



Interim Report Q1 2023

Mercedes-Benz Group



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Key Figures

Mercedes-Benz Group

A.01

	Q1 2023	Q1 2022	Change
In millions of euros			in %
Revenue	37,516	34,858	+8
EBIT	5,504	5,229	+5
Adjusted EBIT	5,422	5,301	+2
Net profit	4,011	3,586	+12
Earnings per share (in euros) ¹	3.69	3.26	+13
Free cash flow of the industrial business	2,164	1,216	+78
Adjusted free cash flow of the industrial business	2,245	1,210	+86
Net liquidity of the industrial business	28,889	22,706	+27
Investments in property, plant and equipment	789	855	-8
Research and development expenditure	2,470	1,979	+25
Employees (31 March) ²	169,355	171,052	-1

¹ Based on net profit attributable to shareholders of Mercedes-Benz Group AG.

² Active workforce without holiday workers.

Divisions

A.02

	Q1 2023	Q1 2022	Change
In millions of euros			in %
Mercedes-Benz Cars			
Unit sales (in units)	503,483	487,008	+3
Revenue	27,812	25,836	+8
EBIT	4,148	4,271	-3
Adjusted EBIT	4,113	4,243	-3
Return on sales (in %)	14.9	16.5	.
Adjusted return on sales (in %)	14.8	16.4	.
CFBIT	2,981	1,847	+61
Adjusted CFBIT	3,020	1,680	+80
Adjusted cash conversion rate ¹	0.7	0.4	.
Investments in property, plant and equipment	732	834	-12
Research and development expenditure	2,254	1,870	+21
thereof capitalized development costs	685	593	+16
Employees (31 March) ²	135,785	137,438	-1
Mercedes-Benz Vans			
Unit sales (in units)	98,885	88,508	+12
Revenue	4,615	3,687	+25
EBIT	762	348	+119
Adjusted EBIT	719	466	+54
Return on sales (in %)	16.5	9.4	.
Adjusted return on sales (in %)	15.6	12.6	.
CFBIT	410	378	+8
Adjusted CFBIT	450	437	+3
Adjusted cash conversion rate ¹	0.6	0.9	.
Investments in property, plant and equipment	51	18	+183
Research and development expenditure	191	84	+127
thereof capitalized development costs	90	9	+900
Employees (31 March) ²	19,066	19,350	-1
Mercedes-Benz Mobility			
Revenue	6,639	6,782	-2
EBIT	539	733	-26
Adjusted EBIT	539	733	-26
Return on equity (in %)	15.6	20.2	.
Adjusted return on equity (in %)	15.6	20.2	.
New business	14,701	14,540	+1
Contract volume	131,267	134,404	-2
Employees (31 March) ²	10,072	9,640	+4

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

2 Active workforce without holiday workers.

Reporting principles

The Interim Report as of 31 March 2023 of Mercedes-Benz Group AG comprises an Interim Group Management Report and condensed Interim Consolidated Financial Statements (Interim Financial Statements). In keeping with IAS 34 (Interim Financial Reporting), the Interim Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and their interpretations as endorsed by the European Union (EU) and effective at the reporting date. This Interim Report also complies with the requirements of the German Securities Trading Act (WpHG) and with German Accounting Standard No. 16 (GAS 16 — Interim Financial Reporting) issued by the German Accounting Standards Committee (GASC).

This Interim Report should be read in conjunction with the Annual Report for financial year 2022 and the additional information on the company contained therein.

The Group comprises the segments Mercedes-Benz Cars, Mercedes-Benz Vans and Mercedes-Benz Mobility. The reconciliation of the segments for the Group (reconciliation) presents the functions and services provided by the Group's headquarters. In addition, it includes equity investments that are not allocated to the segments, effects at the corporate level and the impact on earnings of eliminating intra-Group transactions between the segments.

The Interim Report is presented in euros (€). Unless otherwise stated, all amounts are stated in millions of euros. All figures shown are commercially rounded.

The Board of Management authorized the Interim Report for publication on 27 April 2023. It is published in German and English. The German version is binding.

The Interim Report was reviewed by the Group auditor.

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 utilize 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-optimization 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 materializes 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.

Interim Group Management Report

Important events

Creation of a global high-power charging network

On 5 January 2023, Mercedes-Benz AG announced far-reaching plans to build a global high-power charging network in North America, Europe, China and other core markets. Construction of the first charging parks is to begin in the United States and Canada, followed by other regions around the globe. The goal is to create a global charging network by the end of the decade.

Certification granted for SAE Level 3 system for US market

On 26 January 2023, the Mercedes-Benz Group became the world's first automaker to receive SAE Level 3¹ certification for conditionally automated driving on US roads in the state of Nevada. The "DRIVE PILOT" was released for sale in Germany in May 2022 after the German Federal Motor Transport Authority issued the SAE Level 3 system a licence to operate on the basis of the internationally valid regulation UN-R157.

Mercedes-Benz Group AG decides on share buyback programme

With the approval of the Supervisory Board, the Board of Management resolved a share buyback programme on 16 February 2023. On 3 March 2023, the company started to acquire treasury shares on the stock exchange. Treasury shares worth up to €4 billion (excluding incidental costs) are to be purchased over a period of up to two years and subsequently cancelled.

Further information on this is provided in Note 14 of the Notes to the Consolidated Financial Statements of the Interim Financial Statements.

Mercedes-Benz and Google form partnership for next-generation vehicle navigation

As announced on 22 February 2023, the Mercedes-Benz Group plans to integrate innovative vehicle-related geo-spatial data and route planning capabilities from the Google Maps platform into the Mercedes-Benz Operating System (MB.OS). With this partnership, the Group plans to become the first automaker to develop its own navigation experience based on a new concept that combines new in-vehicle geospatial data and navigation features from the Google Maps platform.

The system is to be introduced in the middle of the decade with the new MMA (Mercedes Modular Architecture) platform. MB.OS was designed and developed in-house at Mercedes-Benz. This was done to give the Company complete control over the customer relationship as well as ensure data privacy and the unparalleled integration of all vehicle functions.

Foundation laid for sustainable battery recycling factory

On 3 March 2023, the Mercedes-Benz Group laid the symbolic foundation stone for a battery recycling factory at the Kuppenheim site. The Company is thus underpinning its goal of ensuring a sustainable closure of the recycling loop for batteries and significantly reducing resource consumption.

The Group plans to invest an eight-digit euro sum in the construction of the net CO₂-neutral plant. For the first stage of the plant (mechanical dismantling facility) commissioning is scheduled to start as early as the end of this year. Subject to discussions with the government authorities, the pilot plant is to be rounded out by a hydrometallurgical facility just a few months later.

¹ The automated driving function takes over certain driving tasks. Nevertheless, a driver is still necessary. The driver must be ready to take control of the vehicle at any time when prompted by the vehicle to intervene.

Mercedes-Benz underscores ESG commitment with significant achievements and measurable targets

At the ESG (Environmental, Social and Governance) Conference on 30 March 2023, the Board of Management of the Mercedes-Benz Group emphasized to investors and analysts its measures for reducing its CO₂ footprint and creating sustainable value for all stakeholders.

The key measures are to accelerate electrification with a growing portfolio and dedicated fast-charging network, to promote supply chain decarbonization and resource conservation through the use of renewable energy sources and responsible sourcing of raw materials, and to forge ahead with the creation of a circular economy and the direct sourcing of raw materials. The Company also aims to reduce CO₂ emissions in production by 80% by 2030¹.

Alongside other measures such as investments in social commitment and the environment, the Company has added additional ESG metrics to the variable component of executive compensation and has indicated the governance structures that were implemented.

The participation of Supervisory Board member Dame Veronica Anne Courtice reinforces the embedding of sustainability in the Company's strategy, business processes and remuneration system.

Mercedes-Benz Group has engaged CICERO Shades of Green, now part of S&P Global, an expert in research-based assessment of green finance frameworks, to review the Mercedes-Benz Group framework. The Mercedes-Benz Group framework has received the highest rating of "Dark Green" from CICERO.

Sale of shares in the Russian subsidiaries

As reported in the Annual Report 2022, the Group had intended to withdraw from the Russian market and sell its shares in the Russian subsidiaries to the local investor Avtodom AO. In March 2022, the Mercedes-Benz Group had already stopped exporting cars and vans to Russia and ceased local production in Russia.

The regulatory approvals for the disposal of the Russian subsidiaries have been granted in full in the meantime. The closing of the transaction was completed in April 2023.

Further information on this is provided in Note 2 of the Notes to the Consolidated Financial Statements of the Interim Financial Statements.

¹ In comparison to 2018.

Business development

Automotive markets

The development of the **world economy** continued to be rather weak in the first quarter, but increasingly stabilized. The main reasons for this were the comparatively smooth economic opening process in China and a European economy that made it through the winter half-year better than feared, thanks to mild weather, well-filled natural gas storage facilities and falling energy prices. At the same time, however, the recent turbulence in the US and European banking sectors brought new uncertainties. Inflation rates remained at exceptionally high levels in many markets, forcing central banks to continue their course of interest rate hikes for the time being. The bottlenecks in global supply chains gradually improved, which also had a positive impact on important automotive markets.

Overall, the global **car market** in the first quarter was slightly above the level of the previous year; however, the major sales regions showed very different trends. The European market significantly exceeded the weak level of the previous year. The US light vehicle market also recorded significant growth. By contrast, the Chinese car market was slightly below its prior-year level. This weak development was mainly due to the discontinuation of tax breaks on the purchase of vehicles with internal combustion engines, which took effect at the beginning of the year.

Important **van markets** developed favourably in the past quarter. In the Europe region, the market for mid-size and large vans overall was slightly above that of the previous year. The segment for small vans grew significantly. The US market for large vans showed strong signs of recovery and greatly surpassed the prior-year level. Substantial growth was also recorded in the Chinese market for mid-size vans.

Unit sales

Mercedes-Benz Cars sold 503,500 units in the first quarter of 2023 (Q1 2022: 487,000), increasing sales by 3% year-on-year despite ongoing supply chain disruptions, economic headwinds and geopolitical uncertainties. The growth in unit sales is attributable to Top-End vehicles and all-electric vehicles, particularly in the Entry product category. As result, all-electric vehicles' share of total unit sales reached 10% in the first quarter of 2023 (Q1 2022: 6%).

C.01

Mercedes-Benz Cars unit sales

	Q1 2023	Q1 2022	Change
In units			in %
Total unit sales of Mercedes-Benz Cars	503,483	487,008	3
Top-End ¹	91,772	78,071	18
% share of unit sales	18.2	16.0	
Core ²	248,383	280,175	-11
% share of unit sales	49.3	57.5	
Entry ³	163,328	128,762	27
% share of unit sales	32.5	26.5	
thereof			
Electrified vehicles (xEVs)	91,698	74,000	24
Battery electric vehicles (BEVs)	51,639	27,360	89
Plug-in hybrid vehicles (PHEVs)	40,059	46,640	-14
% share of unit sales	18.2	15.2	

1 Mercedes-AMG, Mercedes-Maybach, G-Class, S-Class, GLS, EQS and EQS SUV.

2 All derivatives of the C-Class and E-Class, including the EQC, EQE and EQE SUV.

3 All derivatives of the A-Class and B-Class, including the EQA, EQB and smart.

Unit sales of Mercedes-Benz Cars increased year-on-year in the largest sales regions in the first quarter of 2023. A total of 163,900 vehicles (Q1 2022: 151,300) were sold in Europe (European Union, United Kingdom, Switzerland and Norway) in the first quarter. Strong growth of 21% to 60,500 units was recorded in Germany. In China, the single largest market for Mercedes-Benz Cars, unit sales totalled 191,000 vehicles (Q1 2022: 186,100). In North America, total unit sales totalled 75,100 vehicles (Q1 2022: 74,200). At 64,500 units (Q1 2022: 64,700), unit sales in the region's main market, the United States, were on a par with the previous year, mainly due to the model changeover of the GLC. The successor is due to

be launched on the US market in the second quarter of 2023. The significant decline in unit sales in the rest of the world was due in particular to the discontinuation of business activities in Russia since March 2022.

Mercedes-Benz Vans significantly increased its global unit sales in the first quarter of 2023 to 98,900 units (Q1 2022: 88,500), thus recording the strongest first quarter in terms of unit sales, despite the continuing challenges in vehicle logistics.

At 65,500 units, unit sales in the core region of Europe were significantly above the prior-year quarter (Q1 2022: 52,700). Mercedes-Benz Vans in Germany also recorded a record figure in the first quarter with 23,700 units (Q1 2022: 19,700). A total of 13,900 vehicles (Q1 2022: 14,800) were sold in the United States. In China, sales totalled 6,000 units (Q1 2022: 8,100).

Global sales of all-electric vans increased to 3,600 units in the first quarter of 2023 (Q1 2022: 2,900). All-electric models thus accounted for a 4% share of total unit sales.

At €14.7 billion, new business at **Mercedes-Benz Mobility** in the first quarter of 2023 was on a par with the prior-year period.

In the United States, new business increased significantly in the first quarter (+18%). One of the main reasons for the positive development was a significant increase in unit sales of Top-End vehicles. Supported by strong unit sales figures, new business in the German market also rose sharply year-on-year (+10%). In China, on the other hand, there was a significant decline in new business in the first quarter of 2023 (-26%).

At 31 March 2023, contract volume amounted to €131.3 billion and was thus at the level of 31 December 2022.

Investment and research activities

The **investments in property, plant and equipment** of the **Mercedes-Benz Group** amounted to €0.8 billion in the first quarter of 2023 (Q1 2022: €0.9 billion).

As was the case in the previous year, investments in property, plant and equipment at **Mercedes-Benz Cars** mainly focused on the new vehicle architectures. At **Mercedes-Benz Vans**, the main driver of investment was again the planned transformation to an all-electric Mercedes-Benz van fleet.

C.02

Investments in property, plant and equipment¹

	Q1 2023	Q1 2022	Change
In millions of euros			in %
Mercedes-Benz Group	789	855	-8
thereof Mercedes-Benz Cars	732	834	-12
thereof Mercedes-Benz Vans	51	18	183

¹ The investments in property, plant and equipment correspond to additions to property, plant and equipment in the Consolidated Statement of Cash Flows in the Interim Financial Statements.

The **research and development expenditure** of the **Mercedes-Benz Group** amounted to €2.5 billion in the first quarter of 2023 (Q1 2022: €2.0 billion), of which €0.8 billion (Q1 2022: €0.6 billion) was capitalized.

At **Mercedes-Benz Cars** as well as **Mercedes-Benz Vans**, the focus of research and development activities is on electric drives, digitalization and automated driving. The increase is due to higher costs for new vehicles and for future technologies, in particular for the proprietary MB.OS operating system announced in February 2023.

C.03

Research and development

	Q1 2023	Q1 2022	Change
In millions of euros			in %
Research and development expenditure at Mercedes-Benz Group	2,470	1,979	25
thereof Mercedes-Benz Cars	2,254	1,870	21
thereof Mercedes-Benz Vans	191	84	127
Research and non-capitalized development costs	1,695	1,377	23
Capitalized development costs	775	602	29
Capitalization rate in %	31	30	

Profitability, cash flows and financial position

To provide a better insight into the Group's profitability, cash flows and financial position, the condensed Consolidated Statement of Income/Loss, the condensed Consolidated Statement of Cash Flows and the condensed Consolidated 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 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 are also calculated and reported for both the Group and the segments. The adjustments include individual items insofar as they lead to material effects in a reporting year. These individual items can relate in particular to legal proceedings and related measures, restructuring measures and M&A transactions. Further information on the performance measurement system can be found in the Annual Report 2022 in the Corporate Profile chapter of the Combined Management Report with Non-Financial Declaration.

Profitability

Mercedes-Benz Group statement of income for the three-month period ended 31 March 2023

Revenue of €37,516 million in the first quarter of 2023 was significantly above the prior-year figure of €34,858 million. The increase in revenue was due in particular to the strongly improved pricing and the slight overall increase in unit sales.

The increase in the **cost of sales** compared to the prior-year quarter, essentially resulted from higher raw material prices and expenses paid to suppliers for additional costs due to inflation and supply chain. The prior-year quarter included expenses in connection with the discontinuation of business activities in Russia.

The **other functional costs** were substantially above the level of the same quarter of the previous year. Further information on this is provided in Note 4 of the Notes to the Consolidated Financial Statements of the Interim Financial Statements.

The decrease in **other operating income/expense** resulted primarily from the income reported in the first quarter of 2022 from the sale of the retail activities in Canada and from the sale of shares in Mercedes-Benz Grand Prix Ltd. as well as from lower expenses in connection with ongoing governmental and court proceedings and measures taken relating to Mercedes-Benz diesel vehicles in the first quarter of 2023.

In particular, the higher proportional contribution of the investment in Daimler Truck Holding AG led to a significant increase in the **profit from equity-method investments**.

The **other financial income/expense** in the first quarter of 2023 amounted to an expense of €39 million (Q1 2022: income of €97 million).

EBIT amounted to €5,504 million in the first quarter of 2023, and was thus 5% above the prior-year level of €5,229 million. Exchange-rate effects had a negative net impact.

The **interest income/expense** in the first quarter of 2023 amounted to an income of €65 million (Q1 2022: expense of €42 million).

The **income tax expense** recognized in the first quarter of 2023 amounted to €1,558 million (Q1 2022: €1,601 million). The tax rate was 28.0% (Q1 2022: 30.9%) and thus **slightly below** the level of the expected Group tax rate of 29.825%.

Net profit amounted to €4,011 million in the first quarter of 2023 (Q1 2022: €3,586 million). **Non-controlling interests** accounted for a profit of €66 million (Q1 2022: €96 million). The **share of net profit attributable to shareholders of Mercedes-Benz Group AG** amounted to €3,945 million (Q1 2022: €3,490 million). This led to an increase in **earnings per share** to €3.69 (Q1 2022: €3.26).

The calculation of earnings per share (basic) is based on an average number of outstanding shares of 1,069.8 million (Q1 2022: 1,069.8 million).

Table C.04 shows the condensed statement of income of the Mercedes-Benz Group as well as of the industrial business and Mercedes-Benz Mobility.

Table C.05 shows both the composition of Group EBIT by segment and the reconciliation as well as the reconciliation of EBIT to adjusted EBIT.

C.04

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

	Mercedes-Benz Group		Industrial Business		Mercedes-Benz Mobility	
	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022
In millions of euros						
Revenue	37,516	34,858	30,877	28,076	6,639	6,782
Cost of sales	-28,109	-26,894	-22,394	-21,160	-5,715	-5,734
Gross profit	9,407	7,964	8,483	6,916	924	1,048
Selling expenses	-2,362	-2,225	-2,184	-2,065	-178	-160
General administrative expenses	-649	-610	-450	-428	-199	-182
Research and non-capitalized development costs	-1,695	-1,377	-1,695	-1,377	-	-
Other operating income/expense	330	998	316	954	14	44
Gains/losses on equity-method investments, net	512	382	535	402	-23	-20
Other financial income/expense, net	-39	97	-40	94	1	3
EBIT	5,504	5,229	4,965	4,496	539	733
Interest income/expense	65	-42	65	-41	-	-1
Profit before income taxes	5,569	5,187	5,030	4,455	539	732
Income taxes	-1,558	-1,601	-1,402	-1,394	-156	-207
Net profit	4,011	3,586	3,628	3,061	383	525
thereof profit attributable to non-controlling interests	66	96				
thereof profit attributable to shareholders of Mercedes-Benz Group AG	3,945	3,490				
Earnings per share (in euros)						
for profit attributable to shareholders of Mercedes-Benz Group AG						
Basic	3.69	3.26				
Diluted	3.69	3.26				

EBIT of the segments for the three-month period ended 31 March 2023

The adjusted EBIT of the **Mercedes-Benz Cars** segment was at the previous year's level and was influenced by the following material factors:

- Strongly improved net pricing
- Slightly increased unit sales and an improved product mix
- Higher raw-material prices and expenses to suppliers for additional costs due to inflation and the supply chain
- Higher expenses for future technologies and vehicles
- Negative valuation effects from discounting non-current provisions

The following adjustments are included in EBIT:

- Income (in the prior-year period expenses) in connection with ongoing governmental and court proceedings and measures taken relating to Mercedes-Benz diesel vehicles in the first quarter of 2023
- Income from the sale of the retail activities in Canada and from the sale of shares in Mercedes-Benz Grand Prix Ltd. in the first quarter of 2022
- Expenses in connection with the discontinuation of business activities in Russia in the first quarter of 2022

The **Mercedes-Benz Vans** segment was able to achieve an adjusted EBIT significantly above the level of the prior-year period. The development of earnings showed the following main influencing factors:

- Strongly improved net pricing
- Significantly increased unit sales
- Higher raw material prices and expenses to suppliers
- Additional costs related to inflation and the supply chain

The following adjustments are included in EBIT:

- Income (in the prior-year period expenses) in connection with ongoing governmental and court proceedings and measures taken relating to Mercedes-Benz diesel vehicles in the first quarter of 2023
- Income from the sale of the retail activities in Canada in the first quarter of 2022
- Expenses in connection with the discontinuation of business activities in Russia in the first quarter of 2022

In the first quarter of 2023, the **Mercedes-Benz Mobility** segment reported a significant decline in adjusted EBIT. The segment's earnings were primarily influenced by the following factors:

- Stable development of the portfolio and the penetration rate
- Stable credit risk costs despite a challenging environment thanks to high portfolio quality
- Declining interest margin due to higher interest rates
- Slightly increased expenses for the transformation to a digital and seamlessly integrated customer experience

In the first quarter of 2023, the EBIT of the **reconciliation** in particular includes the positive earnings contribution of the equity-method investment in Daimler Truck Holding AG.

C.05

EBIT for the three-month period ended 31 March

	Mercedes-Benz Group	Mercedes-Benz Cars	Mercedes-Benz Vans	Mercedes-Benz Mobility	Reconciliation
In millions of euros					
Q1 2023					
Revenue	37,516	27,812	4,615	6,639	-1,550
Cost of sales	-28,109	-20,460	-3,407	-5,715	1,473
Gross profit	9,407	7,352	1,208	924	-77
Selling expenses	-2,362	-1,860	-329	-178	5
General administrative expenses	-649	-410	-54	-199	14
Research and non-capitalized development costs	-1,695	-1,569	-101	-	-25
Other income/expense	803	635	38	-8	138
EBIT	5,504	4,148	762	539	55
Legal proceedings (and related measures)	-82	-35	-43	-	-4
Restructuring measures	-	-	-	-	-
M&A transactions	-	-	-	-	-
Expenses in connection with adjustments of the business activities in Russia	-	-	-	-	-
Adjusted EBIT	5,422	4,113	719	539	51
Return on sales/return on equity (in %)					
		14.9	16.5	15.6	
Adjusted return on sales/return on equity (in %)¹					
		14.8	15.6	15.6	
Q1 2022					
Revenue	34,858	25,836	3,687	6,782	-1,447
Cost of sales	-26,894	-19,653	-2,890	-5,734	1,383
Gross profit	7,964	6,183	797	1,048	-64
Selling expenses	-2,225	-1,761	-299	-160	-5
General administrative expenses	-610	-364	-59	-182	-5
Research and non-capitalized development costs	-1,377	-1,277	-75	-	-25
Other income/expense	1,477	1,490	-16	27	-24
EBIT	5,229	4,271	348	733	-123
Legal proceedings (and related measures)	281	177	103	-	1
Restructuring measures	-	-	-	-	-
M&A transactions	-918	-863	-36	-	-19
Expenses in connection with adjustments of the business activities in Russia	709	658	51	-	-
Adjusted EBIT	5,301	4,243	466	733	-141
Return on sales/return on equity (in %)					
		16.5	9.4	20.2	
Adjusted return on sales/return on equity (in %)¹					
		16.4	12.6	20.2	

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

The cash flow information presented in the following tables refers to Group amounts, including assets and liabilities held for sale.

Condensed consolidated statement of cash flows

Table C.06 shows the condensed consolidated statement of cash flows.

C.06

Condensed consolidated statement of cash flows

	Mercedes-Benz Group		Industrial Business		Mercedes-Benz Mobility	
	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022
In millions of euros						
Cash and cash equivalents at beginning of period	17,679	23,182	14,094	18,034	3,585	5,148
thereof cash and cash equivalents classified as assets held for sale at beginning of period	-	62	-	-	-	62
Profit before income taxes	5,569	5,187	5,030	4,455	539	732
Depreciation and amortization/impairments	1,651	1,611	1,623	1,581	28	30
Other non-cash expenses and income and gains/losses from disposals of assets	-632	-1,284	-679	-1,296	47	12
Change in operating assets and liabilities						
Inventories	-3,438	-2,294	-3,443	-2,323	5	29
Trade receivables and trade payables	2,346	1,521	2,498	1,393	-152	128
Receivables from financial services	-1,041	-1,093	27	-10	-1,068	-1,083
Vehicles on operating leases	572	1,077	-135	-275	707	1,352
Other operating assets and liabilities	-225	-971	-311	-832	86	-139
Dividends received from equity-method investments	28	46	28	46	-	-
Income taxes paid	-1,100	-834	-989	-609	-111	-225
Cash flow from operating activities	3,730	2,966	3,649	2,130	81	836
Additions to property, plant and equipment and intangible assets	-1,912	-1,505	-1,900	-1,495	-12	-10
Investments in and disposals of shareholdings and other business operations	342	455	348	458	-6	-3
Acquisitions and sales of marketable debt securities and similar investments	-1,449	539	-1,504	587	55	-48
Other cash flows	75	102	55	97	20	5
Cash flow from investing activities	-2,944	-409	-3,001	-353	57	-56
Change in financing liabilities	-655	-7,577	-306	-6,448	-349	-1,129
Dividends paid	-71	-48	-70	-39	-1	-9
Acquisition of treasury shares	-86	-48	-86	-48	-	-
Other transactions with shareholders	14	29	14	29	-	-
Internal equity and financing transactions	-	-	869	924	-869	-924
Cash flow from financing activities	-798	-7,644	421	-5,582	-1,219	-2,062
Effect of foreign exchange-rate changes on cash and cash equivalents	-177	157	-154	145	-23	12
Cash and cash equivalents at end of period	17,490	18,252	15,009	14,374	2,481	3,878
thereof cash and cash equivalents classified as assets held for sale at end of period	97	300	2	9	95	291

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 C.07. The cash flow from sales and purchases of marketable debt securities and similar investments included in cash flow 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 flow from financing activities in connection with the acquisition or disposal of interests in subsidiaries without loss of control.

C.07

Free cash flow of the industrial business

	Q1 2023	Q1 2022	Change
In millions of euros			
Cash flow from operating activities	3,649	2,130	1,519
Cash flow from investing activities	-3,001	-353	-2,648
Change in marketable debt securities and similar investments	1,504	-587	2,091
Right-of-use assets	-59	-45	-14
Other adjustments	71	71	-
Free cash flow of the industrial business	2,164	1,216	948
Legal proceedings (and related measures)	105	210	-105
Restructuring measures	101	328	-227
M&A transactions	-125	-544	419
Adjusted free cash flow of the industrial business	2,245	1,210	1,035

The free cash flow of the industrial business amounted to €2.2 billion (Q1 2022: €1.2 billion). The increase during the first quarter of 2023 was influenced by the following, partly opposing factors:

- Higher profit before income taxes adjusted for non-cash items and consequently also higher income taxes paid
- Payment of profit-sharing bonus for employees in the first quarter of 2022; In 2023, the payment will be made in the second quarter
- In the first quarter of 2023, cash inflows from the disposal of the sales company in Greece of €0.1 billion and from the purchase price payment for the sale of shares in Mercedes-Benz Grand Prix Ltd. of €0.1 billion (Q1 2022: cash inflow from the restructuring of the sales activities in Canada of €0.6 billion)
- Opposing effects in working capital: negative development from the build-up of inventories as a result of the introduction of the direct sales model in additional markets, ramp-ups in production due to new model years, high levels of vehicles in the process of delivery, and increased costs; opposing effect of lower receivables and an increase in trade payables

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 €2.2 billion (Q1 2022: €1.2 billion) in table C.07. The following adjustments were taken into account in the first quarters of 2023 and 2022:

- 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 optimization of personnel costs.
- The M&A transactions include the cash inflow from the purchase price payment for the sale of shares in Mercedes-Benz Grand Prix Ltd. (Q1 2022: cash inflows from the restructuring of retail activities in Canada).

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 reconciling 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 C.08 shows the reconciliation of the CFBIT of the automotive segments to the free cash flow of the industrial business.

Free cash flow of the Mercedes-Benz Group

In the first quarter of 2023, the free cash flow of the Mercedes-Benz Group resulted in a cash inflow of €2.2 billion (Q1 2022: €2.1 billion). Besides the effects of the free cash flow of the industrial business, the free cash flow of the Mercedes-Benz Group is mainly affected by the leasing and sales-financing business of Mercedes-Benz Mobility.

In the first quarter of 2022, 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 recognized in the cash flow from financing activities of Mercedes-Benz Mobility. In the first quarter of 2023, there were no reclassifications of cash flows between the cash flows from investing activities of the industrial business and Mercedes-Benz Mobility.

Cash flow from financing activities of the Mercedes-Benz Group

In the reporting period, the cash flow from financing activities of the Mercedes-Benz Group (cf. table C.06) resulted in a cash outflow of €0.8 billion (Q1 2022: €7.6 billion). The lower cash outflow relative to the same period of the prior year is primarily due to the significantly lower net refinancing in the previous year.

CFBIT and cash conversion rate of the automotive segments

The CFBIT of the automotive segments is derived from EBIT and the change in net assets, and also includes additions to right-of-use assets. Table C.09 shows the composition of CFBIT for Mercedes-Benz Cars and Mercedes-Benz Vans compared with the same period of the previous year. The line Other is mainly impacted by payments for the settlement of payables and provisions recognized in previous years, in particular in the first quarter of 2022, the payment of the profit-sharing bonus for employees and the elimination of non-cash income included in EBIT in connection with the change in the investment structure of the motorsport business. Table C.10 shows the reconciliation from CFBIT to adjusted CFBIT and the adjusted cash conversion rate for Mercedes-Benz Cars and Mercedes-Benz Vans.

C.08

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

	Q1 2023	Q1 2022
In millions of euros		
CFBIT Mercedes-Benz Cars	2,981	1,847
CFBIT Mercedes-Benz Vans	410	378
Income taxes paid/refunded	-989	-609
Interest paid/received	-45	-165
Other reconciling items	-193	-235
Free cash flow of the industrial business	2,164	1,216

C.09

CFBIT for the three-month period ended 31 March

	Mercedes-Benz Cars		Mercedes-Benz Vans	
	Q1 2023	Q1 2022	Q1 2023	Q1 2022
In millions of euros				
EBIT	4,148	4,271	762	348
Change in working capital	-835	-884	-102	55
Net financial investments	350	414	19	43
Net investments in property, plant and equipment and intangible assets	-1,722	-1,425	-142	-34
Depreciation and amortization/impairments	1,521	1,458	103	122
Other	-481	-1,987	-230	-156
CFBIT	2,981	1,847	410	378

C.10

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

	Mercedes-Benz Cars		Mercedes-Benz Vans	
	Q1 2023	Q1 2022	Q1 2023	Q1 2022
In millions of euros				
CFBIT	2,981	1,847	410	378
Legal proceedings (and related measures)	72	123	37	86
Restructuring measures	92	275	3	16
M&A transactions	-125	-565	-	-43
Adjusted CFBIT	3,020	1,680	450	437
Adjusted EBIT	4,113	4,243	719	466
Adjusted cash conversion rate¹	0.7	0.4	0.6	0.9

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

Net liquidity and net debt

The **net liquidity of the industrial business**, which is shown in table C.11, increased by €2.3 billion to €28.9 billion since 31 December 2022. The increase is mainly due to the positive free cash flow of the industrial business and the transfer of profits from Mercedes-Benz Mobility.

As can be seen in table C.06, after taking exchange-rate effects into account, the cash and cash equivalents of the Mercedes-Benz Group have decreased slightly to €17.5 billion since 31 December 2022. Total liquidity, which also includes marketable debt securities and similar investments, increased by €1.3 billion to €26.0 billion. As shown in table C.12, **net debt** at the Group level, which primarily results from refinancing the leasing and sales-financing business, decreased by €3.2 billion to €85.0 billion compared with 31 December 2022.

C.11

Net liquidity of the industrial business

	31 Mar. 2023	31 Dec. 2022	Change
In millions of euros			
Cash and cash equivalents	15,009	14,094	915
Marketable debt securities and similar investments	7,600	6,083	1,517
Liquidity	22,609	20,177	2,432
Financing liabilities ¹	7,418	7,507	-89
Market valuation and currency hedges for financing liabilities	-1,138	-1,047	-91
Financing liabilities (nominal)	6,280	6,460	-180
Net liquidity	28,889	26,637	2,252

¹ Financing liabilities include liabilities from refinancing of internal dealerships.

C.12

Net debt of the Mercedes-Benz Group

	31 Mar. 2023	31 Dec. 2022	Change
In millions of euros			
Cash and cash equivalents	17,490	17,679	-189
Marketable debt securities and similar investments	8,502	7,060	1,442
Liquidity	25,992	24,739	1,253
Financing liabilities	-109,836	-111,837	2,001
Market valuation and currency hedges for financing liabilities	-1,138	-1,048	-90
Financing liabilities (nominal)	-110,974	-112,885	1,911
Net debt	-84,982	-88,146	3,164

Refinancing

The Mercedes-Benz Group once again successfully utilized the international money and capital markets for **refinancing** in the first quarter of 2023.

During this period, the Mercedes-Benz Group had a cash inflow of €2.9 billion from the **issuance of bonds** (Q1 2022: €0.1 billion). The redemption of bonds resulted in cash outflows of €5.1 billion (Q1 2022: €6.6 billion).

At the beginning of the first quarter of 2023, an **asset-backed securities (ABS) transaction** with a volume of US\$1.4 billion was conducted in the United States. In the first quarter of 2023, an **ABS transaction** was also conducted in China, with a volume of CNY6.4 billion.

The **sustainability-linked loan** of €11 billion had not been utilized as of the balance sheet date.

Financial position

As of 31 March 2023 the **balance sheet total** of the Group was slightly above the level of 31 December 2022. Adjusted for exchange-rate effects, there was an increase of €5.3 billion.

Table C.13 shows the condensed consolidated statement of financial position for the Mercedes-Benz Group as well as for the industrial business and Mercedes-Benz Mobility.

C.13

Condensed consolidated statement of financial position

	Mercedes-Benz Group		Industrial Business		Mercedes-Benz Mobility	
	31 Mar. 2023	31 Dec. 2022	31 Mar. 2023	31 Dec. 2022	31 Mar. 2023	31 Dec. 2022
In millions of euros						
Assets						
Intangible assets	16,346	15,869	15,765	15,275	581	594
Property, plant and equipment	26,478	27,250	26,185	26,942	293	308
Equipment on operating leases	40,676	41,552	14,048	14,038	26,628	27,514
Receivables from financial services	85,129	85,549	-77	-66	85,206	85,615
Equity-method investments	13,828	13,530	13,517	13,259	311	271
Inventories	28,595	25,621	27,854	24,906	741	715
Trade receivables	7,815	8,100	6,839	7,328	976	772
Cash and cash equivalents	17,393	17,679	15,007	14,094	2,386	3,585
Marketable debt securities and similar investments	8,502	7,060	7,600	6,083	902	977
thereof current	7,767	6,237	7,547	5,970	220	267
thereof non-current	735	823	53	113	682	710
Other financial assets	8,114	7,931	-4,892	-5,140	13,006	13,071
Other assets	9,332	9,874	196	772	9,136	9,102
Assets held for sale	1,036	-	596	-	440	-
Total assets	263,244	260,015	122,638	117,491	140,606	142,524
Equity and liabilities						
Equity	90,911	86,540	76,899	72,964	14,012	13,576
Provisions	16,141	17,044	15,295	16,211	846	833
Financing liabilities	109,468	111,837	-7,541	-7,549	117,009	119,386
thereof current	49,570	49,786	-19,091	-20,668	68,661	70,454
thereof non-current	59,898	62,051	11,550	13,119	48,348	48,932
Trade payables	14,301	12,204	13,141	11,101	1,160	1,103
Other financial liabilities	7,161	7,928	4,762	5,128	2,399	2,800
Contract and refund liabilities	9,811	10,554	9,498	10,234	313	320
Other liabilities	14,332	13,908	9,797	9,402	4,535	4,506
Liabilities held for sale	1,119	-	787	-	332	-
Total equity and liabilities	263,244	260,015	122,638	117,491	140,606	142,524

Mercedes-Benz Mobility accounts for 53% of the Mercedes-Benz Group's balance sheet total, almost unchanged from 31 December 2022. Current assets account for 41% of the balance sheet total and are at the prior-year level. Current liabilities amount to 34% of the balance sheet total and are also at the prior-year level.

Assets

Inventories increased compared to 31 December 2022, partly due to the introduction of the direct sales model in additional markets, high levels of vehicles in the process of delivery and ramp-ups in production due to new model years.

Marketable debt securities and similar investments increased due to investments in deposits and current debt securities as a result of increased liquidity and improved investment conditions.

The closing of the sale of the Russian subsidiaries was completed in April 2023. As of 31 March 2023, the Mercedes-Benz Group reports **assets held for sale** and **liabilities held for sale** in the Consolidated Statement of Financial Position in connection with the sale of the Russian subsidiaries.

Liabilities and equity

The Group's **equity** increased, in particular as a result of the positive earnings development within the first three months. With a slight increase in the balance sheet total, the Group's **equity ratio** of 34.5% was above the prior-year level (31 December 2022: 33.3%); the equity ratio for the industrial business was 62.7% (31 December 2022: 62.1%). The equity ratios are adjusted for the proposed dividend payment for financial year 2022.

Provisions of €16.1 billion were below the level of €17.0 billion as of 31 December 2022. This was due in particular to the decrease in provisions for other risks. Provisions for pensions and similar obligations were at the prior-year level, primarily due to the stable discount rate. The funded status of 31 March 2023 was approximately 102%.

Financing liabilities of €109.5 billion were below the level of the previous year (31 December 2022: €111.8 billion). The decrease was due to the lower net refinancing as a result of the positive liquidity situation.

Trade payables were higher than the figures for 31 December 2022, partly due to the higher production level.

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 C.14 shows the derivation of net assets of the automotive segments. They relate to the operating assets and liabilities for which the segments are responsible.

C.14

Derivation of net assets of the automotive segments

	Mercedes-Benz Cars		Mercedes-Benz Vans	
	31 Mar. 2023	31 Dec. 2022	31 Mar. 2023	31 Dec. 2022
In millions of euros				
Intangible assets	14,425	13,988	1,330	1,276
Property, plant and equipment	24,315	25,010	1,874	1,936
Inventories	24,851	22,419	3,077	2,558
Trade receivables	5,736	6,083	1,103	1,244
Other segment assets	24,762	24,408	3,106	3,022
Segment assets	94,089	91,908	10,490	10,036
Trade payables	11,572	9,838	1,574	1,259
Other segment liabilities	41,534	42,126	7,583	7,766
Segment liabilities	53,106	51,964	9,157	9,025
Net assets	40,983	39,944	1,333	1,011

Outlook

Automotive markets

With regional differences the overall growth momentum of the **world economy** is likely to remain rather subdued for the rest of the year. High, albeit gradually declining, inflation rates in many markets combined with very restrictive monetary policies at major central banks, are likely to continue to weigh on growth. In addition, the recent turbulence in the US and European banking sectors brought new uncertainties for the further development of the global economy. Geopolitical imponderables remain another uncertainty factor. By contrast, energy prices are expected to be less volatile than in the previous year. In addition, global supply bottlenecks are expected to ease further, which should benefit the development of global automotive markets.

As a result, the global **car market** can be expected to grow slightly compared with the previous year. The market in Europe is also expected to expand slightly. The US light vehicle market is also likely to grow slightly. In China, the market should gradually improve after the weak start to the year, with a slight year-on-year increase expected for the year as a whole.

The outlook for important **van markets** is also comparatively favourable. In Europe, the market segment for mid-size and large vans is likely to experience slight overall growth. A significant increase is expected for the small van segment in Europe. The US market for large vans is now expected to increase substantially. The Chinese segment for mid-size vans is also expected to show significant growth.

Overview of key figures

Based on the development of the automotive markets, the following forecasts are issued in comparison to the forecasts for the full year 2023 made in the chapter "Outlook" of the Combined Management Report with Non-Financial Declaration of the Annual Report 2022.

Mercedes-Benz Cars has the following expectations for 2023 as a whole:

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

Mercedes-Benz Vans has the following expectations for 2023 as a whole:

- Unit sales: now slightly above the prior-year level
- Revenue: now significantly above the prior-year level
- Adjusted return on sales: now 11–13%
- Adjusted cash conversion rate: now 0.6–0.8
- Investments in property, plant and equipment: significantly above the prior-year level
- Research and development expenditures: significantly above the prior-year level

Mercedes-Benz Mobility has the following expectations for 2023 as a whole:

- New business: slightly above the prior-year level
- Contract volume: now at the prior-year level
- Revenue: now slightly below the prior-year level
- Adjusted return on equity: 12–14%

The **Mercedes-Benz Group** has the following expectations for 2023 as a whole:

- Revenue: at the prior-year level
- EBIT: slightly below the prior-year level
- Free cash flow of the industrial business:
at the prior-year level
- CO₂ emissions of the new car fleet in Europe¹ :
significantly below the prior-year level

¹ Average CO₂ emissions of the new car fleet of newly registered Mercedes-Benz cars in Europe (European Union, Norway and Iceland) in the reporting year as measured on the basis of the WLTP, i.e. including vans that are registered as passenger cars.

Risk and opportunity report

The Mercedes-Benz Group is exposed to a large number of risks that are directly linked with the business activities of Mercedes-Benz Group AG and its subsidiaries or that result from external influences. At the same time, it is important to identify opportunities in order to safeguard and enhance the competitiveness of the Mercedes-Benz Group.

At the Mercedes-Benz Group, the risk and opportunity management system is integrated into the value-based management and planning system and is a fixed component of the overall planning, management and reporting process. Changes in risks and opportunities are continuously monitored, assessed and, if necessary, incorporated into the planning during the year.

For a detailed presentation of the risk and opportunity management system and the risk and opportunity situation, please refer to the chapter “Risk and Opportunity Report” in the Combined Management Report with Non-Financial Declaration of the Annual Report 2022.

Compared to the presentation therein, the following significant changes occurred in the reporting period:

Procurement-market risks

Primarily, due to the stabilization on the energy markets and the price development for energy supplies in recent weeks, the procurement-market risks have been decreased from High to Medium.

Production risks

In particular, the less tense situation on the energy markets, reduces the risks of possible production interruptions due to energy bottlenecks from Medium to Low.

Financial risks

In the Annual Report 2022, the country risks also included the risk assessment in connection with business activities in Russia. As of 31 March 2023, country risks have decreased from High to Medium mainly due to the sale of the shares in the Russian subsidiaries of the Mercedes-Benz Group.

Legal risks

As previously reported, a large number of customers of diesel vehicles have filed lawsuits in Germany for damages or rescission of sales contracts. In the first quarter of 2023, the European Court of Justice (CJEU) ruled in connection with one of these cases that under certain circumstances a vehicle purchaser may be entitled to claim damages on the basis of negligence rather than intentional acts. The CJEU's decision is still subject to application by the German courts.

Interim Consolidated Financial Statements

Consolidated Statement of Income/Loss

D.01

	Q1 2023	Q1 2022
In millions of euros		
Revenue	37,516	34,858
Cost of sales	-28,109	-26,894
Gross profit	9,407	7,964
Selling expenses	-2,362	-2,225
General administrative expenses	-649	-610
Research and non-capitalized development costs	-1,695	-1,377
Other operating income	448	1,389
Other operating expense	-118	-391
Gains/losses on equity-method investments, net	512	382
Other financial income/expense, net	-39	97
Earnings before interest and taxes (EBIT)	5,504	5,229
Interest income	153	41
Interest expense	-88	-83
Profit before income taxes	5,569	5,187
Income taxes	-1,558	-1,601
Net profit	4,011	3,586
thereof profit attributable to non-controlling interests	66	96
thereof profit attributable to shareholders of Mercedes-Benz Group AG	3,945	3,490
Earnings per share (in euros)		
for profit attributable to shareholders of Mercedes-Benz Group AG		
Basic	3.69	3.26
Diluted	3.69	3.26

The accompanying Notes to the Consolidated Financial Statements are an integral part of these Interim Financial Statements.

Consolidated Statement of Comprehensive Income/Loss

D.02

	Q1 2023	Q1 2022
In millions of euros		
Net profit	4,011	3,586
Gains/losses from currency translation	-389	478
Gains/losses on debt instruments	1	-13
Gains/losses on derivative financial instruments	452	398
Gains/losses on equity-method investments	-73	7
Items that may be reclassified to profit/loss in the Statement of Income in the future	-9	870
Actuarial gains/losses from pensions and similar obligations	378	930
Gains/losses on equity instruments	90	-120
Gains/losses on equity-method investments	-2	150
Items that will not be reclassified to profit/loss in the Statement of Income	466	960
Other comprehensive income/loss, net of taxes	457	1,830
thereof income/loss attributable to non-controlling interests after taxes	-29	15
thereof income/loss attributable to shareholders of Mercedes-Benz Group AG after taxes	486	1,815
Total comprehensive income/loss	4,468	5,416
thereof income/loss attributable to non-controlling interests	37	111
thereof income/loss attributable to shareholders of Mercedes-Benz Group AG	4,431	5,305

The accompanying Notes to the Consolidated Financial Statements are an integral part of these Interim Financial Statements.

Consolidated Statement of Financial Position

D.03

	31 Mar. 2023	31 Dec. 2022
In millions of euros		
Assets		
Intangible assets	16,346	15,869
Property, plant and equipment	26,478	27,250
Equipment on operating leases	40,676	41,552
Equity-method investments	13,828	13,530
Receivables from financial services	47,819	48,237
Marketable debt securities and similar investments	735	823
Other financial assets	4,533	4,478
Deferred tax assets	3,226	3,725
Other assets	1,995	1,677
Total non-current assets	155,636	157,141
Inventories	28,595	25,621
Trade receivables	7,815	8,100
Receivables from financial services	37,310	37,312
Cash and cash equivalents	17,393	17,679
Marketable debt securities and similar investments	7,767	6,237
Other financial assets	3,581	3,453
Other assets	4,111	4,472
Assets held for sale	1,036	-
Total current assets	107,608	102,874
Total assets	263,244	260,015

The accompanying Notes to the Consolidated Financial Statements are an integral part of these Interim Financial Statements.

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	31 Mar. 2023	31 Dec. 2022
In millions of euros		
Equity and liabilities		
Share capital	3,070	3,070
Capital reserves	11,718	11,718
Retained earnings	72,012	67,695
Other reserves	3,050	2,932
Treasury shares	-30	-
Equity attributable to shareholders of Mercedes-Benz Group AG	89,820	85,415
Non-controlling interests	1,091	1,125
Total equity	90,911	86,540
Provisions for pensions and similar obligations	1,000	1,021
Provisions for other risks	6,789	6,438
Financing liabilities	59,898	62,051
Other financial liabilities	2,116	2,524
Deferred tax liabilities	7,184	6,910
Deferred income	1,183	1,234
Contract and refund liabilities	3,559	3,656
Other liabilities	1,137	1,238
Total non-current liabilities	82,866	85,072
Trade payables	14,301	12,204
Provisions for other risks	8,352	9,585
Financing liabilities	49,570	49,786
Other financial liabilities	5,045	5,404
Deferred income	1,388	1,391
Contract and refund liabilities	6,252	6,898
Other liabilities	3,440	3,135
Liabilities held for sale	1,119	-
Total current liabilities	89,467	88,403
Total equity and liabilities	263,244	260,015

The accompanying Notes to the Consolidated Financial Statements are an integral part of these Interim Financial Statements.

Consolidated Statement of Cash Flows

D.04

	Q1 2023	Q1 2022
In millions of euros		
Profit before income taxes	5,569	5,187
Depreciation and amortization/impairments	1,651	1,611
Other non-cash expense and income	-525	-449
Gains (-)/losses (+) from disposals of assets	-107	-835
Change in operating assets and liabilities		
Inventories	-3,438	-2,294
Trade receivables and trade payables	2,346	1,521
Receivables from financial services	-1,041	-1,093
Vehicles on operating leases	572	1,077
Other operating assets and liabilities	-225	-971
Dividends received from equity-method investments	28	46
Income taxes paid	-1,100	-834
Cash flow from operating activities	3,730	2,966
Additions to property, plant and equipment	-789	-855
Additions to intangible assets	-1,123	-650
Proceeds from disposals of property, plant and equipment and intangible assets	104	93
Investments in shareholdings	-68	-223
Proceeds from disposals of shareholdings and other business operations	410	678
Acquisition of marketable debt securities and similar investments	-2,923	-299
Proceeds from sales of marketable debt securities and similar investments	1,474	838
Other cash flows	-29	9
Cash flow from investing activities	-2,944	-409
Change in financing liabilities	-655	-7,577
Dividends paid to non-controlling interests	-71	-48
Acquisition of treasury shares	-86	-48
Other cash flows	14	29
Cash flow from financing activities	-798	-7,644
Effect of foreign exchange-rate changes on cash and cash equivalents	-177	157
Change in cash and cash equivalents	-189	-4,930
Cash and cash equivalents at beginning of period	17,679	23,182
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)	17,679	23,120
Cash and cash equivalents at end of period	17,490	18,252
Less cash and cash equivalents classified as assets held for sale at end of period	97	300
Cash and cash equivalents at end of period (Consolidated Statement of Financial Position)	17,393	17,952

The accompanying Notes to the Consolidated Financial Statements are an integral part of these Interim Financial Statements.

Consolidated Statement of Changes in Equity

D.05

In millions of euros	Share capital	Capital reserves	Retained earnings	Other reserves	
				Currency translation	Equity instruments/ debt instruments
Balance at 1 Jan. 2022	3,070	11,723	55,926	1,691	202
Net profit	-	-	3,490	-	-
Other comprehensive income/loss after taxes	-	-	1,081	467	-134
Total comprehensive income/loss	-	-	4,571	467	-134
Dividends	-	-	-	-	-
Changes in the consolidated group	-	-	-	-	-
Acquisition of treasury shares	-	-	-	-	-
Issue and disposal of treasury shares	-	-	-	-	-
Other	-	-	12	-	-12
Balance at 31 March 2022	3,070	11,723	60,509	2,158	56
Balance at 1 Jan. 2023	3,070	11,718	67,695	2,161	-241
Net profit	-	-	3,945	-	-
Other comprehensive income/loss after taxes	-	-	371	-471	97
Total comprehensive income/loss	-	-	4,316	-471	97
Dividends	-	-	-	-	-
Acquisition of treasury shares	-	-	-	-	-
Issue and disposal of treasury shares	-	-	-	-	-
Other	-	-	1	-	-1
Balance at 31 March 2023	3,070	11,718	72,012	1,690	-145

The accompanying Notes to the Consolidated Financial Statements are an integral part of these Interim Financial Statements.

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Derivative financial instruments	Treasury shares	Equity attributable to shareholders of Mercedes-Benz Group AG	Non-controlling interests	Total equity	
In millions of euros					
-661	-	71,951	1,216	73,167	Balance at 1 Jan. 2022
-	-	3,490	96	3,586	Net profit
401	-	1,815	15	1,830	Other comprehensive income/loss after taxes
401	-	5,305	111	5,416	Total comprehensive income/loss
-	-	-	-104	-104	Dividends
-	-	-	-38	-38	Changes in the consolidated group
-	-48	-48	-	-48	Acquisition of treasury shares
-	48	48	-	48	Issue and disposal of treasury shares
-19	-	-19	-	-19	Other
-279	-	77,237	1,185	78,422	Balance at 31 March 2022
1,012	-	85,415	1,125	86,540	Balance at 1 Jan. 2023
-	-	3,945	66	4,011	Net profit
489	-	486	-29	457	Other comprehensive income/loss after taxes
489	-	4,431	37	4,468	Total comprehensive income/loss
-	-	-	-71	-71	Dividends
-	-96	-96	-	-96	Acquisition of treasury shares
-	66	66	-	66	Issue and disposal of treasury shares
4	-	4	-	4	Other
1,505	-30	89,820	1,091	90,911	Balance at 31 March 2023

Notes to the Interim Consolidated Financial Statements

1. Basis of preparation

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.

The reporting period of the Interim Financial Statements is the period from 1 January 2023 to 31 March 2023.

The Interim Report is presented in euros (€). Unless otherwise stated, all amounts are stated in millions of euros.

The Board of Management authorized the Interim Report for publication on 27 April 2023.

The Interim Financial Statements should be read in conjunction with the audited and published IFRS Consolidated Financial Statements and Notes thereto of 31 December 2022. 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 2022.

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.

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.

2. Other significant acquisitions and disposals of investments

Sale of shares in the Russian subsidiaries

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. At the end of October 2022, the Mercedes-Benz Group signed contracts with the Russian car dealer Avtodom AO for the sale of the shares in the Russian subsidiaries.

A degree of discretion has been exercised in the consideration and subsequent derivation of the effects of the sanctions and counter-sanctions on the business activities.

The recognition and valuation of the assets and liabilities as a result of the discontinuation of the business activities in Russia, in particular the processing of existing transactions, resulted in expenses of around €0.7 billion in the automotive segments in 2022. Total expenses of around €0.2 billion resulted from the measurement of credit default risks and increased refinancing expenses in the segment Mercedes-Benz Mobility. The bulk of the expenses were included in cost of sales.

As of 31 December 2022, completion of the transaction was still subject to authorities' approval and the implementation of the contractually agreed conditions.

The official approvals have been granted in full since then.

As a result, the assets of €1.0 billion and liabilities of €1.1 billion in connection with the business activities in Russia reported in the Consolidated Statement of Financial Position of 31 March 2023 therefore are presented as assets and liabilities held for sale in the Consolidated Statement of Financial Position in accordance with IFRS 5. Assets mainly comprise property, plant and equipment of €0.3 billion and receivables from financial services of €0.3 billion. In addition, they include cash and cash equivalents of €0.1 billion. Besides provisions, the liabilities mainly include financing liabilities to financial institutions of €0.3 billion. The Group has provided a global guarantee for these liabilities, which will expire on completion of the transaction.

In the first quarter 2023 there were no significant effects on profitability and cash flows.

The closing of the transaction was completed in April 2023. The Group expects a loss in the low hundreds of millions of euros range on the sale becoming effective. No significant effects are expected on cash flows.

Sale of Daimler's commercial vehicle business

With the completion of the spin-off and hive-down of the Daimler commercial vehicle business substantial parts of the former Daimler commercial vehicle business including the financial services business were deconsolidated on 9 December 2021.

The initially remaining financial services of the Daimler commercial vehicle business were sold to Daimler Truck Holding AG or its subsidiaries in 2022. At the Mercedes-Benz Mobility segment, assets of €3,191 million and liabilities of €746 million were disposed of on or before 31 December 2022.

In addition, in individual countries, investments in operating entities or business operations of the former commercial vehicle business were sold to external third parties in 2022. Assets of €149 million and liabilities of €106 million, mainly from the Mercedes-Benz Cars segment, were disposed of on or before 31 December 2022.

The Group received €2,355 million from the (partially still preliminary) purchase prices in 2022, including the repayment of the existing intragroup financing liabilities of the companies and business activities within the Mercedes-Benz Group.

The valuation and sale of the Mercedes-Benz Mobility companies resulted in net expenses of €184 million in 2022, which were reported in the reconciliation in the segment reporting. Income of €32 million was realized for the operating investments and business activities disposed of in 2022, in particular in the Mercedes-Benz Cars segment. In total, expenses from the realization of the currency reserve of €58 million were recognized.

In the first quarter of 2023 and 2022 there were no material effects on the profitability, cash flows and financial position.

Sale of retail activities and other sales companies

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 was mainly allocated to the Mercedes-Benz Cars segment. 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, further dealers in various countries, in particular those allocated to the Mercedes-Benz Cars segment, were sold in the second half of 2022. The disposals resulted in income of €107 million and cash inflows of €362 million.

The sales company in Greece was sold in the first quarter of 2023. The sale generated income of €42 million for the Mercedes-Benz Cars segment. The purchase price amounts to €119 million.

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. Some of the agreements concluded already took effect in 2021. When the other agreements became effective in January 2022, the Group lost control over Mercedes-Benz Grand Prix Ltd. and included the remaining 33.3% interest in the company in the Consolidated Financial Statements using the equity method. The sale of the shares resulted in other operating income of €385 million in the Mercedes-Benz Cars segment in the first quarter of 2022. The purchase price payment agreed for the first quarter of 2023 resulted in a cash inflow of €125 million.

3. Revenue

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

Revenue from contracts with customers (revenue according to IFRS 15) is disaggregated by the two categories — type of products and services, and geographical regions — and presented in table D.06. The category type of products and services corresponds to the reported segments.

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

D.06 Revenue

	Mercedes-Benz Cars	Mercedes-Benz Vans	Mercedes-Benz Mobility	Total segments	Reconciliation ¹	Mercedes-Benz Group
In millions of euros						
Q1 2023						
Europe	9,671	2,983	1,409	14,063	-866	13,197
North America	6,170	807	1,430	8,407	-60	8,347
Asia	10,244	197	32	10,473	-	10,473
Other markets	1,136	428	22	1,586	-	1,586
Revenue according to IFRS 15	27,221	4,415	2,893	34,529	-926	33,603
Other revenue	591	200	3,746	4,537	-624	3,913
Total revenue	27,812	4,615	6,639	39,066	-1,550	37,516
Q1 2022						
Europe	8,661	2,116	1,267	12,044	-819	11,225
North America	5,155	770	1,662	7,587	-9	7,578
Asia	10,199	262	37	10,498	-3	10,495
Other markets	1,446	326	21	1,793	-1	1,792
Revenue according to IFRS 15	25,461	3,474	2,987	31,922	-832	31,090
Other revenue	375	213	3,795	4,383	-615	3,768
Total revenue	25,836	3,687	6,782	36,305	-1,447	34,858

¹ The reconciliation includes eliminations of intragroup revenue between the segments.

4. Functional costs

The increase in the cost of sales in the first quarter of 2023 resulted primarily from higher raw material prices and expenses paid to suppliers for additional costs due to inflation and supply chains. The prior-year quarter included expenses in connection with the discontinuation of business activities in Russia.

The selling expenses increased in the first quarter of 2023 compared to the prior-year quarter. The increase is related in particular to higher revenues and the introduction of the direct sales model in additional markets.

General administrative expenses also increased in the first quarter of 2023. The increase is mainly due to inflation-related additional costs in personnel expenses.

Research and non-capitalized development costs in the first quarter of 2023 were above the level of the prior-year period. The increase is due to higher expenditures for new vehicles and for future technologies, in particular for the proprietary MB.OS operating system announced in February 2023.

5. Other operating income and expense

Other operating income amounted to €448 million in the first quarter of 2023 (Q1 2022: €1.389 million).

The drop in other operating income resulted mainly from other operating income recognized in the first quarter of 2022 from the sale of the retail activities in Canada (€514 million) and the sale of shares in Mercedes-Benz Grand Prix Ltd. (€385 million).

Other operating expense was €118 million in the first quarter of 2023 (Q1 2022: €391 million).

The decrease in other operating expenses is attributable to expenses of €281 million in the first quarter of 2022 in connection with ongoing governmental and court proceedings and measures taken relating to Mercedes-Benz diesel vehicles.

6. Other financial income/expense, net

Table D.07 shows the components of other financial income/expense, net.

D.07

Other financial income/expense, net

	Q1 2023	Q1 2022
In millions of euros		
Income and expense from compounding and effects from changes in discount rates of provisions for other risks	-100	180
Miscellaneous other financial income/expense, net	61	-83
	-39	97

7. Income taxes

Table D.08 shows profit before income taxes, income taxes and the derived effective tax rate.

D.08

Income taxes

	Q1 2023	Q1 2022
In millions of euros		
Profit before income taxes	5,569	5,187
Income taxes	-1,558	-1,601
Tax rate	28.0%	30.9%

8. Intangible assets

The composition of intangible assets is shown in table D.09.

D.09

Intangible assets

	31 Mar. 2023	31 Dec. 2022
In millions of euros		
Goodwill	749	749
Development costs	13,789	13,537
Other intangible assets	1,808	1,583
	16,346	15,869

9. Property, plant and equipment

Property, plant and equipment as presented in the Statement of Financial Position with a carrying amount of €26,478 million (2022: €27,250 million) also includes right-of-use assets of €2,537 million (2022: €2,726 million), that the Group received as lessee.

Table D.10 shows the composition of property, plant and equipment excluding right-of-use assets.

D.10

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

	31 Mar. 2023	31 Dec. 2022
In millions of euros		
Land, land rights and buildings, including buildings on land owned by others	7,699	7,988
Technical equipment and machinery	7,913	8,170
Other equipment, factory and office equipment	6,782	6,866
Advance payments and construction in progress	1,547	1,500
	23,941	24,524

10. Equipment on operating leases

At 31 March 2023, the carrying amount of equipment on operating leases was €40,676 million (2022: €41,552 million). In the first quarter of 2023, additions amounted to €4,630 million (Q1 2022: €4,102 million) and disposals to €3,465 million (Q1 2022: €3,357 million). Depreciation for the first quarter of 2023 was €1,795 million (Q1 2022: €1,843 million).

11. Equity-method investments

Table D.11 shows the composition of the carrying amounts and the gains/losses on equity-method investments.

D.11

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

	Associated companies	Joint ventures	Total
In millions of euros			
31 Mar. 2023			
Equity-method carrying amount ¹	12,870	958	13,828
Equity-method gains/losses (Q1 2023) ¹	536	-24	512
31 Dec. 2022			
Equity-method carrying amount ¹	12,539	991	13,530
Equity-method gains/losses (Q1 2022) ¹	405	-23	382

¹ Including investor-level adjustments.

Associated companies

Income from associated companies mainly includes the pro-rata earnings of **Beijing Benz Automotive Co., Ltd.** This equity interest is allocated to the Mercedes-Benz Cars segment.

The pro-rata earnings of **Daimler Truck Holding AG (Daimler Truck)** included in the Mercedes-Benz Group's Financial Statements are best possible estimates based on consensus data. The result in the first quarter of 2023 amounted to €59 million (Q1 2022: expenses of €58 million) and is reported in the reconciliation. In the prior-year period, the pro-rata earnings included income of €59 million from the contribution of approximately 5% of the shares in Daimler Truck to the Mercedes-Benz Pension Trust.

In the first quarter of 2023, the Mercedes-Benz Group, along with other shareholders of the associated company **There Holding B.V. (THBV)**, injected additional equity of €34 million into THBV via Mercedes-Benz AG. The funds from the capital injection will be transferred by THBV to Here International B.V. (HERE) in order to increase HERE's liquidity. An additional cash outflow in the Mercedes-Benz Cars segment in the amount of €85 million is expected in the second quarter of 2023. The capital increases lead to a corresponding increase in the equity-method carrying amount.

12. Receivables from financial services

Receivables from financial services are shown in the following table:

D.12

Receivables from financial services

	31 Mar. 2023			31 Dec. 2022		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Sales financing with customers	18,989	31,706	50,695	19,188	32,223	51,411
Sales financing with dealers	11,658	3,713	15,371	11,198	3,504	14,702
Finance lease contracts	6,738	12,350	19,088	7,009	12,296	19,305
Residual-value receivables	360	653	1,013	439	890	1,329
Gross carrying amount	37,745	48,422	86,167	37,834	48,913	86,747
Loss allowances	-435	-603	-1,038	-522	-676	-1,198
Net carrying amount	37,310	47,819	85,129	37,312	48,237	85,549

13. Inventories

Inventories are comprised as follows:

D.13

Inventories

	31 Mar. 2023	31 Dec. 2022
In millions of euros		
Raw materials and manufacturing supplies	3,351	2,909
Work in progress	3,558	3,491
Finished goods, spare parts and products held for resale	21,524	19,058
Advance payments	162	163
	28,595	25,621

Inventories increased compared to 31 December 2022, partly due to the introduction of the direct sales model in additional markets, ramp-ups in production due to new model years as well as high levels of vehicles in the process of delivery.

14. Equity

Approved capital

The Annual General Meeting held on 5 April 2018 authorized the Board of Management, with the consent of the Supervisory Board, to increase the share capital of Mercedes-Benz Group AG in the period until 4 April 2023, by a total of €1.0 billion in exchange for cash and/or non-cash contributions (Approved Capital 2018).

No use was made of this authorization.

As the authorization period of Approved Capital 2018 ended prior to the Annual General Meeting 2023, it will be proposed to the Annual General Meeting on 3 May 2023 to again authorize the Board of Management to increase the share capital by 2 May 2028 with the approval of the Supervisory Board against cash and/or non-cash contributions and to create new Approved Capital 2023 with an unchanged volume. The authorization shall provide opportunity, with the consent of the Supervisory Board to exclude shareholders' subscription rights under certain conditions and within defined limits.

Treasury shares

On the basis of the authorization to acquire the Company's own shares given by the Annual General Meeting on 8 July 2020, the Board of Management, with the approval of the Supervisory Board, resolved a share buyback programme on 16 February 2023. The acquisition of treasury shares worth up to €4 billion (not including incidental costs) on the stock exchange over a period of up to two years began on 3 March 2023. The repurchased shares are to be cancelled at a later date.

Mercedes-Benz Group AG has separately agreed with Beijing Automotive Group Co., Ltd. and Geely Group that they will each keep their shareholdings in Mercedes-Benz Group AG below ten percent by divesting their shares on a pro-rata basis concurrently with the share buyback programme.

In the reporting period 0.4 million of the Company's own shares were repurchased at a purchase price of €30 million and transferred to the reserve for treasury shares.

Employee share purchase plan

In the first quarter of 2023 Mercedes-Benz Group AG purchased 0.9 million (2022: 0.7 million) Mercedes-Benz shares to be reissued to employees as employee shares directly based on Section 71 Subsection 1 No. 2 of the German Stock Corporation Act (AktG). The shares were reissued to employees on 28 March 2023.

Dividend

It will be proposed at the Annual General Meeting on 3 May 2023 to pay out of the distributable profit 2022 of Mercedes-Benz Group AG of €5,563 million a dividend to the shareholders of €5.20 per no-par-value share entitled to a dividend (2022: €5,349 million and €5.00 per no-par-value share entitled to a dividend). In the event that the Company directly or indirectly holds any treasury shares at the date of the General Meeting that are not entitled to a dividend, it is recommended to the Annual Meeting that with an unchanged dividend of €5.20 per no-par value share entitled to dividends the portion of the distributable profit attributable to no-par value shares not entitled to dividends shall be transferred to retained earnings.

15. Pensions and similar obligations

The provisions for pensions and similar obligations consist of provisions for pension benefits and provisions for post-employment healthcare benefits.

The funded status of the pension obligations is shown in table D.14. The present value of the defined benefit obligations of 3.75% is at the year-end 2022 level (31 December 2022: 3.8%), in particular due to the virtually unchanged discount rates in Germany. The fair value of the plan assets reflects the positive return in the reporting period.

D.14

Development of funded status

	31 Mar. 2023	31 Dec. 2022
In millions of euros		
Present value of the defined benefit obligations	20,464	20,444
Fair value of plan assets	20,902	20,526
Funded status	438	82
actuarial loss due to asset ceiling	-26	-27
Net defined benefit liability	412	55
thereof recognized in: Other assets	1,075	738
thereof recognized in: Provisions for pensions and similar obligations	-663	-683

16. Provisions for other risks

Provisions for other risks are comprised as shown in table D.15.

D.15

Provisions for other risks

	31 Mar. 2023			31 Dec. 2022		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Product warranties	2,780	3,654	6,434	3,204	3,372	6,576
Personnel and social costs	2,329	2,013	4,342	2,422	2,191	4,613
Litigation risks and regulatory proceedings	1,236	807	2,043	2,217	538	2,755
Other	2,007	315	2,322	1,742	337	2,079
	8,352	6,789	15,141	9,585	6,438	16,023

17. Financing liabilities

Financing liabilities are comprised as follows:

D.16

Financing liabilities

	31 Mar. 2023			31 Dec. 2022		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Notes/bonds	11,577	40,073	51,650	12,104	41,995	54,099
Commercial paper	4,357	-	4,357	2,174	10	2,184
Liabilities to financial institutions	15,700	7,754	23,454	17,488	7,250	24,738
Deposits in the direct banking business	8,973	746	9,719	9,529	1,009	10,538
Liabilities from ABS transactions	7,972	9,074	17,046	7,433	9,452	16,885
Lease liabilities	598	1,892	2,490	598	2,047	2,645
Loans, other financing liabilities	393	359	752	460	288	748
	49,570	59,898	109,468	49,786	62,051	111,837

18. Legal proceedings

As described in the Notes to the Consolidated Financial Statements as of 31 December 2022, 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, a large number of customers of diesel vehicles have filed lawsuits in Germany for damages or rescission of sales contracts. In the first quarter of 2023, the European Court of Justice (CJEU) ruled in connection with one of these cases that under certain circumstances a vehicle purchaser may be entitled to claim damages on the basis of negligence rather than intentional acts. The CJEU's decision is still subject to application by the German courts.

19. Financial instruments

Table D.17 shows the carrying amounts and fair values of the respective classes of the Group's financial instruments prior to the reclassification of the assets and liabilities of the Russian subsidiaries to assets and liabilities held for sale.

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.

D.17

Carrying amounts and fair values of financial instruments

	31 Mar. 2023		31 Dec. 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
In millions of euros				
Financial assets				
Receivables from financial services	85,426	86,409	85,549	86,343
Trade receivables	7,860	7,860	8,100	8,100
Cash and cash equivalents	17,490	17,490	17,679	17,679
Marketable debt securities and similar investments	8,543	8,543	7,060	7,060
Recognized at fair value through other comprehensive income	1,482	1,482	1,641	1,641
Recognized at fair value through profit or loss	4,225	4,225	4,460	4,460
Measured at cost	2,836	2,836	959	959
Other financial assets				
Equity instruments and debt instruments	1,564	1,564	1,439	1,439
Recognized at fair value through other comprehensive income	862	862	768	768
Recognized at fair value through profit or loss	702	702	671	671
Other financial assets recognized at fair value through profit or loss	401	401	584	584
Derivative financial instruments used in hedge accounting	2,705	2,705	2,463	2,463
Other receivables and financial assets	3,104	3,104	3,113	3,113
	127,093	128,076	125,987	126,781
Financial liabilities				
Financing liabilities	107,278	106,004	109,192	107,417
Trade payables	14,328	14,328	12,204	12,204
Other financial liabilities				
Financial liabilities recognized at fair value through profit or loss	171	171	171	171
Derivative financial instruments used in hedge accounting	1,631	1,631	2,283	2,283
Miscellaneous other financial liabilities	5,356	5,356	5,454	5,454
Contract and refund liabilities				
Obligations from sales transactions	3,785	3,785	4,481	4,481
	132,549	131,275	133,785	132,010

The fair values of financial instruments were calculated on the basis of market information available on the balance sheet 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 are not available for these debt and equity instruments, fair value measurement is based on inputs that are either directly or indirectly observable in active markets. Fair values are calculated using 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 market quotes or option-pricing models using market data.

– Derivative interest-rate hedging contracts: the fair values of the interest-rate hedging instruments (e.g. interest-rate swaps) are determined on the basis of discounted estimated future cash flows (taking into account 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 generally be regarded as current. Due to the short maturities of these financial instruments, it is assumed that their fair values are equal to their carrying amounts.

Table D.18 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 the 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.

D.18

Measurement hierarchy of financial assets and liabilities recognized at fair value

	31 Mar. 2023				31 Dec. 2022			
	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	5,707	5,456	251	-	6,101	5,849	252	-
Recognized at fair value through other comprehensive income	1,482	1,234	248	-	1,641	1,392	249	-
Recognized at fair value through profit or loss	4,225	4,222	3	-	4,460	4,457	3	-
Equity instruments and debt instruments	1,564	515	341	708	1,439	457	339	643
Recognized at fair value through other comprehensive income	862	381	215	266	768	341	215	212
Recognized at fair value through profit or loss	702	134	126	442	671	116	124	431
Other financial assets recognized at fair value through profit or loss	401	-	387	14	584	-	578	6
Derivative financial instruments used in hedge accounting	2,705	-	2,705	-	2,463	-	2,463	-
	10,377	5,971	3,684	722	10,587	6,306	3,632	649
Financial liabilities recognized at fair value								
Financial liabilities recognized at fair value through profit or loss	171	-	171	-	171	-	171	-
Derivative financial instruments used in hedge accounting	1,631	-	1,631	-	2,283	-	2,283	-
	1,802	-	1,802	-	2,454	-	2,454	-

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

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

20. Segment reporting

Segment reporting is presented in accordance with the internal management and reporting system.

Segment information for the first quarters of 2023 and 2022 is as follows:

D.19

Segment reporting

	Mercedes-Benz Cars	Mercedes-Benz Vans	Mercedes-Benz Mobility	Total segments	Reconciliation	Mercedes-Benz Group
In millions of euros						
Q1 2023						
External revenue	26,747	4,350	6,419	37,516	-	37,516
Intersegment revenue	1,065	265	220	1,550	-1,550	-
Total revenue	27,812	4,615	6,639	39,066	-1,550	37,516
Segment profit/loss (EBIT)	4,148	762	539	5,449	55	5,504
Q1 2022						
External revenue	24,821	3,477	6,560	34,858	-	34,858
Intersegment revenue	1,015	210	222	1,447	-1,447	-
Total revenue	25,836	3,687	6,782	36,305	-1,447	34,858
Segment profit/loss (EBIT)	4,271	348	733	5,352	-123	5,229

Table D.20 contains the reconciliation of the total of the segment's profit/loss (EBIT) to the EBIT of the Consolidated Statement of Income/Loss.

The reconciliation shows items at the corporate level. Transactions between the segments are eliminated in the reconciliation.

D.20

Reconciliation of EBIT to Group figures

	Q1 2023	Q1 2022
In millions of euros		
Total of segments' profit/loss (EBIT)	5,449	5,352
Gains/losses on equity-method investments, net ¹	69	-37
Other reconciling items	-36	-82
Eliminations	22	-4
EBIT as shown in the Consolidated Statement of Income/Loss	5,504	5,229

¹ Mainly includes the equity method gains/losses of the shares in Daimler Truck Holding AG.

21. 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 D.21.

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 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 Daimler Truck for this leased equipment in connection with the obligation to return the respective commercial vehicles to Daimler Truck. At 31 March 2023 this guarantee was €359 million (31 December 2022: €383 million).

Additionally, Mercedes-Benz Mobility will continue the leasing and sales-financing business for Daimler Truck's commercial vehicles in some markets. To this end, Mercedes-Benz Mobility acquires these vehicles from Daimler Truck and leases them to the end customers. Because Daimler Truck provides residual value guarantees for these vehicles, a leasing contract (head lease) between Mercedes-Benz Mobility and Daimler Truck is shown. 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 D.21 include demands for the repurchase of vehicles by Daimler Truck of €993 million (31 December 2022: €1,312 million) shown in receivables from financial services as well as right-of-use assets of €473 million (31 December 2022: €548 million) vis-à-vis Daimler Truck shown in leased assets.

D.21

Transactions with related companies

In millions of euros	Income from sales of goods and services and other income		Expense from purchases of goods and services and other expense		Receivables and right-of-use assets ¹		Liabilities ²	
	Q1 2023	Q1 2022	Q1 2023	Q1 2022	31 Mar. 2023	31 Dec. 2022	31 Mar. 2023	31 Dec. 2022
Associated companies	4,022	4,248	438	647	4,363	4,842	528	557
thereof Daimler Truck Group ³	218	256	293	418	2,119	2,262	268	332
thereof LSHAI	2,323	2,302	81	168	972	887	92	23
thereof BBAC	1,477	1,686	64	61	1,228	1,646	161	195
Joint ventures	75	184	9	8	82	93	-	1

¹ After impairments of receivables totalling €49 million (31 December 2022: €52 million).

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

³ Temporarily services by corporate functions such as IT, Logistics and Human Resources are included in addition to relationships in the scope of ordinary business, for example, the purchase and sale of goods and services and leasing agreements.

Auditor's Review Report

To Mercedes-Benz Group AG, Stuttgart

We have reviewed the condensed Interim Consolidated Financial Statements of Mercedes-Benz Group AG — comprising Consolidated Statement of Income, 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 Mercedes-Benz Group AG, for the period from 1 January to 31 March 2023, that are part of the quarterly financial report according to Section 115 WpHG (“Wertpapierhandelsgesetz”: “German Securities Trading Act”). The preparation of the condensed Interim Consolidated Financial Statements in accordance with International Accounting Standard IAS 34 “Interim Financial Reporting” as adopted by the EU, and of the Interim Group Management Report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed Interim Consolidated Financial Statements and on the Interim Group Management Report based on our review.

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

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

Based on our review, no matters have come to our attention that cause us to presume that the condensed Interim Consolidated Financial Statements have not been prepared, in material respects, in accordance with IAS 34, “Interim Financial Reporting” as adopted by the EU, or that the Interim Group Management Report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Stuttgart, 27 April 2023

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Information on the Internet

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

 group.mercedes-benz.com/investors

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

For sustainability reasons, the Annual and Interim Reports are not printed in hard copy. We make all Annual and Interim Reports available online and as PDF files to download.

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

Further information is available at

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