	-	2
Restructuring measures	-	-	-	-	-
M&A transactions	-623	-863	-36	-	276
Expenses in connection with adjustments of the business activities in Russia	709	658	51	-	-
Adjusted EBIT	15,584	12,157	1,426	1,934	67
Return on sales/return on equity (in %)		14.9	10.1	17.7	
Adjusted return on sales/return on equity (in %)¹		15.0	11.8	17.7	

	Mercedes-Benz Group	Mercedes-Benz Cars	Mercedes-Benz Vans	Mercedes-Benz Mobility	Reconciliation
In millions of euros					
Q1-3 2021					
Revenue	98,653	71,332	10,613	20,695	-3,987
Cost of sales	-76,651	-54,917	-8,414	-17,042	3,722
Gross profit	22,002	16,415	2,199	3,653	-265
Selling expenses	-6,659	-5,378	-886	-507	112
General administrative expenses	-2,037	-1,026	-170	-613	-228
Research and non-capitalised development costs	-4,351	-3,976	-349	-	-26
Other income/expense	2,958	2,614	93	78	173
EBIT	11,913	8,649	887	2,611	-234
Legal proceedings (and related measures)	256	235	21	-	-
Restructuring measures	527	421	27	42	37
M&A transactions	-582	-604	-	-89	111
Adjusted EBIT	12,114	8,701	935	2,564	-86
Return on sales/return on equity (in %)		12.1	8.4	22.5	
Adjusted return on sales/return on equity (in %)¹		12.2	8.8	22.1	

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	
	Q1-3 2022	Q1-3 2021	Q1-3 2022	Q1-3 2021	Q1-3 2022	Q1-3 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	14,902	14,312	12,972	11,707	1,930	2,605
Depreciation and amortization/impairments	4,914	5,381	4,825	5,279	89	102
Other non-cash expenses and income and gains/losses from disposals of assets	-1,995	-2,653	-2,151	-2,733	156	80
Change in operating assets and liabilities						
Inventories	-6,180	-2,491	-6,221	-3,013	41	522
Trade receivables	243	963	-92	1,063	335	-100
Trade payables	3,788	2,305	3,688	2,311	100	-6
Receivables from financial services	-2,786	4,608	-26	-66	-2,760	4,674
Vehicles on operating leases	3,069	1,003	-812	-1,139	3,881	2,142
Other operating assets and liabilities	-21	-1,327	-276	-1,129	255	-198
Dividends received from equity-method investments	835	833	835	833	-	-
Income taxes paid	-3,316	-2,462	-2,469	-1,692	-847	-770
Cash flow from operating activities	13,453	20,472	10,273	11,421	3,180	9,051
Additions to property, plant and equipment and intangible assets	-4,743	-5,263	-4,706	-5,161	-37	-102
Investments in and disposals of shareholdings and other business operations	2,029	396	189	178	1,840	218
Acquisitions and sales of marketable debt securities and similar investments	1,866	162	1,805	194	61	-32
Other	318	524	270	473	48	51
Cash flow from investing activities	-530	-4,181	-2,442	-4,316	1,912	135
Change in financing liabilities	-15,806	-12,831	-10,947	-9,778	-4,859	-3,053
Dividends paid	-5,578	-1,736	-5,551	-1,718	-27	-18
Other transactions with shareholders	-19	-49	-19	-49	-	-
Internal equity and financing transactions	-	-	1,192	5,199	-1,192	-5,199
Cash flow from financing activities	-21,403	-14,616	-15,325	-6,346	-6,078	-8,270
Effect of foreign exchange-rate changes on cash and cash equivalents	692	633	577	572	115	61
Cash and cash equivalents at end of period	15,394	25,356	11,116	21,675	4,278	3,681
thereof cash and cash equivalents classified as assets held for sale at end of period	17	5,401	17	5,347	-	54

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 of the Notes 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 of the Notes to the Interim Consolidated Financial Statements.

A.06

Free cash flow of the industrial business

In millions of euros	Q1-3 2022	Q1-3 2021	Change
Cash flow from operating activities ¹	10,273	11,421	-1,148
Cash flow from investing activities ¹	-2,442	-4,316	+1,874
Change in marketable debt securities and similar investments ¹	-1,805	-194	-1,611
Right-of-use assets ¹	-366	-320	-46
Other adjustments ²	-11	-132	+121
Free cash flow of the industrial business	5,649	6,459	-810
Legal proceedings (and related measures)	698	1,486	-788
Restructuring measures	357	601	-244
M&A transactions	-116	-36	-80
Adjusted free cash flow of the industrial business	6,588	8,510	-1,922

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 €0.2 billion for the free cash flow of the spun-off Daimler commercial vehicles business

The free cash flow of the industrial business

amounted to €5.6 billion (Q1-3 2021: €6.5 billion). The decrease during the first nine months of 2022 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, ramp-ups in production due to new model years and high levels of vehicles in the process of delivery; opposing effect of an increase in trade payables is due to higher costs
- Increased income taxes following an improvement in the operational business performance
- 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

- Cash inflows of €0.6 billion from the restructuring of retail activities in Canada, and €0.3 billion from the sale of dealerships in a number of European countries (2021 cash inflow from the sale of cellcentric: €0.3 billion); in contrast cash outflow of €0.4 billion from investing in Automotive Cells Company SE

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 €6.6 billion (Q1-3 2021: €8.5 billion) in table A.06. The following adjustments were taken into account in the first nine 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 (Q1-3 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 nine months of 2022, the **free cash flow of the Mercedes-Benz Group** resulted in a cash inflow of €11.3 billion (Q1-3 2021: €15.6 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 nine 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 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 the reporting period, the **cash flow from financing activities of the Mercedes-Benz Group** (cf. table A.05) resulted in a cash outflow of €21.4 billion (Q1-3 2021: €14.6 billion). The higher cash outflow relative to the same period of the prior year is primarily due to the higher dividend payment to Mercedes-Benz Group AG shareholders and the lower net refinancing as a result of the positive cash flow situation.

CFBIT and cash conversion rate of the automotive segments

The **CFBIT of the automotive segments** is derived from the EBIT and the change in net assets, and also includes additions to the right-of-use assets. Tables A.08 and A.09 show the composition of CFBIT for Mercedes-Benz Cars and Mercedes-Benz Vans compared with the same period of the previous year. Tables A.10 and A.11 show 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

	Q3 2022	Q3 2021	Q1-3 2022	Q1-3 2021
In millions of euros				
CFBIT Mercedes-Benz Cars	3,374	3,253	7,614	7,811
CFBIT Mercedes-Benz Vans	434	402	1,066	307
Income taxes paid/refunded	-875	-441	-2,469	-1,257
Interest paid/received	-179	-236	-330	-268
Other reconciling items	262	23	-232	-134
Free cash flow of the industrial business	3,016	3,001	5,649	6,459

A.08

CFBIT for the three-month period ended 30 September

	Mercedes-Benz Cars		Mercedes-Benz Vans	
	Q3 2022	Q3 2021	Q3 2022	Q3 2021
In millions of euros				
EBIT	4,034	1,838	497	165
Change in working capital	-402	965	24	209
Net financial investments	188	-229	5	-
Net investments in property, plant and equipment and intangible assets	-1,578	-1,333	-137	-27
Depreciation and amortisation/impairments	1,549	1,460	108	120
Other	-417	552	-63	-65
CFBIT	3,374	3,253	434	402

A.09

CFBIT for the nine-month period ended 30 September

	Mercedes-Benz Cars		Mercedes-Benz Vans	
	Q1-3 2022	Q1-3 2021	Q1-3 2022	Q1-3 2021
In millions of euros				
EBIT	12,097	8,649	1,227	887
Change in working capital	-2,458	1,976	-82	-155
Net financial investments	84	-53	49	1
Net investments in property, plant and equipment and intangible assets	-4,578	-4,407	-239	-126
Depreciation and amortisation/impairments	4,484	4,272	340	352
Other	-2,015	-2,626	-229	-652
CFBIT	7,614	7,811	1,066	307

A.10

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

	Mercedes-Benz Cars		Mercedes-Benz Vans	
	Q3 2022	Q3 2021	Q3 2022	Q3 2021
In millions of euros				
CFBIT	3,374	3,253	434	402
Legal proceedings (and related measures)	166	117	95	98
Restructuring measures	12	36	-	4
M&A transactions	-	220	-	-
Adjusted CFBIT	3,552	3,626	529	504
Adjusted EBIT	4,081	1,985	546	189
Adjusted cash conversion rate¹	0.9	1.8	1.0	2.7

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

A.11

Reconciliation to adjusted CFBIT for the nine-month period ended 30 September

	Mercedes-Benz Cars		Mercedes-Benz Vans	
	Q1-3 2022	Q1-3 2021	Q1-3 2022	Q1-3 2021
In millions of euros				
CFBIT	7,614	7,811	1,066	307
Legal proceedings (and related measures)	436	855	260	629
Restructuring measures	305	492	16	53
M&A transactions	-175	-90	-43	-
Adjusted CFBIT	8,180	9,068	1,299	989
Adjusted EBIT	12,157	8,701	1,426	935
Adjusted cash conversion rate¹	0.7	1.0	0.9	1.1

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 have decreased to €15.4 billion since 31 December 2021. Total liquidity for the Group, which also includes marketable debt securities and similar investments, decreased by €9.7 billion to €21.0 billion. **Net debt** at Group level, which primarily results from the refinancing of the leasing and sales-financing business, decreased by €1.4 billion compared with 31 December 2021 to €93.4 billion. See table A.13.

The **net liquidity of the industrial business**, which is shown in table A.12 increased by €2.3 billion to €23.3 billion during this period. The increase is mainly due to 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

In millions of euros	30 Sept. 2022	31 Dec. 2021	Change
Cash and cash equivalents	11,116	18,034	-6,918
Marketable debt securities and similar investments	4,800	6,591	-1,791
Liquidity	15,916	24,625	-8,709
Financing liabilities ¹	8,901	-3,913	+12,814
Market valuation and currency hedges for financing liabilities	-1,514	293	-1,807
Financing liabilities (nominal)	7,387	-3,620	+11,007
Net liquidity	23,303	21,005	+2,298

¹ Financing liabilities include liabilities from refinancing of internal dealerships.

A.13

Net debt of the Mercedes-Benz Group

In millions of euros	30 Sept. 2022	31 Dec. 2021	Change
Cash and cash equivalents	15,394	23,182	-7,788
Marketable debt securities and similar investments	5,651	7,579	-1,928
Liquidity	21,045	30,761	-9,716
Financing liabilities	-112,903	-125,905	+13,002
Market valuation and currency hedges for financing liabilities	-1,524	327	-1,851
Financing liabilities (nominal)	-114,427	-125,578	+11,151
Net debt	-93,382	-94,817	+1,435

Refinancing

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

During this period, the Mercedes-Benz Group had a cash inflow of €1.4 billion from the **issuance of bonds** (Q1-3 2021: €6.9 billion). The redemption of bonds resulted in cash outflows of €14.2 billion (Q1-3 2021: €14.7 billion).

In the first nine months of 2022, **asset-backed securities (ABS) transactions** were successfully conducted in Germany, Canada and Australia. In China ABS transactions generating a total volume of CNY 20 billion were conducted. Also noteworthy are a transaction carried out in the United Kingdom with a volume of £1 billion and the extension of the asset-backed credit line in the United States with a volume of US\$4 billion.

In addition, since July 2018, the Mercedes-Benz Group has had a syndicated **credit line** of €11 billion, which was converted into a sustainability-linked loan in October 2022. The credit line had not been utilized as of 30 September 2022.

Financial position

As of 30 September 2022 the **balance-sheet total** was slightly above the level of 31 December 2021. The change includes positive effects from currency translation of €8.7 billion; adjusted for these exchange-rate effects, there was a decrease of €6.4 billion. Mercedes-Benz Mobility accounts for 56% of the Mercedes-Benz Group's balance-sheet total, almost unchanged from

31 December 2021. Current assets account for 39% of the balance-sheet total and are at the prior-year level. Current liabilities amount to 34% of total equity and liabilities and are at 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 Sept. 2022	31 Dec. 2021	30 Sept. 2022	31 Dec. 2021	30 Sept. 2022	31 Dec. 2021
In millions of euros						
Assets						
Intangible assets	15,435	15,005	14,838	14,386	597	619
Property, plant and equipment	27,593	27,859	27,283	27,497	310	362
Equipment on operating leases	43,861	44,471	14,082	14,400	29,779	30,071
Receivables from financial services	86,589	80,625	-72	-83	86,661	80,708
Equity-method investments	14,483	13,588	14,130	13,117	353	471
Inventories	28,396	21,466	27,914	20,976	482	490
Trade receivables	7,558	7,673	6,942	6,875	616	798
Cash and cash equivalents	15,377	23,120	11,099	18,034	4,278	5,086
Marketable debt securities and similar investments	5,651	7,579	4,800	6,591	851	988
thereof current	4,873	6,706	4,638	6,289	235	417
thereof non-current	778	873	162	302	616	571
Other financial assets	7,731	6,260	-5,936	-8,207	13,667	14,467
Other assets	9,053	9,043	17	-152	9,036	9,195
Assets held for sale	408	3,142	196	201	212	2,941
Total assets	262,135	259,831	115,293	113,635	146,842	146,196
Equity and liabilities						
Equity	82,817	73,167	68,123	58,719	14,694	14,448
Provisions	18,203	21,321	17,380	20,385	823	936
Financing liabilities	112,903	125,843	-8,923	3,877	121,826	121,966
thereof current	49,072	52,300	-19,233	-17,893	68,305	70,193
thereof non-current	63,831	73,543	10,310	21,770	53,521	51,773
Trade payables	14,546	10,655	13,453	9,670	1,093	985
Other financial liabilities	10,533	7,805	7,451	5,089	3,082	2,716
Contract and refund liabilities	10,556	9,909	10,219	9,567	337	342
Other liabilities	12,545	10,962	7,764	6,282	4,781	4,680
Liabilities held for sale	32	169	-174	46	206	123
Total equity and liabilities	262,135	259,831	115,293	113,635	146,842	146,196

On the total assets side there were mainly decreases both in cash and cash equivalents and assets held for sale. 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 total assets was above the previous year's level of 48%. Compared with 31 December 2021, **inventories** increased, partly due to the supply chain bottlenecks for semiconductors, ramp-ups in production due to new model years and high levels of vehicles ready in process of delivery. 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 in the second quarter.

Assets held for sale decreased, mainly at Mercedes-Benz Mobility, as individual investments and business operations have been sold to Daimler Truck Holding AG, its subsidiaries or third parties in 2022.

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

The Group's **equity** increased, in particular as a result of the positive earnings development within the first nine months. As the balance-sheet total is only slightly higher, the Group's **equity ratio** of 31.6% (2021 adjusted by the dividend) was therefore significantly above the level of the previous year (31 December 2021: 26.1%); the equity ratio for the industrial business was 59.1% (31 December 2021: 47.0%). **Provisions** of €18.2 billion were below the level of 31 December 2021 (€21.3 billion). Provisions for pensions and similar obligations decreased by €4.0 billion, primarily due to the significantly increased discount rate. The funded status of 30 September 2022 was approximately 101%. **Financing liabilities** of €112.9 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. Due to higher costs, among other things, **trade liabilities** are above previous year's level. The increase in **other financial liabilities** resulted mainly from the derivative financial instruments due to currency and interest rate changes.

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 Sept. 2022	31 Dec. 2021	30 Sept. 2022	31 Dec. 2021
In millions of euros				
Intangible assets	13,550	13,088	1,276	1,286
Property, plant and equipment	25,310	25,566	1,984	1,951
Inventories	25,063	18,790	2,933	2,300
Trade receivables	5,799	5,880	1,154	1,016
Other segment assets	25,058	23,171	2,923	2,865
Segment assets	94,780	86,495	10,270	9,418
Trade payables	11,903	8,648	1,557	952
Other segment liabilities	43,619	42,882	7,679	7,717
Segment liabilities	55,522	51,530	9,236	8,669
Net assets	39,258	34,965	1,034	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.

As a result of the reduced evaluation horizon, the risks have decreased overall for the fourth quarter of 2022. However, uncertainties continue to be expected for both the global economy and the business development of the Mercedes-Benz Group. The different **effects of the Russia-Ukraine war** on supply chains and the availability and price development of energy and raw materials play a very important role here. Furthermore, the persistently very high and possibly further **increasing inflation rates** and the corresponding reaction of the central banks could also impact global economic growth and the automotive business environment into the fourth quarter.

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 degree of uncertainty when assessing the risk and opportunity situation in the last quarter of 2022.

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

Legal risks

As described in the 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).

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

As previously reported, the Environmental Protection Commission of Hillsborough County, Florida filed a lawsuit in September 2020, claiming that, amongst others, Mercedes-Benz Group AG and Mercedes-Benz USA, LLC (MBUSA) violated municipal regulations prohibiting vehicle tampering and other conduct by using alleged devices claimed to impair the effectiveness of emissions control systems. In the third quarter of 2022, the lawsuit was dismissed. The decision is not yet final.

Furthermore, as previously reported, plaintiffs associated with Deutsche Umwelthilfe e.V. (DUH) claim injunctive relief, demanding that Mercedes-Benz AG refrain from distributing passenger cars with combustion engines after November 2030 and reduce its respective sales prior to this point in time. In the third quarter of 2022, the Regional Court of Stuttgart dismissed the claim in its entirety. The plaintiffs have appealed the decision.

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

Outlook

The macroeconomic and geopolitical conditions continue to be characterized 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, the Mercedes-Benz Group expects the global **car market** to only remain at approximately the previous year's level. For the Europe region, we now expect a slight market decrease from the already low level of the previous year. The Group now expects the volume of the US market for cars and light trucks to be significantly below the previous year's level. The Chinese market, on the other hand, is benefiting from tax breaks for the purchase of cars and should therefore be able to significantly exceed the previous year's level.

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 substantially below the prior-year level. The segment for small vans is now also expected to contract considerably in Europe. We continue to anticipate a slight decrease in the US market for large vans. In China, the market volume for mid-size vans is expected to remain at about the previous year's level.

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

Despite the risks described, the Group continues to see a strong demand for the Group products also for the fourth quarter of 2022 in all core markets. Moreover, the Mercedes-Benz Group expects for the fourth quarter a demand for the product portfolio remaining significantly higher than supply.

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

- Unit sales: slightly higher than in the prior year.
- Revenue: significantly above the prior-year level.
- Adjusted return on sales: now 13–15%.
- Adjusted cash conversion rate: 0.8–1.0.
- Investments in property, plant and equipment: significantly below the prior-year level.
- Research and development expenditures: 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: significantly above the prior-year level.
- Adjusted return on sales: now 9–11%.
- Adjusted cash conversion rate: now 0.8–1.0.
- 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: slightly below the prior-year level.

It must be taken into account that the new business for the year 2021 still included the new business with 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 slightly decreased proportion of leased and financed vehicles in Group unit sales affects both the new business and the revenue.

- Contract volume: due to exchange-rate effects now at 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: slightly below the prior-year level.

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

- Adjusted return on equity: 16–18%.

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

- Revenue: significantly higher than in the prior year.
- EBIT: now significantly higher than the prior-year level.
- Free cash flow of the industrial business: at the prior-year level.
- CO₂ emissions of the new car fleet in Europe (European Union, Norway and Iceland): now slightly above the level of the previous year due to delays in production resulting from the strained supply chains and limited availability of semiconductors. As in 2021, the Group also expects to meet the CO₂ emission targets in 2022.

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 Q3

B.01

Q3 2022 Q3 2021

In millions of euros

Revenue	37,716	31,647
Cost of sales	-28,934	-24,933
Gross profit	8,782	6,714
Selling expenses	-2,456	-2,199
General administrative expenses	-614	-707
Research and non-capitalized development costs	-1,525	-1,351
Other operating income	491	562
Other operating expense	-259	-244
Gains/losses on equity-method investments, net	719	135
Other financial income/expense, net	58	-72
Earnings before interest and taxes (EBIT)	5,196	2,838
Interest income	63	80
Interest expense	-93	-99
Profit from continuing operations, before taxes	5,166	2,819
Income taxes	-1,168	-855
Profit from continuing operations	3,998	1,964
Profit from discontinued operations, after taxes	-	609
Net profit	3,998	2,573
thereof profit attributable to non-controlling interests	75	103
thereof profit attributable to shareholders of Mercedes-Benz Group AG	3,923	2,470
thereof from continuing operations	3,923	1,868
thereof from discontinued operations	-	602
Earnings per share (in euros)		
for profit attributable to shareholders of Mercedes-Benz Group AG		
Basic	3.66	2.31
thereof from continuing operations	3.66	1.74
thereof from discontinued operations	-	0.57
Diluted	3.66	2.31
thereof from continuing operations	3.66	1.74
thereof from discontinued operations	-	0.57

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

Consolidated Statement of Income Q1-3

B.02

Q1-3 2022 Q1-3 2021

In millions of euros

Revenue	109,014	98,653
Cost of sales	-83,766	-76,651
Gross profit	25,248	22,002
Selling expenses	-7,087	-6,659
General administrative expenses	-1,814	-2,037
Research and non-capitalized development costs	-4,351	-4,351
Other operating income	2,395	2,194
Other operating expense	-1,166	-583
Gains/losses on equity-method investments, net	1,496	1,040
Other financial income/expense, net	326	307
Earnings before interest and taxes (EBIT)	15,047	11,913
Interest income	157	186
Interest expense	-302	-318
Profit from continuing operations, before taxes	14,902	11,781
Income taxes	-4,120	-3,208
Profit from continuing operations	10,782	8,573
Profit from discontinued operations, after taxes	-	2,077
Net profit	10,782	10,650
thereof profit attributable to non-controlling interests	262	292
thereof profit attributable to shareholders of Mercedes-Benz Group AG	10,520	10,358
thereof from continuing operations	10,520	8,307
thereof from discontinued operations	-	2,051
Earnings per share (in euros)		
for profit attributable to shareholders of Mercedes-Benz Group AG		
Basic	9.83	9.68
thereof from continuing operations	9.83	7.76
thereof from discontinued operations	-	1.92
Diluted	9.83	9.68
thereof from continuing operations	9.83	7.76
thereof from discontinued operations	-	1.92

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

Consolidated Statement of Comprehensive Income Q3

B.03

Q3 2022 Q3 2021
(restated)

In millions of euros

Net profit	3,998	2,573
Gains/losses from currency translation (restated)	668	625
Gains/losses on debt instruments	-9	-2
Gains/losses on derivative financial instruments	-136	-146
Gains/losses on equity-method investments	159	-
Items that may be reclassified to profit/loss in the Statement of Income in the future (restated)	682	477
Actuarial gains/losses from pensions and similar obligations	-113	80
Gains/losses on equity instruments	-120	20
Gains/losses on equity-method investments	-59	-
Items that will not be reclassified to profit/loss in the Statement of Income	-292	100
Other comprehensive income/loss, net of taxes (restated)	390	577
thereof income/loss attributable to non-controlling interests, after taxes	-4	23
thereof income/loss attributable to shareholders of Mercedes-Benz Group AG, after taxes (restated)	394	554
Total comprehensive income/loss (restated)	4,388	3,150
thereof income/loss attributable to non-controlling interests	71	126
thereof income/loss attributable to shareholders of Mercedes-Benz Group AG (restated)	4,317	3,024

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

Consolidated Statement of Comprehensive Income Q1-3

B.04

Q1-3 2022 Q1-3 2021
(restated) (restated)

In millions of euros

Net profit	10,782	10,650
Gains/losses from currency translation (restated)	1,884	1,633
Gains/losses on debt instruments	-35	-3
Gains/losses on derivative financial instruments	115	-355
Gains/losses on equity-method investments	348	-
Items that may be reclassified to profit/loss in the Statement of Income in the future (restated)	2,312	1,275
Actuarial gains/losses from pensions and similar obligations	2,220	2,706
Gains/losses on equity instruments	-291	112
Gains/losses on equity-method investments	284	-
Items that will not be reclassified to profit/loss in the Statement of Income	2,213	2,818
Other comprehensive income/loss, net of taxes (restated)	4,525	4,093
thereof income/loss attributable to non-controlling interests, after taxes	22	48
thereof income/loss attributable to shareholders of Mercedes-Benz Group AG, after taxes (restated)	4,503	4,045
Total comprehensive income/loss (restated)	15,307	14,743
thereof income/loss attributable to non-controlling interests	284	340
thereof income/loss attributable to shareholders of Mercedes-Benz Group AG (restated)	15,023	14,403

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

Consolidated Statement of Financial Position

B.05

30 Sept.
2022 31 Dec.
2021

In millions of euros

Assets

Intangible assets	15,435	15,005
Property, plant and equipment	27,593	27,859
Equipment on operating leases	43,861	44,471
Equity-method investments	14,483	13,588
Receivables from financial services	49,260	46,955
Marketable debt securities and similar investments	778	873
Other financial assets	4,511	3,181
Deferred tax assets	1,978	3,434
Other assets	2,182	1,536
Total non-current assets	160,081	156,902
Inventories	28,396	21,466
Trade receivables	7,558	7,673
Receivables from financial services	37,329	33,670
Cash and cash equivalents	15,377	23,120
Marketable debt securities and similar investments	4,873	6,706
Other financial assets	3,220	3,079
Other assets	4,893	4,073
Assets held for sale	408	3,142
Total current assets	102,054	102,929
Total assets	262,135	259,831

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

B.06

30 Sept. 31 Dec.
2022 2021
 (restated)

In millions of euros		
Equity and liabilities		
Share capital	3,070	3,070
Capital reserves	11,721	11,723
Retained earnings (restated)	63,615	55,926
Other reserves (restated)	3,187	1,232
Equity attributable to shareholders of Mercedes-Benz Group AG	81,593	71,951
Non-controlling interests	1,224	1,216
Total equity	82,817	73,167
Provisions for pensions and similar obligations	1,386	5,359
Provisions for other risks	8,327	7,909
Financing liabilities	63,831	73,543
Other financial liabilities	3,541	1,808
Deferred tax liabilities	6,215	4,488
Deferred income	1,237	1,175
Contract and refund liabilities	3,896	3,980
Other liabilities	894	727
Total non-current liabilities	89,327	98,989
Trade payables	14,546	10,655
Provisions for other risks	8,490	8,053
Financing liabilities	49,072	52,300
Other financial liabilities	6,992	5,997
Deferred income	1,430	1,486
Contract and refund liabilities	6,660	5,929
Other liabilities	2,769	3,086
Liabilities held for sale	32	169
Total current liabilities	89,991	87,675
Total equity and liabilities	262,135	259,831

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

Consolidated Statement of Cash Flows

B.07

Q1-3 2022 Q1-3 2021

In millions of euros		
Profit before income taxes from continuing and discontinued operations	14,902	14,312
Depreciation and amortization/impairments	4,914	5,381
Other non-cash expense and income	-1,243	-1,853
Gains (-)/losses (+) from disposals of assets	-752	-800
Change in operating assets and liabilities		
Inventories	-6,180	-2,491
Trade receivables	243	963
Trade payables	3,788	2,305
Receivables from financial services	-2,786	4,608
Vehicles on operating leases	3,069	1,003
Other operating assets and liabilities	-21	-1,327
Dividends received from equity-method investments	835	833
Income taxes paid	-3,316	-2,462
Cash flow from operating activities	13,453	20,472
Additions to property, plant and equipment	-2,427	-3,340
Additions to intangible assets	-2,316	-1,923
Proceeds from disposals of property, plant and equipment and intangible assets	280	593
Investments in shareholdings	-834	-382
Proceeds from disposals of shareholdings and other business operations	2,863	778
Acquisition of marketable debt securities and similar investments	-984	-3,141
Proceeds from sales of marketable debt securities and similar investments	2,850	3,303
Other	38	-69
Cash flow from investing activities	-530	-4,181
Change in financing liabilities	-15,806	-12,831
Dividend paid to shareholders of Mercedes-Benz Group AG	-5,349	-1,444
Dividends paid to non-controlling interests	-229	-292
Proceeds from the issue of shares	34	36
Acquisition of treasury shares	-48	-48
Acquisition of non-controlling interests in subsidiaries	-15	-37
Proceeds from disposals of shareholdings in subsidiaries without loss of control	10	-
Cash flow from financing activities	-21,403	-14,616
Effect of foreign exchange-rate changes on cash and cash equivalents	692	633
Net increase/decrease in cash and cash equivalents	-7,788	2,308
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	15,394	25,356
Less cash and cash equivalents classified as assets held for sale at end of period	17	5,401
Cash and cash equivalents at end of period (Consolidated Statement of Financial Position)	15,377	19,955

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)	Currency translation (restated)	Other reserves 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	-	-	10,358	-	-
Other comprehensive income/loss before taxes (restated)	-	-	4,084	1,585	146
Deferred taxes on other comprehensive income/loss	-	-	-1,378	-	-37
Total comprehensive income/loss (restated)	-	-	13,064	1,585	109
Dividends	-	-	-1,444	-	-
Acquisition of treasury shares	-	-	-	-	-
Issue and disposal of treasury shares	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-6	-	-	-
Other (restated)	-	-	76	-	-
Balance at 30 Sept. 2021 (restated)	3,070	11,545	58,644	232	315
Balance at 1 Jan. 2022 (restated)	3,070	11,723	55,926	1,691	202
Net profit	-	-	10,520	-	-
Other comprehensive income/loss before taxes (restated)	-	-	4,021	2,185	-366
Deferred taxes on other comprehensive income/loss	-	-	-1,522	-	49
Total comprehensive income/loss (restated)	-	-	13,019	2,185	-317
Dividends	-	-	-5,349	-	-
Changes in the consolidated group	-	-	-	-	-
Acquisition of treasury shares	-	-	-	-	-
Issue and disposal of treasury shares	-	-	-	-	-
Other (restated)	-	-2	19	-	-9
Balance at 30 Sept. 2022	3,070	11,721	63,615	3,876	-124

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

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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)
-	-	10,358	292	10,650	Net profit
-499	-	5,316	48	5,364	Other comprehensive income/loss before taxes (restated)
144	-	-1,271	-	-1,271	Deferred taxes on other comprehensive income/loss
-355	-	14,403	340	14,743	Total comprehensive income/loss (restated)
-	-	-1,444	-323	-1,767	Dividends
-	-48	-48	-	-48	Acquisition of treasury shares
-	48	48	-	48	Issue and disposal of treasury shares
-	-	-6	19	13	Changes in ownership interests in subsidiaries
-40	-	36	-3	33	Other (restated)
-126	-	73,680	1,590	75,270	Balance at 30 Sept. 2021 (restated)
-661	-	71,951	1,216	73,167	Balance at 1 Jan. 2022 (restated)
-	-	10,520	262	10,782	Net profit
155	-	5,995	22	6,017	Other comprehensive income/loss before taxes (restated)
-19	-	-1,492	-	-1,492	Deferred taxes on other comprehensive income/loss
136	-	15,023	284	15,307	Total comprehensive income/loss (restated)
-	-	-5,349	-248	-5,597	Dividends
-	-	-	-29	-29	Changes in the consolidated group
-	-48	-48	-	-48	Acquisition of treasury shares
-	48	48	-	48	Issue and disposal of treasury shares
-40	-	-32	1	-31	Other (restated)
-565	-	81,593	1,224	82,817	Balance at 30 Sept. 2022

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 organized under the laws of the Federal Republic of Germany. The Company is entered in the Commercial Register of the Stuttgart District Court under the number 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 authorized the Interim Financial Statements for publication on 25 October 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, cash flows 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, with 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 have been considered in profit and loss since the second quarter of 2022 as applied for the subsidiaries in Argentina, which were 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 be presented as a single effect with direct recognition in the retained earnings, separately from the currency translation effect required by IAS 21. Alternatively, where a close economic relationship exists between both effects, their net effect can be presented in Other comprehensive income/loss as a currency translation effect according to IAS 21. In this case, both effects can be combined in Other comprehensive income/loss.

In connection with the first-time application of hyperinflation accounting for the Turkish subsidiaries as of the second quarter of 2022, and thus the greater relevance of hyperinflation accounting on equity, the presentation of the effect of inflation on equity has been changed beginning with the second quarter of 2022. As of the second quarter of 2022, the effect of inflation on equity is thus recognized in Other comprehensive income/loss as a net effect with the currency translation effect under currency translation. In accordance with 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 September 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/Loss.

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 September before retrospective adjustment	-	58,873
Retrospective adjustment in line Other	-	-229
Balance at 30 September after retrospective adjustment	-	58,644
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 September before retrospective adjustment	-	3
Retrospective adjustment in line Other comprehensive income/loss before taxes and in line Total comprehensive income/loss	-	229
Balance at 30 September after retrospective adjustment	-	232

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 September before retrospective adjustment	-	73,680
Retrospective adjustment in line Other comprehensive income/loss before taxes and in line Total comprehensive income/loss	-	229
Retrospective adjustment in line Other	-	-229
Balance at 30 September after retrospective adjustment	-	73,680
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 September before retrospective adjustment	-	75,270
Retrospective adjustment in line Other comprehensive income/loss before taxes and in line Total comprehensive income/loss	-	229
Retrospective adjustment in line Other	-	-229
Balance at 30 September after retrospective adjustment	-	75,270

B.11

Impact on the lines of the Consolidated Statement of Comprehensive Income/Loss

	Q3 2021	Q1-3 2021	Q1-3 2022
In millions of euros			
Gains/losses from currency translation before retrospective adjustment	604	1,567	1,857
Retrospective adjustment	21	66	27
Gains/losses from currency translation after retrospective adjustment	625	1,633	1,884
Items that may be reclassified to profit/loss in the Statement of Income in the future, before retrospective adjustment	456	1,209	2,285
Retrospective adjustment	21	66	27
Items that may be reclassified to profit/loss in the Statement of Income in the future, after retrospective adjustment	477	1,275	2,312
Other comprehensive income/loss, net of taxes, before retrospective adjustment	556	4,027	4,498
Retrospective adjustment	21	66	27
Other comprehensive income/loss, net of taxes, after retrospective adjustment	577	4,093	4,525
thereof income/loss attributable to shareholders of Mercedes-Benz Group AG, after taxes, before retrospective adjustment	533	3,979	4,476
Retrospective adjustment	21	66	27
thereof income/loss attributable to shareholders of Mercedes-Benz Group AG, after taxes, after retrospective adjustment	554	4,045	4,503
Total comprehensive income/loss before retrospective adjustment	3,129	14,677	15,280
Retrospective adjustment	21	66	27
Total comprehensive income/loss after retrospective adjustment	3,150	14,743	15,307
thereof income/loss attributable to shareholders of Mercedes-Benz Group AG, before retrospective adjustment	3,003	14,337	14,996
Retrospective adjustment	21	66	27
thereof income/loss attributable to shareholders of Mercedes-Benz Group AG, after retrospective adjustment	3,024	14,403	15,023

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

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.

A degree of discretion has been exercised in the consideration and subsequent derivation of the effects of the sanctions and counter-sanctions on the business activities in Russia, in particular on the processing of existing transactions. This resulted in expenses in connection with the measurement of assets and liabilities 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, overall expenses of €104 million arose 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 and third quarters of 2022, the accounting and measurement as of 31 March 2022 of the effects of the Russia-Ukraine war on earnings was confirmed overall.

As of 30 September 2022, assets of around €1.8 billion were recognized in the Russian subsidiaries. In addition, the Russian subsidiaries have liabilities of around €1.0 billion, mostly to banks. The Group has provided a global guarantee for the bank liabilities. Compared to 30 June 2022, there were no substantial changes in contingent liabilities as a result of the Russia-Ukraine war. In order not to impair the position of the Mercedes-Benz Group, in accordance with IAS 37.92 no further disclosures are made concerning the risks considered in the Interim Financial Statements.

The Group continuously monitors the sanctions to be complied with and the resulting consequences in order to limit risks to the profitability, cash flows and financial position to the greatest extent possible. The Group intends to withdraw from the Russian market and to sell the shares in the Russian subsidiaries to a local investor. Final completion of the transaction is subject to the authorities' approval and the implementation of the contractually agreed conditions. From today's perspective, it is not expected to give rise to any further significant effects with regard to the Group's profitability, cash flows and financial position beyond those reported.

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 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 September 2022, the 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. Insofar as a sale is highly probable to take place within the next twelve months, the corresponding assets and liabilities as of 31 December 2021 and 30 September 2022 have been reported as held for sale in accordance with IFRS 5.

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

B.12

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

	30 Sept. 2022	31 Dec. 2021
In millions of euros		
Equipment on operating leases	18	533
Receivables from financial services	178	2,228
Cash and cash equivalents	17	62
Other financial assets	155	179
Other assets	40	140
Assets held for sale	408	3,142
Financial liabilities	17	107
Other liabilities	15	62
Liabilities held for sale	32	169

In the first nine months of 2022, assets of €2,970 million and liabilities of €730 million were transferred to the Daimler Truck Group in connection with the sale of investments and business operations of Daimler's commercial vehicle business in the Mercedes-Benz Mobility segment. The assets disposed of include, in particular, receivables from financial services of €2,222 million and equipment on operating leases of €497 million. Amongst others, cash and cash equivalents of €93 million are also included. The (partially still provisional) purchase prices including the settlement of the Mercedes-Benz Group internal financial liabilities of the companies and business operations resulted in a cash inflow to the Group of €1,938 million in the first nine months of 2022.

The fair value measurement and sale of the Mercedes-Benz Mobility entities resulted in net expenses of €73 million in the reconciliation in the third quarter of 2022 and €213 million in the first nine months. This includes expenses from the realization of the currency translation reserves (Q3 2022: €28 million; Q1-3 2022: €96 million).

For the Mercedes-Benz Mobility entities sold until 30 September 2022, net expenses of €79 million resulting from the fair value measurement less transaction costs were booked in the reconciliation. Furthermore, the reconciliation in the third quarter of 2022 includes expenses resulting from the fair value measurement less transaction costs of €23 million of the Mercedes-Benz Mobility entities which had not yet been sold as of 30 September 2022.

Profit/loss from discontinued operations

In the third quarter of 2021 and the first nine months of 2021, profit from discontinued operations, after income taxes, comprises the profit from the ongoing business of the discontinued operations (€627 million and €2,118 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 €22 million in the third quarter and of €35 million in the first nine months in connection with the spin-off and hive-down).

In addition, the third quarter of 2021 includes an opposing loss of €18 million from the measurement of the discontinued operations before taxes. In the first nine months of 2021, the negative result from the measurement of the discontinued operations amounts to €41 million. The profit/loss from 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/loss from discontinued operations, after income taxes.

B.13

Profit/loss from discontinued operations, after income taxes

	Q3 2021	Q1-3 2021
In millions of euros		
Revenue	8,436	25,929
Functional costs	-7,666	-23,867
Other operating income	-86	342
Other operating expense	-17	-118
Gains on equity-method investments, net	133	257
Other financial income/expense, net	-59	56
Earnings before interest and taxes (EBIT)	741	2,599
Interest income/expense	-19	-68
Profit/loss from discontinued operations, before income taxes	722	2,531
Income taxes	-113	-454
Profit/loss from discontinued operations, after income taxes	609	2,077

Explanations on 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 nine months 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 from continuing operations in the consolidated statement of income to profit before income taxes from 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

	Q3 2022	Q3 2021	Q1-3 2022	Q1-3 2021
In millions of euros				
Profit/loss before income taxes from continuing operations	5,166	2,819	14,902	11,781
Profit/loss from discontinued operations, before income taxes	-	722	-	2,531
Profit/loss before income taxes from continuing and discontinued operations	5,166	3,541	14,902	14,312

B.15

Cash Flows from continuing and discontinued operations

	Q1-3 2021		
	Cash flow from discontinued operations	Cash flow from continuing operations	Cash flow total
In millions of euros			
Cash flow from operating activities	116	20,356	20,472
Cash flow from investing activities	687	-4,868	-4,181
Cash flow from financing activities	-974	-13,642	-14,616

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 to “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 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 recognized 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.

In addition, other retail activities in various European countries were sold in the first nine months of 2022. The sales gave rise to cash inflows of €251 million, especially in the Mercedes-Benz Cars segment. The transactions have no material effects on profitability.

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 recognized. An income of €604 million was recognized 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 from 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.

Other revenue primarily comprises revenue from the rental and leasing business, interest from the financial services business and effects from currency hedging.

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.

B.16

Revenue for the three-month period ended 30 September

	Mercedes-Benz Cars	Mercedes-Benz Vans	Mercedes-Benz Mobility	Total segments	Other ¹	Mercedes-Benz Group
In millions of euros						
Q3 2022						
Europe	8,904	2,555	1,245	12,704	-717	11,987
North America	6,454	900	1,464	8,818	-20	8,798
Asia	11,067	311	33	11,411	-	11,411
Other markets	1,468	427	18	1,913	-	1,913
Revenue according to IFRS 15	27,893	4,193	2,760	34,846	-737	34,109
Other revenue	316	116	3,839	4,271	-664	3,607
Total revenue	28,209	4,309	6,599	39,117	-1,401	37,716

	Mercedes-Benz Cars	Mercedes-Benz Vans	Mercedes-Benz Mobility	Total segments	Other ¹	Mercedes-Benz Group
In millions of euros						
Q3 2021						
Europe	7,137	2,031	1,102	10,270	-519	9,751
North America	4,159	751	1,540	6,450	1	6,451
Asia	8,913	235	50	9,198	1	9,199
Other markets	1,675	340	35	2,050	45	2,095
Revenue according to IFRS 15	21,884	3,357	2,727	27,968	-472	27,496
Other revenue	550	189	4,128	4,867	-716	4,151
Total revenue	22,434	3,546	6,855	32,835	-1,188	31,647

¹ Other includes eliminations and in Q3 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 Q3 2021 €160 million for the parts of Daimler's commercial vehicle business remaining at the Mercedes-Benz Group.

B.17

Revenue for the nine-month period ended 30 September

	Mercedes-Benz Cars	Mercedes-Benz Vans	Mercedes-Benz Mobility	Total segments	Other ¹	Mercedes-Benz Group
In millions of euros						
Q1-3 2022						
Europe	26,360	7,067	3,722	37,149	-2,283	34,866
North America	17,749	2,640	4,837	25,226	-38	25,188
Asia	31,593	835	104	32,532	-7	32,525
Other markets	4,402	1,115	58	5,575	-	5,575
Revenue according to IFRS 15	80,104	11,657	8,721	100,482	-2,328	98,154
Other revenue	940	446	11,375	12,761	-1,901	10,860
Total revenue	81,044	12,103	20,096	113,243	-4,229	109,014

	Mercedes-Benz Cars	Mercedes-Benz Vans	Mercedes-Benz Mobility	Total segments	Other ¹	Mercedes-Benz Group
In millions of euros						
Q1-3 2021						
Europe	23,747	6,660	3,513	33,920	-1,991	31,929
North America	13,227	1,564	4,690	19,481	-28	19,453
Asia	27,224	706	143	28,073	-8	28,065
Other markets	5,459	1,054	87	6,600	135	6,735
Revenue according to IFRS 15	69,657	9,984	8,433	88,074	-1,892	86,182
Other revenue	1,675	629	12,262	14,566	-2,095	12,471
Total revenue	71,332	10,613	20,695	102,640	-3,987	98,653

¹ Other includes eliminations and in Q1-3 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 Q1-3 2021 €314 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 both in the third quarter and in the first nine months of 2022 resulted essentially from higher raw material prices and one-off expenses to suppliers for additional costs related to inflation or the supply chain.

The selling expenses increased slightly in both the third quarter and the first nine months of 2022.

General administrative expenses decreased slightly both in the third quarter and in the first nine months of 2022.

Research and non-capitalized development costs in the third quarter were slightly above and in the first nine months of the year 2022 at the level of prior-year periods.

6. Other operating income and expense

Other operating income amounted to €491 million in the third quarter of 2022 (Q3 2021: €562 million) and €2,395 million in the nine-month period ended 30 September 2022 (Q1-3 2021: €2,194 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 €259 million in the third quarter of 2022 (Q3 2021: €244 million) and €1,166 million in the nine-month period ended 30 September 2022 (Q1-3 2021: €583 million).

Other operating expense includes 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 €97 million in the third quarter of 2022 (Q3 2021: €74 million) and €451 million in the nine-month period ended 30 September 2022 (Q1-3 2021: €256 million).

Moreover, a net expense of €73 million in the third quarter and of €213 million in the first nine months of 2022 resulted from the fair value measurement as well as the sale of investments and business operations of the commercial vehicle business of the Mercedes-Benz Mobility segment. An additional expense of €23 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 fourth quarter 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

	Q3 2022	Q3 2021	Q1-3 2022	Q1-3 2021
In millions of euros				
Income and expense from compounding and effects from changes in discount rates of provisions for other risks	68	13	570	75
Miscellaneous other financial income/expense, net	-10	-85	-244	232
	58	-72	326	307

In the nine-month period ended 30 September 2022, miscellaneous other financial income/expense primarily included expenses from the measurement of other financial assets while the prior-year period included in particular income 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.

In the third quarter of 2022, the ongoing reassessment of non-tax deductible expenses led to an adjustment of the effective tax rate.

B.19

Income taxes

	Q3 2022	Q3 2021	Q1-3 2022	Q1-3 2021
In millions of euros				
Income before income taxes	5,166	2,819	14,902	11,781
Income taxes	-1,168	-855	-4,120	-3,208
Tax rate	22.6%	30.3%	27.6%	27.2%

9. Intangible assets

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

B.20

Intangible assets

	30 Sept. 2022	31 Dec. 2021
In millions of euros		
Goodwill	752	764
Development costs	13,224	12,697
Other intangible assets	1,459	1,544
	15,435	15,005

10. Property, plant and equipment

Property, plant and equipment as presented in the Statement of Financial Position with a carrying amount of €27,593 million (31 December 2021: €27,859 million) also includes right-of-use assets of €2,629 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 Sept. 2022	31 Dec. 2021
In millions of euros		
Land, land rights and buildings, including build-ings on third-party land	8,131	8,225
Technical equipment and machinery	8,220	8,461
Other equipment, factory and office equipment	6,614	6,267
Advance payments and construction in progress	1,999	2,195
	24,964	25,148

11. Equipment on operating leases

At 30 September 2022, the carrying amount of equipment on operating leases was €43,861 million (31 December 2021: €44,471 million). In the nine-month period ended 30 September 2022, additions amounted to €12,568 million (Q1-3 2021: €15,336 million) and disposals to €10,242 million (Q1-3 2021: €10,266 million). Depreciation for the nine-month period ended 30 September 2022 was €5,513 million (Q1-3 2021: €6,182 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

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

	Associated companies	Joint ventures	Total
In millions of euros			
30. Sept. 2022			
Equity-method carrying amount ¹	13,295	1,188	14,483
Equity-method gains/losses (Q3 2022) ¹	762	-43	719
Equity-method gains/losses (Q1-3 2022) ¹	1,581	-85	1,496
31 Dec. 2021			
Equity-method carrying amount ¹	12,652	936	13,588
Equity-method gains/losses (Q3 2021) ¹	225	-90	135
Equity-method gains/losses (Q1-3 2021) ¹	1,195	-155	1,040

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 Mercedes-Benz Pension Trust e.V. (until the change of name 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.**, United States to external shareholders. The sale resulted in income before taxes of €89 million, which was reported in the line item Gains/losses on equity-method investments, net. The company had been allocated to the Mercedes-Benz Mobility segment.

Joint ventures

Further information regarding the acquisition of the 33.33% stake of **Automotive Cells Company SE (ACC)** in 2022 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.

13. Receivables from financial services

Receivables from financial services are shown in the following table:

B.23

Receivables from financial services

	30 Sept. 2022			31 Dec. 2021		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Sales financing with customers	20,118	33,733	53,851	18,463	32,055	50,518
Sales financing with dealers	10,300	3,252	13,552	7,726	2,432	10,158
Finance lease contracts	6,945	12,277	19,222	7,327	12,117	19,444
Residual-value receivables	497	700	1,197	550	914	1,464
Gross carrying amount	37,860	49,962	87,822	34,066	47,518	81,584
Loss allowances	-531	-702	-1,233	-396	-563	-959
Net carrying amount	37,329	49,260	86,589	33,670	46,955	80,625

14. Inventories

Inventories are comprised as follows:

B.24

Inventories

	30 Sept. 2022	31 Dec. 2021
In millions of euros		
Raw materials and manufacturing supplies	3,549	2,488
Work in progress	4,639	3,969
Finished goods, spare parts and products held for resale	20,088	14,829
Advance payments to suppliers	120	180
	28,396	21,466

Inventory levels increased compared to 31 December 2021, partly due to the supply chain bottlenecks for semiconductors, ramp-ups in production due to new model years and higher levels of vehicles in the process of delivery.

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 utilizing the authorization 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 approved the payment of €5,349 million of the distributable profits 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 no-par-value share entitled to a dividend). 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 3.8% as of 30 September 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 Sept. 2022	31 Dec. 2021
In millions of euros		
Present value of the defined benefit obligation	19,807	28,504
Fair value of plan assets	20,085	24,212
Funded status	278	-4,292
actuarial loss due to asset ceiling	-14	-14
Net defined benefit liability	264	-4,306
thereof recognized in: Other assets	1,146	608
thereof recognized in: Provisions for pensions and similar obligations	-882	-4,914

B.26

Provisions for other risks

	30 Sept. 2022			31 Dec. 2021		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Product warranties	3,105	3,674	6,779	3,438	3,348	6,786
Personnel and social costs	2,009	2,136	4,145	1,996	2,625	4,621
Litigation risks and regulatory proceedings	1,310	2,182	3,492	1,139	1,499	2,638
Other	2,066	335	2,401	1,480	437	1,917
	8,490	8,327	16,817	8,053	7,909	15,962

18. Financing liabilities

Financing liabilities are comprised as follows:

B.27

Financing liabilities

	30 Sept. 2022			31 Dec. 2021		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Notes/bonds	11,713	42,541	54,254	15,141	51,225	66,366
Commercial paper	1,653	11	1,664	57	-	57
Liabilities to financial institutions	17,409	7,295	24,704	14,897	9,100	23,997
Deposits in the direct banking business	10,340	1,177	11,517	11,559	2,032	13,591
Liabilities from ABS transactions	7,023	10,453	17,476	9,572	8,831	18,403
Lease liabilities	480	2,062	2,542	496	2,066	2,562
Loans, other financing liabilities	454	292	746	578	289	867
	49,072	63,831	112,903	52,300	73,543	125,843

19. Legal proceedings

As described in note 31 of the Notes to the Consolidated Financial Statements as of 31 December 2021, Mercedes-Benz Group AG and its subsidiaries are confronted with various court proceedings, claims, and 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:

As previously reported, the Environmental Protection Commission of Hillsborough County, Florida filed a lawsuit in September 2020, claiming that, amongst others, Mercedes-Benz Group AG and MBUSA violated municipal regulations prohibiting vehicle tampering and other conduct by using alleged devices claimed to impair the effectiveness of emissions control systems. In the third quarter of 2022, the lawsuit was dismissed. The decision is not yet final.

Furthermore, as already reported, a class action in connection with Takata airbags has been pending in Argentina. The lawsuit is based on allegations that Mercedes-Benz Argentina was allegedly negligent in selling vehicles equipped with Takata airbag inflators, purportedly not recalling them quickly enough, and failing to warn consumers about a potential defect and/or to provide a supposedly adequate replacement airbag inflator. Meanwhile the class action was dismissed; however, it may be filed again.

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 Sept. 2022		31 Dec. 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
In millions of euros				
Financial assets				
Receivables from financial services	86,767	87,771	82,853	84,386
Trade receivables	7,568	7,568	7,703	7,703
Cash and cash equivalents	15,394	15,394	23,182	23,182
Marketable debt securities and similar investments	5,651	5,651	7,579	7,579
Recognized at fair value through other comprehensive income	1,639	1,639	2,364	2,364
Recognized at fair value through profit or loss	3,637	3,637	4,937	4,937
Measured at cost	375	375	278	278
Other financial assets				
Equity instruments and debt instruments	1,703	1,703	1,707	1,707
Recognized at fair value through other comprehensive income	914	914	1,042	1,042
Recognized at fair value through profit or loss	789	789	665	665
Other financial assets recognized at fair value through profit or loss	394	394	61	61
Derivative financial instruments used in hedge accounting	2,462	2,462	1,020	1,020
Other receivables and financial assets	2,983	2,983	3,258	3,258
	122,922	123,926	127,363	128,896
Financial liabilities				
Financing liabilities	110,361	108,115	123,343	125,737
Trade payables	14,560	14,560	10,682	10,682
Other financial liabilities				
Financial liabilities recognized at fair value through profit or loss	480	480	130	130
Derivative financial instruments used in hedge accounting	4,489	4,489	1,420	1,420
Miscellaneous other financial liabilities	5,548	5,548	6,264	6,264
Contract and refund liabilities				
Obligations from sales transactions	4,325	4,325	3,860	3,860
	139,763	137,517	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 recognized at fair value through other comprehensive income or at fair value through profit or loss. Similar investments are measured at 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 recognized at fair value through other comprehensive income or at fair value through profit or loss.

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

Other financial assets and liabilities recognized 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 recognized 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 recognized at fair value

	30 Sept. 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 recognized at fair value								
Marketable debt securities	5,276	4,921	355	-	7,301	6,395	906	-
Recognized at fair value through other comprehensive income	1,639	1,290	349	-	2,364	1,468	896	-
Recognized at fair value through profit or loss	3,637	3,631	6	-	4,937	4,927	10	-
Equity instruments and debt instruments	1,703	513	308	882	1,707	850	227	630
Recognized at fair value through other comprehensive income	914	339	186	389	1,042	643	145	254
Recognized at fair value through profit or loss	789	174	122	493	665	207	82	376
Other financial assets recognized at fair value through profit or loss	394	-	393	1	61	-	60	1
Derivative financial instruments used in hedge accounting	2,462	-	2,462	-	1,020	-	1,020	-
	9,835	5,434	3,518	883	10,089	7,245	2,213	631
Financial liabilities recognized at fair value								
Financial liabilities recognized at fair value through profit or loss	480	-	480	-	130	-	130	-
Derivative financial instruments used in hedge accounting	4,489	-	4,489	-	1,420	-	1,420	-
	4,969	-	4,969	-	1,550	-	1,550	-

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

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

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

21. Segment reporting

Segment reporting is presented in accordance with the internal management and reporting system. As described in note 1, the two segments Mercedes-Benz Cars and Mercedes-Benz Vans are reported separately 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 third quarters of 2022 and 2021 is as follows:

B.30

Segment reporting for the three-month period ended 30 September

	Mercedes-Benz Cars	Mercedes-Benz Vans	Mercedes-Benz Mobility	Total segments	Reconciliation	Mercedes-Benz Group
In millions of euros						
Q3 2022						
External revenue	27,325	3,983	6,408	37,716	-	37,716
Intersegment revenue	884	326	191	1,401	-1,401	-
Total revenue	28,209	4,309	6,599	39,117	-1,401	37,716
Segment profit/loss (EBIT)	4,034	497	577	5,108	88	5,196
In millions of euros						
Q3 2021						
External revenue	21,336	3,511	6,633	31,480	167	31,647
Intersegment revenue	1,098	35	222	1,355	-1,355	-
Total revenue	22,434	3,546	6,855	32,835	-1,188	31,647
Segment profit/loss (EBIT)	1,838	165	943	2,946	-108	2,838

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

B.31

Segment reporting for the nine-month period ended 30 September

	Mercedes-Benz Cars	Mercedes-Benz Vans	Mercedes-Benz Mobility	Total segments	Reconciliation	Mercedes-Benz Group
In millions of euros						
Q1-3 2022						
External revenue	78,088	11,392	19,534	109,014	-	109,014
Intersegment revenue	2,956	711	562	4,229	-4,229	-
Total revenue	81,044	12,103	20,096	113,243	-4,229	109,014
Segment profit/loss (EBIT)	12,097	1,227	1,934	15,258	-211	15,047
In millions of euros						
Q1-3 2021						
External revenue	68,424	9,985	19,921	98,330	323	98,653
Intersegment revenue	2,908	628	774	4,310	-4,310	-
Total revenue	71,332	10,613	20,695	102,640	-3,987	98,653
Segment profit/loss (EBIT)	8,649	887	2,611	12,147	-234	11,913

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

	Q3 2022	Q3 2021	Q1-3 2022	Q1-3 2021
In millions of euros				
Total of segments' profit/loss (EBIT)	5,108	2,946	15,258	12,147
Gains/losses on equity-method investments, net	188	11	209	34
Other corporate items	-109	-152	-438	-285
Eliminations	9	33	18	17
EBIT as shown in the Consolidated Statement of Income	5,196	2,838	15,047	11,913

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 September 2022 this guarantee was €473 million (31 December 2021: €685 million).

In addition the leasing and sales-financing business for Daimler Truck's commercial vehicles is being continued in some markets. These vehicles are directly acquired from Daimler Truck and leased to the end customer. Insofar as a mandatory vehicle return has been agreed, there is a rental contract (headlease) 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 €1,201 million (31 December 2021: €1,617 million) shown in receivables from financial services and right-of-use assets of €624 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 €284 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 €101 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 the table B.33. Additional information regarding these transactions is provided in note 2.

In addition, the Mercedes-Benz Group holds minority interests of €190 million in real estate companies controlled by the Daimler Truck Group, which are shown as debt instruments in other financial assets.

As of 30 September 2022, off-balance-sheet obligations related to the Daimler Truck Group and the joint venture Automotive Cells Company SE in particular and amounted to a total of €480 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 Zhejiang Geely 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

In millions of euros	Sales of goods and services and other income ¹				Purchases of goods and services and other expenses ¹			
	Q3 2022	Q3 2021	Q1-3 2022	Q1-3 2021	Q3 2022	Q3 2021	Q1-3 2022	Q1-3 2021
Associated companies	5,174	3,478	14,044	11,565	644	188	1,999	633
thereof Daimler Truck Group ⁴	282	-	788	-	511	-	1,620	-
thereof LSHAI	2,774	1,985	7,415	6,451	64	124	186	411
thereof BBAC	2,113	1,375	5,828	4,836	70	61	193	212
Joint ventures	202	337	532	1,106	8	233	24	681

In millions of euros	Receivables and right-of-use-assets ²		Payables and provisions ³	
	30 Sept. 2022	31 Dec. 2021	30 Sept. 2022	31 Dec. 2021
Associated companies	4,457	6,027	475	723
thereof Daimler Truck Group ⁴	2,291	3,426	296	533
thereof LSHAI	542	565	15	21
thereof BBAC	1,582	2,007	163	168
Joint ventures	173	153	45	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 €39 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 of corporate functions such as IT, Logistics and Human Resources are included in addition to relationships in the scope of ordinary operating activities, for example, the purchase and sale of goods and services and leasing agreements.

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 to the interim consolidated financial statements - together with the interim group management report of the Mercedes-Benz Group AG, for the period from 1 January to 30 September 2022, that are part of the quarterly financial report according to §115 WpHG ("Wertpapierhandelsgesetz": "German Securities Trading Act"). The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting" as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

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

prepared, in material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

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

Stuttgart, 25 October 2022

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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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