

DAIMLER



Interim Report  
Q1 2021

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## Cover photo: The new EQS

The EQS is the first all-electric luxury saloon car from Mercedes-EQ. With it, Mercedes-EQ is redefining this vehicle segment. The EQS is also the first model built on the modular architecture for electric vehicles in the luxury and high-end category. The EQS inspires drivers and passengers with its combination of technology, design, functionality and connectivity. The completely new concept allowed a consistently purposeful design: with its one-bow lines, cab-forward design and fastback styling, the EQS sets itself apart from vehicles with combustion engines even at first glance.

# Q1 Key Figures for the Daimler Group

## Key figures Daimler Group

€ amounts in millions	Q1 2021	Q1 2020	% change
Sales (in units)	728,609	644,316	+13
Revenue	41,017	37,223	+10 <sup>1</sup>
EBIT	5,748	617	+832
EBIT adjusted	4,970	719	+591
Net profit	4,373	168	.
Earnings per share (in €)	4.01	0.09	.
Outstanding shares (in mill.)	1,069.8	1,069.8	0
Market capitalization (in bill. €)	81.32	29.44	+176
Xetra-Closing price (in €)	76.01	27.52	+176
Free cash flow of the industrial business	1,810	-2,316	.
Free cash flow of the industrial business adjusted	2,832	-1,862	.
Net liquidity industrial business	20,092	9,262	+117
Investment in property, plant and equipment	1,186	1,320	-10
Research and development expenditure	2,414	2,354	+3
thereof capitalized development costs	583	632	-8
Employees	288,064	288,481 <sup>2</sup>	-0

1 Adjusted for the effects of currency translation, increase in revenue of 15%.

2 As of December 31, 2020.

## Share-price development (indexed)



# Q1 Key Figures for the Divisions

	Q1 2021	Q1 2020	% change
€ amounts in millions			
<b>Mercedes-Benz Cars &amp; Vans</b>			
Unit sales	627,287	546,742	+15
Revenue	26,886	23,196	+16
EBIT	4,078	510	+700
EBIT adjusted	3,841	603	+537
Return on sales (in %)	15.2	2.2	.
Return on sales adjusted (in %)	14.3	2.6	.
CFBIT	1,968	-1,729	.
CFBIT adjusted	3,129	-1,281	.
Cash conversion rate adjusted <sup>1</sup>	0.8	-2.1	.
Investment in property, plant and equipment	1,079	1,147	-6
Research and development expenditure	2,048	1,977	+4
thereof capitalized development costs	538	609	-12
Employees	169,326	170,515 <sup>2</sup>	-1
<b>Daimler Trucks &amp; Buses</b>			
Unit sales	101,322	97,574	+4
Revenue	8,665	8,744	-1
EBIT	1,041	247	+321
EBIT adjusted	518	247	+110
Return on sales (in %)	12.0	2.8	.
Return on sales adjusted (in %)	6.0	2.8	.
CFBIT	621	-85	.
CFBIT adjusted	435	-85	.
Cash conversion rate adjusted <sup>1</sup>	0.8	-0.3	.
Investment in property, plant and equipment	90	153	-41
Research and development expenditure	374	383	-2
thereof capitalized development costs	45	23	+96
Employees	101,100	99,640 <sup>2</sup>	+1
<b>Daimler Mobility</b>			
Revenue	6,966	7,101	-2
EBIT	744	58	.
EBIT adjusted	691	58	.
Return on equity (in %)	20.2	1.6	.
Return on equity adjusted (in %)	18.7	1.6	.
New business	16,764	16,174	+4
Contract volume	152,685	150,553 <sup>2</sup>	+1
Employees	11,431	11,650 <sup>2</sup>	-2

<sup>1</sup> The adjusted cash conversion rate is the ratio of adjusted CFBIT to adjusted EBIT.

<sup>2</sup> As of December 31, 2020.

# Interim Management Report

**Significant increase in total unit sales to 728,600 vehicles (Q1 2020: 644,300)**

**Revenue of €41.0 billion (Q1 2020: €37.2 billion)**

**Group EBIT of €5.7 billion (Q1 2020: €0.6 billion); adjusted Group EBIT of €5.0 billion (Q1 2020: €0.7 billion)**

**Net profit of €4.4 billion (Q1 2020: €0.2 billion)**

**Free cash flow of the industrial business in first three months of €1.8 billion (Q1 2020: minus €2.3 billion)**

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

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

## Business development

Along with the ongoing global economic recovery, the **world-wide car market** grew significantly compared with its volume of the previous year. However, with the growth rates observed in the first quarter, it must be taken into account that the impact of the covid-19 pandemic had already been increasingly apparent in the development of worldwide markets in the first quarter of 2020.

The Chinese car market, which had already reached its low point in February last year, therefore expanded by around 75% in the past quarter. In March, the US market for cars and light trucks was more than 60% above its very weak level of March 2020 and grew by more than 10% in the first quarter. The European market, which was still noticeably affected by the ongoing pandemic-related restrictions, was only slightly above its low level of the prior-year quarter, despite significant growth in March.

**Demand for vans** in the EU30 region (European Union, United Kingdom, Norway and Switzerland) in the market segment of mid-size and large vans grew significantly by more than 25% compared with the first quarter of last year. However, the market volume for small vans was only tightly above the prior-year level. The US market for large vans showed slight expansion with an increase of nearly 6%. On the other hand, the Brazilian market for large vans decreased significantly, whereby demand had still been at a very high level in the first quarter of 2020. The Chinese market for mid-size vans was significantly above its low level of the previous year.

Major **sales markets for heavy-duty trucks** continued along their cyclical recovery path in the first quarter. The North American market (class 8) grew by about 14% compared with the prior-year period. According to the latest estimates, growth in the EU30 region was at a similar rate of 16%. In Brazil, demand actually rose by more than 30%. The Japanese market was slightly below its level of the first quarter of last year.

## Significant increase in total unit sales

In the first quarter of 2021, Daimler sold 728,600 cars and commercial vehicles worldwide (Q1 2020: 644,300). [↗ B.01](#)

**Mercedes-Benz Cars** sold 538,900 cars of the Mercedes-Benz and smart brands in the first quarter (Q1 2020: 470,600). Despite the ongoing covid-19 pandemic, deliveries in the period of January to March benefited from strong end-customer demand in many markets. 182,100 vehicles were sold in Europe, where we were not yet able to match the prior-year number (Q1 2020: 189,200). In Germany, the region's core market, Mercedes-Benz Cars sold 56,100 cars (Q1 2020: 61,000). In China, Mercedes-Benz Cars' biggest market, unit sales increased by 58% to the number of 208,100 vehicles, a new record for a first quarter (Q1 2020: 131,600). The Chinese sales market had been substantially impacted by the covid-19 pandemic in the first quarter of last year. Mercedes-Benz Cars delivered 72,800 cars in the United States, also above the prior-year level (Q1 2020: 68,500).

**Mercedes-Benz Vans** posted first-quarter unit sales of 88,400 vehicles (Q1 2020: 76,200). In the EU30 core region, sales of 57,500 units were significantly above the prior-year number (Q1 2020: 53,100), with 20,400 vehicles sold in Germany (Q1 2020: 21,600). Sales of 11,100 vans in North America were also significantly higher than in the same period of last year (Q1 2020: 7,300). Our sales of 9,500 units in the United States were a record for a first quarter (Q1 2020: 6,300). In Latin America, sales increased to 4,000 units (Q1 2020: 2,700). We set a first-quarter record also in China with sales of 8,500 vans (Q1 2020: 4,200).

**Daimler Trucks'** unit sales of 97,600 vehicles were 6% above the prior-year level. The main drivers of this growth in the first quarter of 2021 were the market recovery in important core regions and increased market share in the North America and EU30 regions and in Brazil. We achieved significant growth in the EU30 region with sales of 15,300 units (Q1 2020: 13,200), in Latin America with sales of 10,500 units (Q1 2020: 7,000) and in North America with sales of 37,000 units (Q1 2020: 35,600). Our sales of 26,000 trucks in Asia were below the prior-year level (Q1 2020: 30,700).

**B.01****Group unit sales**

	Q1 2021	Q1 2020	% change
Daimler Group	<b>728,609</b>	644,316	+13
Mercedes-Benz Cars	<b>538,869</b>	470,581	+15
Mercedes-Benz Vans	<b>88,418</b>	76,161	+16
Daimler Trucks	<b>97,585</b>	92,468	+6
Daimler Buses	<b>3,737</b>	5,106	-27

First-quarter unit sales by **Daimler Buses** decreased significantly by 27% to 3,700 vehicles due to lower worldwide demand for coaches caused by the ongoing covid-19 pandemic. Our sales of 700 complete buses and bus chassis of the Mercedes-Benz and Setra brands in the EU30 region were 48% lower than in the first quarter of last year. Also in Brazil, our main market in Latin America, our sales decreased significantly compared with the prior-year period to 1,600 units (-18%). We sold 400 units in Mexico, which is 8% fewer than in the prior-year period.

New business at **Daimler Mobility** increased slightly compared with the first quarter of last year, by 4% to €16.8 billion. In China, new business was actually significantly higher than in the prior-year period, while there was slight growth in Europe. In the Americas and Africa & Asia-Pacific regions, however, new business decreased significantly. Contract volume at the end of March of €152.7 billion was at the level of year-end 2020. Athlon and Daimler Fleet Management had a total of 390,000 contracts with a volume of €6.3 billion at the end of the quarter. In the first quarter of 2021, approximately 75 million transactions were concluded with the mobility services of the FREE NOW & REACH NOW, SHARE NOW and PARK NOW & CHARGE NOW joint ventures. Significant growth was achieved in the insurance business. Worldwide, Daimler Mobility brokered 621,000 insurance policies in the first three months of this year (Q1 2020: 520,000).

**Important events****Daimler AG Supervisory Board elects Bernd Pischetsrieder as its new Chairman**

At its constitutive meeting following the virtual Annual General Meeting on the 2020 financial year held on March 31, 2021, the Supervisory Board of Daimler AG elected a new Chairman. Bernd Pischetsrieder succeeds Manfred Bischoff, who decided to step down from the Supervisory Board after 14 years as its Chairman.

**Further personnel changes in the Supervisory Board**

Elizabeth Centoni, Chief Strategy Officer and General Manager of Applications at Cisco Systems, Inc., Ben van Beurden, CEO of Royal Dutch Shell plc, and Martin Bruder Müller, Chairman of the Board of Executive Directors of BASF SE, were elected to the Supervisory Board by a large majority of shareholders. They succeed Petraea Heynicke and Jürgen Hambrecht, who, along with Manfred Bischoff, stepped down from the Supervisory Board. The term of office of the newly elected members began at the end of the Annual General Meeting in 2021 and expires at the end of the AGM in 2025.

**Strong approval for the proposals of the management**

At the Annual General Meeting, the shareholders approved the proposals of the management with an overwhelming majority and resolved, among other things, to pay a dividend of €1.35 per share for the past financial year (2020: €0.90). The total distribution amounts to €1.4 billion (2020: €1.0 billion). The actions of the members of the Board Management were ratified by 97.94% of the represented share capital, those of the members of the Supervisory Board by 95.17%. More than 12,000 viewers followed the virtual Annual General Meeting on the internet. 57.21% of the share capital was represented.

**Daimler plans to divide the Group's business between two independent companies with a stock-exchange listing for Daimler Truck**

On February 3, 2021, Daimler's Supervisory Board and Board of Management decided to evaluate the spin-off of the truck and bus business and to start preparations for an initial public offering of shares in Daimler Truck. It is intended to transfer most of the shares in Daimler Truck to the current Daimler shareholders. As a result, Daimler Truck will gain full entrepreneurial freedom and an independent corporate-governance structure with an independent supervisory board chairperson. As part of a more focused corporate structure, both Mercedes-Benz and Daimler Truck will also be supported by dedicated captive financial and mobility service entities. In this process, we plan to assign resources and teams from today's Daimler Mobility to both Mercedes-Benz and Daimler Truck. An additional objective is that Daimler Truck will meet the criteria for inclusion in Germany's DAX share index. According to current planning, the transaction is to be completed by the end of 2021, when Daimler Truck will be listed on the Frankfurt Stock Exchange for the first time. Furthermore, Daimler intends to change its name to Mercedes-Benz at a later date.

#### **Daimler Truck AG and Cummins Inc. plan global cooperation on medium-duty engines for commercial vehicles**

On February 23, 2021, Daimler Truck AG and the US engine manufacturer Cummins Inc. announced the signing of a memorandum of understanding concerning a global strategic partnership for medium-duty engines. As part of the planned strategic partnership, Cummins will invest in the further development of the medium-duty engine platform and its global production and supply for Daimler Trucks & Buses as of the second half of this decade.

#### **Daimler Truck AG and Volvo Group establish cellcentric, a joint venture for fuel cells**

On March 1, 2021, Daimler Truck AG and Volvo Group established their previously announced joint venture for fuel cells. To this end, Volvo Group acquired a 50% interest in the existing company Daimler Truck Fuel Cell GmbH & Co. KG for approximately €0.6 billion. The two partners aim for the joint venture to become one of the world's leading fuel-cell producers, thus helping to achieve climate-neutral and sustainable transport by the year 2050. Daimler Truck AG and Volvo Group have agreed to rename the company as cellcentric GmbH & Co. KG.

#### **Mercedes-Benz Drive Systems Campus: Stuttgart-Untertürkheim prepares for "Electric First"**

Mercedes-Benz is consistently preparing its Mercedes-Benz Drive Systems business unit and the Stuttgart-Untertürkheim plant for "Electric First" in the context of Ambition 2039 – the company's path to CO<sub>2</sub> neutrality. Mercedes-Benz is thus underpinning the new strategy it presented in October 2020. After intensive negotiations, the management and works council of the Mercedes-Benz plant in Untertürkheim agreed to invest a three-digit-million amount in the transformation of Untertürkheim into the future Mercedes-Benz Drive Systems Campus. The largest plant in the global powertrain production network will focus on drive-system research, development and start of production. A new factory for the small-series production of future lithium-ion battery cells and a dedicated battery safety lab will complement Mercedes-Benz's existing research and development activities in the field of battery technology.

#### **BMW Group and Daimler Mobility plan to sell PARK NOW to EasyPark Group**

BMW Group and Daimler Mobility AG announced on March 9, 2021 that they plan to sell their PARK NOW Group joint venture to EasyPark Group. The transaction is subject to the approval of the responsible authorities. PARK NOW is the provider of digital parking services within the two companies' YOUR NOW joint-venture group, which includes services for car sharing (SHARE NOW), ride hailing and route planning (FREE NOW & REACH NOW) and EV battery charging (CHARGE NOW) in Europe and the Americas. The internationally active company EasyPark, which has twenty years of experience in the parking business, has announced its intention to take over PARK NOW and further expand its activities as part of its global growth strategy.

## Profitability, cash flows and financial position

To provide a better insight into the Group's profitability, cash flows and financial position, the condensed statement of income, the condensed statement of cash flows and the condensed statement of financial position are shown for the Daimler Group as well as for the "Industrial Business" and for "Daimler Mobility". The industrial business and Daimler Mobility columns represent a business point of view. The industrial business comprises the vehicle segments Mercedes-Benz Cars & Vans and Daimler Trucks & Buses. Daimler Mobility is identical to the Daimler Mobility segment. Intra-Group eliminations between the industrial business and Daimler Mobility are generally allocated to the industrial business.

In order to provide a more transparent presentation of the ongoing business, adjusted figures for both the Group and the segments are calculated and reported. The adjustments include individual items where they lead to material effects in a reporting year. These individual items may relate in particular to legal proceedings and related measures, restructuring measures and M&A transactions. Further information on the management system can be found in Annual Report 2020 in the Corporate Profile section of the Combined Management Report with Non-Financial Statement.

## Profitability

### Daimler Group statement of income for the three-month period ended March 31, 2021

The Daimler Group's **revenue** of €41,017 million in the first quarter of 2021 was significantly above the prior-year level (Q1 2020: €37,223 million). Whereas the revenues of Daimler Trucks & Buses and of the Daimler Mobility segment were at the prior-year levels, the Mercedes-Benz Cars & Vans segment's revenue was significantly higher than in the prior-year quarter. This resulted in particular from a strong increase in unit sales in China. Adjusted for negative exchange-rate effects, Group revenue also increased significantly compared with the first quarter of last year.

Functional costs were at the level of the prior-year quarter. The measures taken in response to the covid-19 pandemic had a positive impact on fixed costs. On the other hand, personnel-cost optimisation programmes had a negative impact on functional costs. At the Daimler Mobility segment, there was a substantial adverse impact in the first quarter of 2020 from increases in provisions for credit risks.

In the vehicle segments, the joint venture for fuel cells cellcentric GmbH & Co. KG (cellcentric) resulted in a positive contribution to earnings of €1,215 million, in particular in other operating income/expense. Of that amount, €624 million is primarily accounted for by the remeasurement of the interest in this company that is still held by Daimler. Furthermore, the significantly increased income from the equity-method investment in Beijing Benz Automotive Co., Ltd. (BBAC) boosted earnings. In addition, other financial income/expense includes income in connection with the IPO of Chargepoint, Inc. and its resulting remeasurement at fair value.

**EBIT** amounted to €5,748 million in the first quarter of 2021, which is significantly higher than in the first quarter of last year (Q1 2020: €617 million). The Daimler Group's adjusted EBIT was €4,970 million (Q1 2020: €719 million). The reconciliation from EBIT to adjusted EBIT is shown in table [7 B.04](#).

**Net interest expense** in the first quarter of 2021 amounted to €66 million (Q1 2020: €77 million).

The **income-tax expense** recognized in the first quarter of 2021 amounted to €1,309 million (Q1 2020: €372 million). The effective tax rate was 23.0% (Q1 2020: 68.9%). A key factor reducing the effective tax rate in 2021 was that the income in connection with the new fuel-cell joint venture cellcentric only incurred a deferred tax expense for corporate income tax. No deferred tax expense for trade tax arose in 2021. The deferred tax asset for trade tax was not recognized for the German tax group in the previous year. In 2020, income tax expenses for previous years as well as non-tax-deductible expenses, mainly in connection with investments in associated companies and joint ventures, led to an increase in the effective tax rate. Due to the low pre-tax income in 2020, those items had a disproportionate impact on the effective tax rate in the first quarter of that year.



**Net profit** of €4,373 million for the first quarter of 2021 was significantly higher than in the prior-year period (Q1 2020: €168 million). Net profit of €83 million is attributable to **non-controlling interests** (Q1 2020: €74 million). Net profit attributable to the **shareholders of Daimler AG** amounts to €4,290 million (Q1 2020: €94 million), leading to a significant increase in **earnings per share** to €4.01 (Q1 2020: €0.09).

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

Table [7 B.02](#) shows the condensed statement of income of the Daimler Group as well as of the industrial business and Daimler Mobility. Table [7 B.03](#) shows the composition of EBIT for the industrial business.

## B.02

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

	Daimler Group		Industrial Business		Daimler Mobility	
	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020
In millions of euros						
Revenue	41,017	37,223	34,051	30,122	6,966	7,101
Cost of sales	-32,010	-31,512	-26,102	-24,869	-5,908	-6,643
<b>Gross profit</b>	<b>9,007</b>	<b>5,711</b>	<b>7,949</b>	<b>5,253</b>	<b>1,058</b>	<b>458</b>
Selling expenses	-2,756	-2,889	-2,587	-2,711	-169	-178
General administrative expenses	-975	-920	-781	-733	-194	-187
Research and non-capitalized development costs	-1,831	-1,722	-1,831	-1,722	-	-
Other operating income/expense	1,488	415	1,449	376	39	39
Gains/losses on equity-method investments, net	532	-50	522	23	10	-73
Other financial income/expense, net	283	72	283	73	-	-1
<b>EBIT</b>	<b>5,748</b>	<b>617</b>	<b>5,004</b>	<b>559</b>	<b>744</b>	<b>58</b>
Interest income/expense	-66	-77	-64	-74	-2	-3
<b>Profit before income taxes</b>	<b>5,682</b>	<b>540</b>	<b>4,940</b>	<b>485</b>	<b>742</b>	<b>55</b>
Income taxes	-1,309	-372	-1,115	-368	-194	-4
<b>Net profit</b>	<b>4,373</b>	<b>168</b>	<b>3,825</b>	<b>117</b>	<b>548</b>	<b>51</b>
thereof profit attributable to non-controlling interests	83	74				
thereof profit attributable to shareholders of Daimler AG	4,290	94				
<b>Earnings per share (in euros)</b>						
for profit attributable to shareholders of Daimler AG						
<b>Basic</b>	<b>4.01</b>	<b>0.09</b>				
<b>Diluted</b>	<b>4.01</b>	<b>0.09</b>				

## B.03

### EBIT of the industrial business for the three-month periods ended March 31

	Industrial Business		Mercedes-Benz Cars & Vans		Daimler Trucks & Buses		Reconciliation	
	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020
In millions of euros								
Revenue	34,051	30,122	26,886	23,196	8,665	8,744	-1,500	-1,818
Cost of sales	-26,102	-24,869	-20,452	-19,276	-7,102	-7,325	1,452	1,732
<b>Gross profit</b>	<b>7,949</b>	<b>5,253</b>	<b>6,434</b>	<b>3,920</b>	<b>1,563</b>	<b>1,419</b>	<b>-48</b>	<b>-86</b>
Selling expenses	-2,587	-2,711	-2,049	-2,269	-635	-628	97	186
General administrative expenses	-781	-733	-387	-419	-358	-325	-36	11
Research and non-capitalized development costs	-1,831	-1,722	-1,510	-1,368	-329	-360	8	6
Other income/expense	2,254	472	1,590	646	800	141	-136	-315
<b>EBIT</b>	<b>5,004</b>	<b>559</b>	<b>4,078</b>	<b>510</b>	<b>1,041</b>	<b>247</b>	<b>-115</b>	<b>-198</b>

### Segment revenue and EBIT for the three-month period ended March 31, 2021

The revenue of the **Mercedes-Benz Cars & Vans** division increased due in particular to a significant increase in unit sales in China by 16% to €26,886 million in the first quarter of 2021 (Q1 2020: €23,196 million). The division's EBIT amounted to €4,078 million (Q1 2020: €510 million); adjusted EBIT amounted to €3,841 million (Q1 2020: €603 million). The adjusted return on sales of 14.3% was above the adjusted prior-year figure of 2.6%. ↗ **B.03** ↗ **B.04**

Caused by the consequences of the covid-19 pandemic, gross profit in relation to revenue was reduced in the first quarter of 2020 by a significant decline in unit sales in China. As well as the increase in unit sales, a favourable product mix and pricing and further cost optimisations also had positive impacts. On the other hand, exchange-rate effects had a negative impact on earnings. Overall, gross profit in relation to revenue increased significantly from 16.9% to 23.9%. The measures introduced as a consequence of the covid-19 pandemic led to reductions in fixed costs. The significantly increased income from the equity-method investment in Beijing Benz Automotive Co., Ltd. (BBAC) also had a positive impact on earnings. In addition, other financial income/expense includes income of €179 million in connection with the IPO of the charging-infrastructure operator Chargepoint, Inc. and its resulting remeasurement at fair value.

Furthermore, income of €604 million in connection with the establishment of the joint venture for fuel cells cellcentric resulted in a positive contribution to earnings. On the other hand, the segment's earnings were reduced by expenses of €292 million from personnel-cost optimisation programmes. Both quarters included expenses related to ongoing governmental and court proceedings and measures taken relating to Mercedes-Benz diesel vehicles (€75 million; Q1 2020: €93 million). The reconciliation from EBIT to adjusted EBIT is shown in table ↗ **B.04**.

The revenue of **Daimler Trucks & Buses** in the first quarter of 2021 of €8,665 million (Q1 2020: €8,744 million) was at the prior-year level. The division's EBIT amounted to €1,041 million (adjusted: €518 million; Q1 2020: €247 million). The segment's adjusted return on sales was above the prior-year figure at 6.0% (Q1 2020: 2.8%). ↗ **B.03** ↗ **B.04**

Increasing truck sales, mainly in the EU30 and North America regions – resulting from market recovery and partially from increased market share – had positive effects on revenue and EBIT, but were weakened by lower bus unit sales and unfavourable exchange-rates. Increasing raw-material prices as well as bottlenecks in the supply-chain and measures to cope with the effects of the covid-19 pandemic also affected earnings. Positive effects resulted from the used-vehicle business and a favourable pricing. Cost of sales was lower than in the prior-year quarter. Gross profit in relation to revenue increased from 16.2% to 18.0%. In the functional-cost areas, the measures initiated and the gradual implementation of restructuring measures had a positive effect. On the other hand, the segment's earnings were reduced by expenses of €88 million from personnel-cost optimisation programmes. In addition, income of €611 million in connection with the establishment of the joint venture for fuel cells cellcentric resulted in a positive contribution to earnings in particular in other income/expense. The reconciliation from EBIT to adjusted EBIT is shown in table ↗ **B.04**.

In the first quarter of 2021, the **Daimler Mobility** segment achieved EBIT of €744 million (adjusted: €691 million; Q1 2020: €58 million). Adjusted return on equity of 18.7% was above the prior-year figure of 1.6%. ↗ **B.02** ↗ **B.04**

The main reason for the positive development of gross profit in relation to revenue in the first quarter of 2021 was that additions to credit-risk provisions were lower than in the prior-year quarter, which was significantly impacted by the response to the covid-19 pandemic. Further positive effects were realized due to the currently low interest-rate level, whereas expenses of €36 million in connection with personnel-cost optimisation programmes adversely affected functional costs. In addition, positive effects on earnings of €89 million at Daimler Mobility resulted from the sale of all its shares in Via Transportation Inc. Furthermore, the improved operating business performance of mobility services had a positive impact on earnings. The reconciliation of EBIT to adjusted EBIT is shown in table ↗ **B.04**.

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

Items at the corporate level resulted in expenses of €129 million in the first quarter of 2021 (Q1 2020: €218 million). In particular, the impairment of Daimler's equity investment in BAIC Motor Corporation Ltd. had a negative effect on EBIT in the first quarter of the prior year.

The elimination of intra-Group transactions resulted in income of €14 million (Q1 2020: €20 million).

**B.04****Reconciliation EBIT to EBIT adjusted for the three-month periods ended March 31**

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Recon- ciliation	Daimler Group
In millions of euros					
<b>Q1 2021</b>					
<b>EBIT</b>	<b>4,078</b>	<b>1,041</b>	<b>744</b>	<b>-115</b>	<b>5,748</b>
Legal proceedings (and related measures)	75	–	–	–	75
Restructuring measures	292	88	36	35	451
M&A transactions	-604	-611	-89	–	-1,304
<b>EBIT adjusted</b>	<b>3,841</b>	<b>518</b>	<b>691</b>	<b>-80</b>	<b>4,970</b>
<b>Return on sales/return on equity (in %)</b>	<b>15.2</b>	<b>12.0</b>	<b>20.2</b>		
<b>Return on sales/return on equity adjusted (in %)<sup>1</sup></b>	<b>14.3</b>	<b>6.0</b>	<b>18.7</b>		

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Recon- ciliation	Daimler Group
In millions of euros					
<b>Q1 2020</b>					
<b>EBIT</b>	<b>510</b>	<b>247</b>	<b>58</b>	<b>-198</b>	<b>617</b>
Legal proceedings (and related measures)	93	–	–	9	102
Restructuring measures	–	–	–	–	–
M&A transactions	–	–	–	–	–
<b>EBIT adjusted</b>	<b>603</b>	<b>247</b>	<b>58</b>	<b>-189</b>	<b>719</b>
<b>Return on sales/return on equity (in %)</b>	<b>2.2</b>	<b>2.8</b>	<b>1.6</b>		
<b>Return on sales/return on equity adjusted (in %)<sup>1</sup></b>	<b>2.6</b>	<b>2.8</b>	<b>1.6</b>		

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

## Cash flows

In the first quarter of 2021, **cash provided by operating activities** [↗ B.05](#) amounted to €4.9 billion (Q1 2020: €1.2 billion). Compared to the prior-year period, which was strongly affected by the worldwide consequences of the covid-19 pandemic, the first quarter of 2021 showed a significant improvement in the overall business performance. Positive effects also resulted from the development of working capital. While in the first quarter of 2020, the decrease in customer demand and the temporary suspensions of production were the main drivers of the development of working capital, seasonal impacts were the main factors in all automotive segments during the period under review. Opposing effects during March 2021 resulted from payments of €0.9 billion made in settlement of civil and environmental claims made by several US authorities in the prior year in connection with emission control systems

used in certain diesel vehicles. Furthermore, payments were made during the reporting period as part of the personnel-cost optimisation programme resulting from the agreed measures to reduce costs and the number of employees in a socially acceptable manner. In contrast, the cash flow in the prior-year period was adversely affected by payments made in the context of reviewing and prioritising the product portfolio for the planned discontinuation of X-Class production during Q1 2020.

### B.05

#### Condensed statement of cash flows

	Daimler Group		Industrial Business		Daimler Mobility	
	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020
In millions of euros						
<b>Cash and cash equivalents at beginning of period</b>	<b>23,048</b>	18,883	<b>20,344</b>	16,152	<b>2,704</b>	2,731
Profit before income taxes	<b>5,682</b>	540	<b>4,940</b>	485	<b>742</b>	55
Depreciation and amortization/impairments	<b>1,816</b>	1,981	<b>1,785</b>	1,947	<b>31</b>	34
Other non-cash expense and income and gains/losses on disposals of assets	<b>-2,033</b>	-29	<b>-2,035</b>	-119	<b>2</b>	90
Change in operating assets and liabilities						
Inventories	<b>-2,075</b>	-2,930	<b>-2,302</b>	-3,049	<b>227</b>	119
Trade receivables	<b>-326</b>	2,144	<b>86</b>	1,722	<b>-412</b>	422
Trade payables	<b>3,020</b>	933	<b>2,835</b>	943	<b>185</b>	-10
Receivables from financial services	<b>666</b>	716	<b>-41</b>	5	<b>707</b>	711
Vehicles on operating leases	<b>477</b>	629	<b>-316</b>	48	<b>793</b>	581
Other operating assets and liabilities	<b>-1,808</b>	-2,167	<b>-1,532</b>	-1,622	<b>-276</b>	-545
Income taxes paid	<b>-540</b>	-599	<b>-355</b>	-431	<b>-185</b>	-168
<b>Cash used for/provided by operating activities</b>	<b>4,879</b>	1,218	<b>3,065</b>	-71	<b>1,814</b>	1,289
Additions to property, plant and equipment and intangible assets	<b>-1,902</b>	-2,021	<b>-1,865</b>	-2,001	<b>-37</b>	-20
Investments in and disposals of shareholdings	<b>639</b>	-125	<b>483</b>	-136	<b>156</b>	11
Acquisitions and sales of marketable debt securities and similar investments	<b>311</b>	659	<b>365</b>	574	<b>-54</b>	85
Other	<b>205</b>	86	<b>202</b>	116	<b>3</b>	-30
<b>Cash used for/provided by investing activities</b>	<b>-747</b>	-1,401	<b>-815</b>	-1,447	<b>68</b>	46
Change in financing liabilities	<b>-1,496</b>	-2,527	<b>-813</b>	-3,012	<b>-683</b>	485
Dividends paid	<b>-78</b>	-39	<b>-70</b>	-30	<b>-8</b>	-9
Other transactions with shareholders	<b>-82</b>	-30	<b>-82</b>	-30	<b>-</b>	-
Internal equity and financing transactions	<b>-</b>	-	<b>750</b>	2,335	<b>-750</b>	-2,335
<b>Cash used for financing activities</b>	<b>-1,656</b>	-2,596	<b>-215</b>	-737	<b>-1,441</b>	-1,859
Effect of foreign exchange rate changes on cash and cash equivalents	<b>432</b>	36	<b>395</b>	69	<b>37</b>	-33
<b>Cash and cash equivalents at end of period</b>	<b>25,956</b>	16,140	<b>22,774</b>	13,966	<b>3,182</b>	2,174

**Cash used for investing activities** ↗ **B.05** amounted to €0.7 billion (Q1 2020: €1.4 billion). The decrease resulted in particular from the cash inflow of €0.6 billion in connection with the partial sale of shares in Daimler Truck Fuel Cell GmbH & Co. KG (DTFC) to the Volvo Group. The proceeds from sale, which were received in March 2021, are divided between the Mercedes-Benz Cars & Vans and Daimler Trucks & Buses segments.

**Cash used for financing activities** ↗ **B.05** amounted to €1.7 billion (Q1 2020: €2.6 billion). The change is primarily due to lower net cash outflows from financing liabilities.

Cash and cash equivalents increased compared with December 31, 2020 by €2.9 billion, after taking currency translation into account. Total liquidity, which also includes marketable debt securities and similar investments, increased by €2.6 billion to €32.0 billion.

The parameter used by Daimler to measure the financial capability of the Group's industrial business is the **free cash flow of the industrial business** ↗ **B.06**, which is derived from the reported cash flows from operating and investing activities. The cash flows from sales and purchases of marketable debt securities and similar investments included in cash flows from investing activities are deducted, as those securities are allocated to liquidity and changes in them are thus not a part of the free cash flow. On the other hand, effects in connection with the recognition and measurement of right-of-use assets, which result from the change in lessee accounting and are largely non-cash items, are included in the free cash flow of the industrial business.

Other adjustments relate to effects from the financing of the Group's own dealerships and effects from internal deposits within the Group. In addition, the calculation of the free cash flow includes the cash flows to be shown under cash used for/provided by financing activities in connection with the acquisition or disposal of interests in subsidiaries without loss of control.

In the first quarter of 2021, the **free cash flow of the industrial business** amounted to a cash inflow of €1.8 billion (Q1 2020: cash outflow of €2.3 billion). Compared to the prior year, which was strongly affected by the worldwide consequences of the covid-19 pandemic, the first quarter of 2021 showed a significant improvement in the overall business performance. Positive effects also resulted from the development of working capital. While in the first quarter of 2020 the decrease in customer demand and the temporary suspensions of production were the main drivers of the development of working capital, seasonal impacts were the main factors in all automotive segments during the period under review. The free cash flow of the industrial business was also positively affected by the cash inflow in connection with the partial sale of shares in DTFC to Volvo Group. Opposing effects during March 2021 resulted from payments made in settlement of civil and environmental claims made by several US authorities in the prior year in connection with emission control systems used in certain diesel vehicles. Furthermore, payments were made during the reporting period as part of the cost-optimisation programme resulting from the agreed measures to reduce costs and the number of employees in a socially acceptable manner. In contrast, cash flow in the prior-year period was adversely affected by

## B.06

### Free cash flow of the industrial business

In millions of euros	Q1 2021	Q1 2020	Change
Cash used for/provided by operating activities	3,065	-71	+3,136
Cash used for/provided by investing activities	-815	-1,447	+632
Change in marketable debt securities and similar investments	-365	-574	+209
Right-of-use assets	-93	-121	+28
Other adjustments	18	-103	+121
<b>Free cash flow of the industrial business</b>	<b>1,810</b>	<b>-2,316</b>	<b>+4,126</b>
Legal proceedings (and related measures)	1,063	153	+910
Restructuring measures	550	301	+249
M&A transactions	-591	-	-591
<b>Free cash flow of the industrial business adjusted</b>	<b>2,832</b>	<b>-1,862</b>	<b>+4,694</b>

payments made in the context of reviewing and prioritising the product portfolio for the planned discontinuation of X-Class production during Q1 2020.

In the interest of greater transparency in reporting on the ongoing business, we also report an **adjusted free cash flow of the industrial business** ↗ **B.06**. The adjustments for legal proceedings include payments by the automotive segments in connection with ongoing governmental and legal proceedings and related measures taken with regard to Mercedes-Benz diesel vehicles. This relates in particular to payments made in March 2021 in settlement of civil and environmental claims made by several US authorities in the prior year in connection with emission control systems used in certain diesel vehicles. The adjustments for restructuring measures include payments made in connection with the personnel-cost optimisation programme in the reporting period and for the product portfolio review and prioritisation in the prior-year period. The adjustments for M&A transactions include payments received from Volvo Group for the partial sale of shares in DTFC. The adjusted free cash flow of the industrial business amounted to a cash inflow of €2.8 billion (Q1 2020: cash outflow of €1.9 billion).

**B.07****Reconciliation from CFBIT to free cash flow of the industrial business**

	Q1 2021	Q1 2020
In millions of euros		
CFBIT Mercedes-Benz Cars & Vans	1,968	-1,729
CFBIT Daimler Trucks & Buses	621	-85
Income taxes paid/refunded	-355	-431
Interest paid/received	-100	16
Other reconciling items	-324	-87
<b>Free cash flow of the industrial business</b>	<b>1,810</b>	<b>-2,316</b>

In the first quarter of 2021, the **free cash flow of the Daimler Group** resulted in a cash inflow of €3.7 billion (Q1 2020: cash outflow of €1.0 billion). Besides the effects of the free cash flow of the industrial business, the free cash flow of the Daimler Group is mainly affected by the leasing and sales-financing business of Daimler Mobility.

As well as being calculated on the basis of the disclosed cash flows from operating and investing activities, **the free cash flow of the industrial business** can also be calculated on the basis of the cash flows before interest and taxes (CFBIT) of the automotive segments. The reconciliation from the CFBIT of Mercedes-Benz Cars & Vans and Daimler Trucks & Buses to the free cash flow of the industrial business also includes payments of interest and taxes. The other reconciliation items primarily comprise eliminations between the segments and items that are allocated to the industrial business but for which the automotive segments are not responsible. Table [7 B.07](#) shows the reconciliation of the CFBIT of the automotive segments to the free cash flow of the industrial business.

The **CFBIT of the automotive segments** is derived from EBIT and the change in net assets, and also includes additions to right-of-use assets. Table [7 B.08](#) shows the composition of CFBIT for Mercedes-Benz Cars & Vans and Daimler Trucks & Buses for the first quarter of 2021 compared with the prior-year period. Table [7 B.09](#) shows the reconciliation from CFBIT to **adjusted CFBIT** and the **adjusted cash conversion rate** for Mercedes-Benz Cars & Vans and Daimler Trucks & Buses.

**B.08****CFBIT**

	Mercedes-Benz Cars & Vans		Daimler Trucks & Buses	
	Q1 2021	Q1 2020	Q1 2021	Q1 2020
In millions of euros				
<b>EBIT</b>	<b>4,078</b>	510	<b>1,041</b>	247
Change in working capital	844	-163	-159	-129
Net financial investments	186	-118	314	-9
Net investments in property, plant and equipment and intangible assets	-1,586	-1,821	-198	-186
Depreciation and amortisation/impairments	1,498	1,614	287	333
Other	-3,052	-1,751	-664	-341
<b>CFBIT</b>	<b>1,968</b>	-1,729	<b>621</b>	-85

**B.09****Reconciliation to CFBIT adjusted**

	Mercedes-Benz Cars & Vans		Daimler Trucks & Buses	
	Q1 2021	Q1 2020	Q1 2021	Q1 2020
In millions of euros				
<b>CFBIT</b>	<b>1,968</b>	-1,729	<b>621</b>	-85
Legal proceedings (and related measures)	1,062	147	-	-
Restructuring measures	409	301	95	-
M&A transactions	-310	-	-281	-
<b>CFBIT adjusted</b>	<b>3,129</b>	-1,281	<b>435</b>	-85
<b>EBIT adjusted</b>	<b>3,841</b>	603	<b>518</b>	247
<b>Cash conversion rate adjusted<sup>1</sup></b>	<b>0.8</b>	-2.1	<b>0.8</b>	-0.3

<sup>1</sup> The adjusted cash conversion rate is the ratio of adjusted CFBIT to adjusted EBIT.

The **net liquidity of the industrial business** ➔ **B.10** is calculated as the total amount as shown in the statement of financial position of cash, cash equivalents and marketable debt securities and similar investments included in liquidity management, less the currency-hedged nominal amounts of financing liabilities.

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

Compared with December 31, 2020, the net liquidity of the industrial business increased by €2.2 billion to €20.1 billion. The increase is mainly due to the positive free cash flow of the industrial business, as well as positive exchange-rate effects.

Net debt at Group level, which primarily results from refinancing the leasing and sales-financing business, decreased compared with December 31, 2020 by €1.2 billion to €114.0 billion. ➔ **B.11**

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

In the first quarter of 2021, Daimler had a cash inflow of €4.5 billion from the **issuance** of bonds (Q1 2020: €3.2 billion). The redemption of bonds resulted in cash outflows of €5.5 billion (Q1 2020: €5.7 billion). A significant portion of the issuance volume was in the form of benchmark bonds (bonds with high nominal volumes), including the Daimler Group's second green bond with a volume of €1.0 billion. ➔ **B.12**

In addition to the issuances shown in the table, multiple smaller issuances were undertaken in various countries.

Furthermore, several **asset-backed securities (ABS) transactions** were conducted in the first quarter of 2021. In the United States, a refinancing volume of USD 1.3 billion was generated. A volume of CNY 7.9 billion was issued in China. In addition, an ABS bond was issued in Japan for the first time, with a refinancing volume of JPY 87.0 billion.

In addition, since July 2018, Daimler has had a syndicated **credit line** of €11.0 billion, which had not been utilized at March 31, 2021. The credit line agreed upon in April 2020 in the amount of €12.0 billion expired without being extended by Daimler.

## B.10

### Net liquidity of the industrial business

In millions of euros	March 31, 2021	Dec. 31, 2020	Change
Cash and cash equivalents	22,774	20,344	+2,430
Marketable debt securities and similar investments	5,090	5,468	-378
<b>Liquidity</b>	<b>27,864</b>	<b>25,812</b>	<b>+2,052</b>
Financing liabilities <sup>1</sup>	-8,664	-9,168	+504
Market valuation and currency hedges for financing liabilities	892	1,211	-319
<b>Financing liabilities (nominal)</b>	<b>-7,772</b>	<b>-7,957</b>	<b>+185</b>
<b>Net liquidity</b>	<b>20,092</b>	<b>17,855</b>	<b>+2,237</b>

<sup>1</sup> As at March 31, financing liabilities include liabilities from refinancing of internal dealerships.

## B.11

### Net debt of the Daimler Group

In millions of euros	March 31, 2021	Dec. 31, 2020	Change
Cash and cash equivalents	25,956	23,048	+2,908
Marketable debt securities and similar investments	6,072	6,397	-325
<b>Liquidity</b>	<b>32,028</b>	<b>29,445</b>	<b>+2,583</b>
Financing liabilities	-146,922	-145,842	-1,080
Market valuation and currency hedges for financing liabilities	921	1,224	-303
<b>Financing liabilities (nominal)</b>	<b>-146,001</b>	<b>-144,618</b>	<b>-1,383</b>
<b>Net debt</b>	<b>-113,973</b>	<b>-115,173</b>	<b>+1,200</b>

## B.12

### Benchmark issuances

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



## Financial position

The **balance-sheet total** increased compared with December 31, 2020 from €285.7 billion to €295.3 billion. The increase includes positive effects from currency translation of €4.7 billion; adjusted for these exchange-rate effects, there was an increase of €4.9 billion. Daimler Mobility accounts for €164.1 billion of the balance-sheet total (December 31, 2020: €161.3 billion), equivalent to 56% of the Daimler Group's total assets (December 31, 2020: 56%).

Among other things, the increase in total assets adjusted for exchange-rate effects reflects the increased cash and cash equivalents and higher inventories. On the liabilities side of the balance sheet, there were increases in equity, trade payables and other financial liabilities, while provisions were below their prior-year levels. Table [7 B.13](#) shows the condensed statement of financial position for the Group as well as for the industrial business and Daimler Mobility.

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

### B.13

#### Condensed statement of financial position

	Daimler Group		Industrial Business		Daimler Mobility	
	March 31, 2021	Dec. 31, 2020	March 31, 2021	Dec. 31, 2020	March 31, 2021	Dec. 31, 2020
In millions of euros						
<b>Assets</b>						
Intangible assets	16,515	16,399	15,813	15,686	702	713
Property, plant and equipment	35,472	35,246	35,120	34,904	352	342
Equipment on operating leases	48,033	47,552	17,690	17,949	30,343	29,603
Receivables from financial services	97,909	96,185	-92	-83	98,001	96,268
Equity-method investments	6,442	5,189	5,825	4,443	617	746
Inventories	28,823	26,444	27,986	25,298	837	1,146
Trade receivables	11,049	10,649	9,909	9,929	1,140	720
Cash and cash equivalents	25,956	23,048	22,774	20,344	3,182	2,704
Marketable debt securities and similar investments	6,072	6,397	5,090	5,468	982	929
thereof current	5,051	5,356	4,787	5,165	264	191
thereof non-current	1,021	1,041	303	303	718	738
Other financial assets	7,575	6,924	-10,028	-10,862	17,603	17,786
Other assets	11,492	11,704	1,157	1,396	10,335	10,308
<b>Total assets</b>	<b>295,338</b>	<b>285,737</b>	<b>131,244</b>	<b>124,472</b>	<b>164,094</b>	<b>161,265</b>
<b>Equity and liabilities</b>						
Equity	67,993	62,248	52,794	47,933	15,199	14,315
Provisions	28,973	32,520	27,829	31,323	1,144	1,197
Financing liabilities	146,922	145,842	8,620	9,168	138,302	136,674
thereof current	61,841	59,303	-15,915	-18,717	77,756	78,020
thereof non-current	85,081	86,539	24,535	27,885	60,546	58,654
Trade payables	15,452	12,378	14,489	11,605	963	773
Other financial liabilities	10,685	8,598	7,792	5,532	2,893	3,066
Contract and refund liabilities	13,001	12,956	12,643	12,598	358	358
Other liabilities	12,312	11,195	7,077	6,313	5,235	4,882
<b>Total equity and liabilities</b>	<b>295,338</b>	<b>285,737</b>	<b>131,244</b>	<b>124,472</b>	<b>164,094</b>	<b>161,265</b>



**Intangible assets** of €16.5 billion (December 31, 2020: €16.4 billion) include €13.2 billion of capitalized development costs (December 31, 2020: €13.1 billion), €1.6 billion of franchises, industrial property rights and similar rights (December 31, 2020: €1.6 billion) and €1.3 billion of goodwill (December 31, 2020: €1.2 billion). The Mercedes-Benz Cars & Vans segment accounts for 94% of the development costs (December 31, 2020: 94%) and the Daimler Trucks & Buses segment accounts for 6% (December 31, 2020: 6%).

**Property, plant and equipment** of €35.5 billion were above the prior-year level (December 31, 2020: €35.2 billion). In the first quarter of 2021, €1.2 billion was invested worldwide (Q1 2020: €1.3 billion), primarily at our production and assembly sites for innovative products and new technologies, as well as for the modernization of the worldwide production network. The sites in Germany accounted for €0.9 billion of capital expenditure, as in prior-year period (Q1 2020: €0.9 billion).

**Equipment on operating leases and receivables from financial services** increased to €145.9 billion (December 31, 2020: €143.7 billion); adjusted for exchange-rate effects however, there was a decrease of €1.1 billion. As a consequence of lower customer demand in 2020 due to the covid-19 crisis, contract volume adjusted for currency effects is below the prior-year level. The increased sales-financing volume with end customers led to significant growth in new business in China and other markets. The leasing and sales-financing business as a proportion of 49% of total assets was below the level of the end of last year (50%).

**Equity-method investments** increased to €6.4 billion (December 31, 2020: €5.2 billion). They mainly comprise the carrying amounts of our equity interests in Beijing Benz Automotive Co., Ltd. (BBAC), BAIC Motor Corporation Ltd., YOUR NOW Holding GmbH and There Holding B.V. The increase was due to the first-time recognition of the fuel-cell joint venture cellcentric and the higher valuation of the shares in BBAC.

**Inventories** increased from €26.4 billion to €28.8 billion, equivalent to 10% of total assets and thus slightly above the level as at the end of 2020 (9%). Adjusted for exchange-rate effects, inventories increased by €2.0 billion, especially in Germany, the United States and China. The increase was mainly due to the usual seasonal increase, and took place at all automotive divisions. The Mercedes-Benz Cars & Vans segment accounts for 72% of these inventories (December 31, 2020: 72%) and the Daimler Trucks & Buses segment accounts for 25% (December 31, 2020: 24%).

**Trade receivables** of €11.0 billion were above the prior-year level (December 31, 2020: €10.6 billion). The Mercedes-Benz Cars & Vans segment accounts for 63% of these receivables (December 31, 2020: 64%) and the Daimler Trucks & Buses segment accounts for 27% (December 31, 2020: 29%).

**Cash and cash equivalents** increased compared with the end of the year 2020 by €2.9 billion to €26.0 billion.

#### Marketable debt securities and similar investments

decreased compared with December 31, 2020 from €6.4 billion to €6.1 billion. Those assets include the debt instruments that are allocated to liquidity, most of which are traded in active markets. They generally have an external rating of A or better.

**Other financial assets** of €7.6 billion are above last year's level (December 31, 2020: €6.9 billion). They primarily consist of derivative financial instruments, equity and debt instruments, investments in non-consolidated subsidiaries, and loans and other receivables due from third parties.

**Other assets** of €11.5 billion primarily comprise deferred tax assets and tax refund claims (December 31, 2020: €11.7 billion).

The Group's **equity** increased compared with December 31, 2020 from €62.2 billion to €68.0 billion. The effects of currency translation were €1.1 billion. The increase of €4.6 billion (adjusted for the currency translation) resulted primarily from the net profit of €4.4 billion and gains of €2.0 billion in connection with pension provisions recognized in other comprehensive income. On the other hand, there was the dividend for the shareholders of Daimler AG of €1.4 billion that was approved by the Annual General Meeting and paid out in early April, and losses of €0.3 billion on the remeasurement of derivative financial instruments recognized in other comprehensive income. Equity attributable to the shareholders of Daimler AG increased accordingly to €66.4 billion (December 31, 2020: €60.7 billion).

Equity adjusted for the dividend increased at a higher rate than the increase in the balance sheet total of 3% compared with year-end 2020. The Group's **equity ratio** of 22.5% was therefore significantly above the level of year-end 2020 (December 31, 2020: 21.3%); the equity ratio for the industrial business was 39.1% (December 31, 2020: 37.3%).

**Provisions** of €29.0 billion were below the level of December 31, 2020 (€32.5 billion); they amount to 10% as a proportion of the balance-sheet total, which is also below last year's level (11%). Provisions for pensions and similar obligations decreased to €9.5 billion (December 31, 2020: €12.1 billion). Opposing the decrease in the present value of defined-benefit pension obligations to €36.9 billion (December 31, 2020: €39.9 billion) was the almost unchanged fair value of the pension-plan assets applied to finance those obligations of €28.6 billion (December 31, 2020: €28.9 billion). The increase in discount rates was the main reason for the decrease in the present value of defined-benefit pension obligations. Provisions also relate to liabilities from product warranties of €8.3 billion (December 31, 2020: €8.5 billion), from personnel and social costs of €4.6 billion (December 31, 2020: €4.6 billion), from litigation risks and regulatory proceedings of €3.7 billion (December 31, 2020: €4.6 billion) and from other risks of €2.8 billion (December 31, 2020: €2.7 billion). The decrease in provisions for litigation risks and regulatory proceedings mainly resulted from payments made in settlement of the civil and environmental claims made by several US authorities in the prior year in connection with emission control systems used in certain diesel vehicles.

**Financing liabilities** of €146.9 billion were above the level of December 31, 2020 (€145.8 billion). Adjusted for exchange-rate effects, there was a decrease of €1.5 billion, mainly due to the lower refinancing requirement from the leasing and sales-financing business. 52% of the financing liabilities relate to notes and bonds, 22% to liabilities to banks, 12% to liabilities from ABS transactions and 10% to deposits in the direct banking business.

**Trade payables** of €15.5 billion were significantly above the prior-year level (December 31, 2020: €12.4 billion). The increase relates to a high level of production in the first quarter of 2021. The Mercedes-Benz Cars & Vans segment accounts for 71% of those payables (December 31, 2020: 71%) and the Daimler Trucks & Buses segment accounts for 23% (December 31, 2020: 23%).

**Other financial liabilities** of €10.7 billion (December 31, 2020: €8.6 billion) mainly consist of liabilities from residual-value guarantees, salaries and wages, derivative financial instruments, deposits received and accrued interest on financing liabilities. At March 31, 2021, they also included the dividend of €1.4 billion approved by the Annual General Meeting, which was paid out on April 7, 2021.

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

**Other liabilities** of €12.3 billion (December 31, 2020: €11.2 billion) primarily comprise deferred taxes, tax liabilities and deferred income.

Table [B.14](#) shows the derivation of net assets for the automotive segments. They relate to the operating assets and liabilities for which the divisions are responsible.

Further information on the assets presented in the statement of financial position and on the Group's equity and liabilities is provided in the Consolidated Statement of Financial Position [C.03](#), the Consolidated Statement of Changes in Equity [C.05](#) and the related notes in the Notes to the Interim Consolidated Financial Statements.

## B.14

### Net assets of the automotive segments

	Mercedes-Benz Cars & Vans		Daimler Trucks & Buses	
	March 31, 2021	Dec. 31, 2020	March 31, 2021	Dec. 31, 2020
In millions of euros				
Intangible assets	14,109	13,991	1,690	1,681
Property, plant and equipment	27,430	26,661	7,715	7,905
Inventories	20,764	19,117	7,307	6,307
Trade receivables	6,932	6,839	2,978	3,090
Other segment assets	26,446	24,752	6,742	5,847
<b>Segment assets</b>	<b>95,681</b>	<b>91,360</b>	<b>26,432</b>	<b>24,830</b>
Trade payables	10,992	8,752	3,514	2,824
Other segment liabilities	50,922	51,416	14,574	14,176
<b>Segment liabilities</b>	<b>61,914</b>	<b>60,168</b>	<b>18,088</b>	<b>17,000</b>
<b>Net assets</b>	<b>33,767</b>	<b>31,192</b>	<b>8,344</b>	<b>7,830</b>

## Risk and opportunity report

The risks and opportunities that can have a significant influence on the profitability, cash flows and financial position of the Daimler Group, as well as detailed information on our risk and opportunity management system, are presented on pages 114 to 129 of our Annual Report 2020. In addition, we refer to the notes on forward-looking statements provided at the end of this Interim Management Report. In particular due to the covid-19 pandemic, the assessment of risks and opportunities for the 2021 financial year is subject to an unusually high level of uncertainty. Changes in risks and opportunities are continuously monitored, evaluated and, if appropriate, taken into account in planning during the year. This takes place under the assumption that economic conditions in our most important markets normalize again, and in particular that there are no further setbacks as a result of the covid-19 pandemic.

### *Economic risks*

Our assessment of the economic opportunities and risks detailed in our Annual Report 2020 remains valid.

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

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

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

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

As part of these settlements, Daimler denies the allegations by the authorities and does not admit liability, but has agreed to, among other things, pay civil penalties, conduct an emission modification programme for affected vehicles and take certain other measures. The failure to meet certain of those obligations may trigger additional stipulated penalties. On March 9, 2021, the court granted final approval of the settlements, upon which they became final and effective. Daimler expects costs of the settlements with the US authorities of approximately USD 1.5 billion, of which Daimler AG has already paid a substantial portion in the first quarter of 2021. The estimated cost for the US consumer class action mentioned below amounts to around USD 700 million. In addition, Daimler estimates further expenses of a mid three-digit-million euro amount to fulfil requirements of these settlements.

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

In Germany, the Stuttgart public prosecutor's office is conducting criminal investigation proceedings against Daimler employees on the suspicion of fraud and criminal advertising. In February 2019, the Stuttgart district attorney's office also initiated a formal investigation proceeding against Daimler AG with respect to an administrative offense. In September 2019, it issued a fine notice against Daimler based on a negligent violation of supervisory duties in the amount of €870 million, which has become legally binding, thereby concluding the administrative offense proceedings against Daimler.

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

authorities of other member states and the European Commission, which conduct market surveillance under the new European Type Approval Regulation and can take measures upon assumed non-compliance, irrespective of the place of the original type approval.

In the course of its formal investigation into possible collusion on clean emission technology, the European Commission sent a statement of objections to Daimler and other automobile manufacturers in April 2019. In this context, Daimler filed an application for immunity from fines (leniency application) with the European Commission some time ago.

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

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

In light of the legal positions taken by U.S. regulatory authorities and the KBA, it is likely that, besides these authorities, one or more regulatory and/or investigative authorities worldwide will reach the conclusion that other passenger cars and/or commercial vehicles with the brand name Mercedes-Benz or other brand names of the Daimler Group are equipped with impermissible defeat devices. Likewise, such authorities could take the view that certain functionalities and/or calibrations are not proper and/or were not properly disclosed. Furthermore, the authorities have increased scrutiny of Daimler's processes regarding running-change, field-fix and defect reporting as well as other compliance issues. Daimler cannot predict the outcome of the ongoing inquiries, investigations, legal actions and proceedings at this time. Particularly due to the outcome of the administrative offense proceedings by the Stuttgart district attorney's office against Daimler and the civil settlements with the US authorities, but also due to any ongoing and potential other information requests, inquiries, investigations, administrative orders and proceedings, it is possible that Daimler will become subject to, as the case may be, significant additional monetary penalties, fines, disgorgements of profits, remediation requirements, further vehicle recalls, further registration and delivery stops, process and compliance improvements, mitigation measures and the early termination of promotional loans, and/or other sanctions, measures and actions (such as the exclusion from public tenders), including further governmental investigations and/or administrative orders and additional proceedings. The occurrence of the aforementioned events in whole or in part could cause significant collateral damage including reputational harm. Further, due to negative allegations, determinations or findings with respect to technical or legal issues by one of the various governmental agencies, other agencies – or also plaintiffs – could also adopt such allegations, determinations or findings, even if such allegations,

determinations or findings are not within the scope of such authority's responsibility or jurisdiction. Thus, a negative allegation, determination or finding in one proceeding, such as the fine notice issued by the Stuttgart district attorney's office or the allegations underlying the civil settlements with the US authorities, carries the risk of being able to have an adverse effect on other proceedings, also potentially leading to new or expanded investigations or proceedings, including lawsuits.

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

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

In a consolidated consumer class action against Daimler AG and MBUSA before the U.S. District Court for New Jersey, plaintiffs alleged that Daimler AG and MBUSA used devices that impermissibly impair the effectiveness of emission control systems in reducing nitrogen-oxide (NO<sub>x</sub>) emissions and which cause excessive emissions from vehicles with diesel engines. In addition, plaintiffs alleged that consumers were deliberately deceived in connection with the advertising of Mercedes-Benz diesel vehicles.

In the third quarter of 2020, Daimler AG and MBUSA reached a settlement with plaintiffs' counsel of this consumer class action. As part of the settlement, Daimler AG and MBUSA deny the material factual allegations and legal claims asserted by the class action plaintiffs, but have agreed to provide payments to certain current and former diesel vehicle owners and lessees. The estimated cost of the class action settlement is approximately USD 700 million. Daimler expects costs of the settlements with the US authorities mentioned above in the amount of approximately USD 1.5 billion. In addition, Daimler estimates further expenses of a mid three-digit-million euro amount to fulfil requirements of these settlements. The settlement with the US consumer class action plaintiffs is still subject to final court approval.

In a separate lawsuit filed by the State of Arizona in January 2019, the plaintiff claims that, amongst others, Daimler AG and MBUSA deliberately deceived consumers in connection with advertising Mercedes-Benz diesel vehicles. Consumer class actions containing similar allegations were filed against Daimler AG and further Daimler Group companies in Canada in April 2016, in the United Kingdom since May 2020, in the Netherlands in June and December 2020 as well as against Daimler AG in Israel in February 2019. In a separate lawsuit filed by the Environmental Protection Commission of Hillsborough County, Florida in September 2020, the plaintiff claims that, amongst others, Daimler AG and MBUSA violated municipal regulations prohibiting vehicle tampering and other conduct by using alleged devices claimed to impair the effectiveness of emissions control systems.

In Germany, a large number of customers of diesel vehicles have filed lawsuits for damages or rescission of sales contracts. They assert that the vehicles contained illegal defeat devices and/or showed impermissibly high levels of emissions or fuel consumption. They refer to, in particular, the German Federal Motor Transport Authority's recall orders mentioned above. Given the current development of case numbers, we expect a continued high number of lawsuits being filed in this respect.

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

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

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

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

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

*Risks from other legal proceedings*

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

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

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

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

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

**Outlook**

Based on the expected global economic recovery, worldwide **demand for cars** is expected to continue developing favourably this year and significant growth in market volume is expected for 2021 as a whole.

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

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

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

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

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

**Mercedes-Benz Cars** anticipates unit sales in full-year 2021 at significantly above the prior-year level. It must be taken into consideration that sales in the previous year were especially weak due to the effects of the covid-19 pandemic. Overall, Mercedes-Benz Cars intends to launch more than ten new or upgraded models in 2021, which will further rejuvenate the product portfolio and expand it, in particular with electrified models. We continue to expect positive impetus from the very popular SUVs, the new C-Class and the ongoing electrification of new model series.

**Mercedes-Benz Vans** now expects its unit sales in 2021 to be significantly higher than in 2020, whereby the year 2021 will also be impacted by the coronavirus pandemic.

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

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

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

The current worldwide shortage of supply in certain semiconductor components affected deliveries in the first quarter and could further impact sales in the second quarter. In terms of full year sales, it is currently anticipated that lost volumes can be partly recovered by the end of the year.

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

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

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

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

Mercedes-Benz Cars & Vans: adjusted return on sales of 10–12%.  
Daimler Trucks & Buses: adjusted return on sales of 6–7%.  
Daimler Mobility: adjusted return on equity of 14–15%.

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

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

We plan to **invest in property, plant and equipment** in 2021 in the magnitude of the previous year.

A major area of investment in property, plant and equipment at Mercedes-Benz Cars & Vans will be for the product ramp-ups of the new generation of the C-Class and the battery-electric vehicles on the EVA2 platform. In addition, we will push ahead with the development of alternative drive systems. Investment in property, plant and equipment at Mercedes-Benz Cars & Vans is therefore also expected to be at the prior-year level. The focus of investment at Daimler Trucks & Buses will be mainly on strategically relevant activities in the areas of electric mobility and autonomous driving. Other key areas include emission standards and fuel efficiency for our conventional powertrains, active safety, completion of the Freightliner vocational product portfolio, and infrastructure optimization. Daimler Trucks & Buses anticipates a slight increase in investment in property, plant and equipment in 2021.

With our research and development activities, our goal is to continue strengthening Daimler's competitive position against the backdrop of upcoming technological challenges. We therefore expect our **research and development expenditure** in 2021 to be slightly above the prior-year level.

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

We expect the average **CO<sub>2</sub> emissions of our fleet of new cars in Europe** (European Union, Norway and Iceland) to decrease again significantly in 2021 compared with the comparable figures for the previous year calculated according to WLTP (probably between 130 to 140 g/km, based on preliminary figures for fuel consumption in 2020 taking into account the statutory regulations of 2021).

#### Forward-looking statements:

This document contains forward-looking statements that reflect our current views about future events. The words "anticipate," "assume," "believe," "estimate," "expect," "intend," "may," "can," "could," "plan," "project," "should" and similar expressions are used to identify forward-looking statements. These statements are subject to many risks and uncertainties, including an adverse development of global economic conditions, in particular a decline of demand in our most important markets; a deterioration of our refinancing possibilities on the credit and financial markets; events of force majeure including natural disasters, pandemics, acts of terrorism, political unrest, armed conflicts, industrial accidents and their effects on our sales, purchasing, production or financial services activities; changes in currency exchange rates and tariff regulations; 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 or raw materials; disruption of production due to shortages of materials, labor 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 government investigations or of investigations requested by governments and the conclusion of pending or threatened future legal proceedings; and other risks and uncertainties, some of which we describe under the heading "Risk and Opportunity Report" in the current Annual Report or 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.



# Consolidated Statement of Income

## C.01

	Q1 2021	Q1 2020
In millions of euros		
Revenue	41,017	37,223
Cost of sales	-32,010	-31,512
<b>Gross profit</b>	<b>9,007</b>	<b>5,711</b>
Selling expenses	-2,756	-2,889
General administrative expenses	-975	-920
Research and non-capitalized development costs	-1,831	-1,722
Other operating income	1,683	571
Other operating expense	-195	-156
Gains/losses on equity-method investments, net	532	-50
Other financial income, net	283	72
<b>Earnings before interest and taxes (EBIT)</b>	<b>5,748</b>	<b>617</b>
Interest income	52	77
Interest expense	-118	-154
<b>Profit before income taxes</b>	<b>5,682</b>	<b>540</b>
Income taxes	-1,309	-372
<b>Net profit</b>	<b>4,373</b>	<b>168</b>
thereof profit attributable to non-controlling interests	83	74
thereof profit attributable to shareholders of Daimler AG	4,290	94
<b>Earnings per share (in euros)</b>		
for profit attributable to shareholders of Daimler AG		
<b>Basic</b>	<b>4.01</b>	<b>0.09</b>
<b>Diluted</b>	<b>4.01</b>	<b>0.09</b>

# Consolidated Statement of Comprehensive Income

## C.02

	Q1 2021	Q1 2020
In millions of euros		
<b>Net profit</b>	<b>4,373</b>	168
Gains/losses on currency translation	1,096	-531
Gains/losses on debt instruments	-	-31
Gains/losses on derivative financial instruments	-294	249
<b>Items that may be reclassified to profit/loss</b>	<b>802</b>	-313
Actuarial gains/losses from pensions and similar obligations	2,018	572
Gains/losses on equity instruments	31	-1
<b>Items that will not be reclassified to profit/loss</b>	<b>2,049</b>	571
<b>Other comprehensive income/loss, net of taxes</b>	<b>2,851</b>	258
thereof income/loss attributable to non-controlling interests, after taxes	2,823	-4
thereof income/loss attributable to shareholders of Daimler AG, after taxes	28	262
<b>Total comprehensive income/loss</b>	<b>7,224</b>	426
thereof income/loss attributable to non-controlling interests	7,113	70
thereof income/loss attributable to shareholders of Daimler AG	111	356

# Consolidated Statement of Financial Position

## C.03

	Mar. 31, 2021	Dec. 31, 2020
In millions of euros		
<b>Assets</b>		
Intangible assets	16,515	16,399
Property, plant and equipment	35,472	35,246
Equipment on operating leases	48,033	47,552
Equity-method investments	6,442	5,189
Receivables from financial services	55,042	53,709
Marketable debt securities and similar investments	1,021	1,041
Other financial assets	4,009	4,167
Deferred tax assets	5,419	6,259
Other assets	1,033	911
<b>Total non-current assets</b>	<b>172,986</b>	<b>170,473</b>
Inventories	28,823	26,444
Trade receivables	11,049	10,649
Receivables from financial services	42,867	42,476
Cash and cash equivalents	25,956	23,048
Marketable debt securities and similar investments	5,051	5,356
Other financial assets	3,566	2,757
Other assets	5,040	4,534
<b>Total current assets</b>	<b>122,352</b>	<b>115,264</b>
<b>Total assets</b>	<b>295,338</b>	<b>285,737</b>
<b>Equity and liabilities</b>		
Share capital	3,070	3,070
Capital reserves	11,543	11,551
Retained earnings	52,009	47,111
Other reserves	-242	-1,041
<b>Equity attributable to shareholders of Daimler AG</b>	<b>66,380</b>	<b>60,691</b>
Non-controlling interests	1,613	1,557
<b>Total equity</b>	<b>67,993</b>	<b>62,248</b>
Provisions for pensions and similar obligations	9,485	12,070
Provisions for other risks	11,205	11,116
Financing liabilities	85,081	86,539
Other financial liabilities	2,050	1,971
Deferred tax liabilities	4,071	3,649
Deferred income	1,555	1,567
Contract and refund liabilities	5,892	5,787
Other liabilities	968	981
<b>Total non-current liabilities</b>	<b>120,307</b>	<b>123,680</b>
Trade payables	15,452	12,378
Provisions for other risks	8,283	9,334
Financing liabilities	61,841	59,303
Other financial liabilities	8,635	6,627
Deferred income	1,611	1,594
Contract and refund liabilities	7,109	7,169
Other liabilities	4,107	3,404
<b>Total current liabilities</b>	<b>107,038</b>	<b>99,809</b>
<b>Total equity and liabilities</b>	<b>295,338</b>	<b>285,737</b>

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

# Consolidated Statement of Cash Flows

## C.04

	Q1 2021	Q1 2020
In millions of euros		
Profit before income taxes	5,682	540
Depreciation and amortization/impairments	1,816	1,981
Other non-cash expense and income	-1,262	-40
Gains (-)/losses (+) on disposals of assets	-771	11
Change in operating assets and liabilities		
Inventories	-2,075	-2,930
Trade receivables	-326	2,144
Trade payables	3,020	933
Receivables from financial services	666	716
Vehicles on operating leases	477	629
Other operating assets and liabilities	-1,808	-2,167
Income taxes paid	-540	-599
<b>Cash provided by operating activities</b>	<b>4,879</b>	<b>1,218</b>
Additions to property, plant and equipment	-1,186	-1,320
Additions to intangible assets	-716	-701
Proceeds from disposals of property, plant and equipment and intangible assets	229	110
Investments in shareholdings	-59	-143
Proceeds from disposals of shareholdings	698	18
Acquisition of marketable debt securities and similar investments	-837	-609
Proceeds from sales of marketable debt securities and similar investments	1,148	1,268
Other	-24	-24
<b>Cash used for investing activities</b>	<b>-747</b>	<b>-1,401</b>
Change in financing liabilities	-1,496	-2,527
Dividends paid to non-controlling interests	-78	-39
Acquisition of treasury shares	-48	-30
Acquisition of non-controlling interests in subsidiaries	-34	-
<b>Cash used for financing activities</b>	<b>-1,656</b>	<b>-2,596</b>
Effect of foreign exchange rate changes on cash and cash equivalents	432	36
<b>Net increase/decrease in cash and cash equivalents</b>	<b>2,908</b>	<b>-2,743</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>23,048</b>	<b>18,883</b>
<b>Cash and cash equivalents at end of period</b>	<b>25,956</b>	<b>16,140</b>

# Consolidated Statement of Changes in Equity

## C.05

				Other reserves	
				Items that may be reclassified to profit/loss	
	Share capital	Capital reserves	Retained earnings	Currency translation	Equity instruments/debt instruments
In millions of euros					
<b>Balance at January 1, 2020</b>	3,070	11,552	46,329	909	30
Net profit	-	-	94	-	-
Other comprehensive income/loss before taxes	-	-	1,082	-529	-47
Deferred taxes on other comprehensive income/loss	-	-	-509	-	16
Total comprehensive income/loss	-	-	667	-529	-31
Dividends	-	-	-	-	-
Changes in consolidated group	-	-	-78	-	-
Acquisition of treasury shares	-	-	-	-	-
Issue and disposal of treasury shares	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-1	-	-	-
Other	-	-	12	-	-
<b>Balance at March 31, 2020</b>	3,070	11,551	46,930	380	-1
<b>Balance at January 1, 2021</b>	<b>3,070</b>	<b>11,551</b>	<b>47,111</b>	<b>-1,516</b>	<b>206</b>
Net profit	-	-	4,290	-	-
Other comprehensive income/loss before taxes	-	-	2,761	1,068	40
Deferred taxes on other comprehensive income/loss	-	-	-743	-	-9
Total comprehensive income/loss	-	-	6,308	1,068	31
Dividends	-	-	-1,444	-	-
Acquisition of treasury shares	-	-	-	-	-
Issue and disposal of treasury shares	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-8	-	-	-
Other	-	-	34	-	-
<b>Balance at March 31, 2021</b>	<b>3,070</b>	<b>11,543</b>	<b>52,009</b>	<b>-448</b>	<b>237</b>

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

Derivative financial instruments	Treasury shares	Equity attributable to shareholders of Daimler AG	Non- controlling interests	Total equity	
In millions of euros					
-546	-	61,344	1,497	62,841	<b>Balance at January 1, 2020</b>
-	-	94	74	168	Net profit
361	-	867	-5	862	Other comprehensive income/loss before taxes
-112	-	-605	1	-604	Deferred taxes on other comprehensive income/loss
249	-	356	70	426	Total comprehensive income/loss
-	-	-	-39	-39	Dividends
-	-	-78	-4	-82	Changes in consolidated group
-	-30	-30	-	-30	Acquisition of treasury shares
-	30	30	-	30	Issue and disposal of treasury shares
-	-	-1	-	-1	Changes in ownership interests in subsidiaries
-	-	12	6	18	Other
-297	-	61,633	1,530	63,163	<b>Balance at March 31, 2020</b>
<b>269</b>	-	<b>60,691</b>	<b>1,557</b>	<b>62,248</b>	<b>Balance at January 1, 2021</b>
-	-	<b>4,290</b>	<b>83</b>	<b>4,373</b>	Net profit
<b>-422</b>	-	<b>3,447</b>	<b>28</b>	<b>3,475</b>	Other comprehensive income/loss before taxes
<b>128</b>	-	<b>-624</b>	-	<b>-624</b>	Deferred taxes on other comprehensive income/loss
<b>-294</b>	-	<b>7,113</b>	<b>111</b>	<b>7,224</b>	Total comprehensive income/loss
-	-	<b>-1,444</b>	<b>-78</b>	<b>-1,522</b>	Dividends
-	<b>-48</b>	<b>-48</b>	-	<b>-48</b>	Acquisition of treasury shares
-	<b>48</b>	<b>48</b>	-	<b>48</b>	Issue and disposal of treasury shares
-	-	<b>-8</b>	<b>23</b>	<b>15</b>	Changes in ownership interests in subsidiaries
<b>-6</b>	-	<b>28</b>	-	<b>28</b>	Other
<b>-31</b>	-	<b>66,380</b>	<b>1,613</b>	<b>67,993</b>	<b>Balance at March 31, 2021</b>

# Notes to the Interim Consolidated Financial Statements

## 1. Presentation of the Interim Consolidated Financial Statements

### General

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

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

Daimler AG is a stock corporation organized under the laws of the Federal Republic of Germany. Daimler AG is entered in the Commercial Register of the Stuttgart District Court under No. HRB 19360 and its registered office is located at Mercedesstraße 120, 70372 Stuttgart, Germany.

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

The Board of Management authorized the Interim Consolidated Financial Statements for publication on April 22, 2021. These Interim Consolidated Financial Statements have been reviewed by the Daimler Group's auditors.

All significant intercompany accounts and transactions have been eliminated. In the opinion of the management, the Interim Financial Statements reflect all adjustments (i.e., normal recurring adjustments) necessary for a fair presentation of the profitability, liquidity and capital resources, and financial position of the Group. Results for the interim periods presented are not necessarily indicative of the results that may be expected for any future period or for the full financial year. The Interim Financial Statements should be read in conjunction with the December 31, 2020 audited and published IFRS Consolidated Financial Statements and notes thereto. The accounting policies applied by the Group in these Interim Financial Statements fundamentally correspond with those applied for the Consolidated Financial Statements for the year ended December 31, 2020.

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

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

This change in estimates has been applied from January 1, 2021 and leads to a positive impact on earnings before interest and taxes (EBIT) of €209 million in the first quarter of 2021 which is mainly attributable to the Mercedes-Benz Cars & Vans segment.

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

## 2. Assets and liabilities held for sale

### Sale of interests in Mercedes-Benz Grand Prix Ltd.

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

At March 31, 2021, Mercedes-Benz Grand Prix Ltd. is classified as held for sale. Due to its minor importance for the financial position of the Daimler Group, the assets (€0.2 billion) and liabilities (€0.1 billion) held for sale are not presented separately in the Consolidated Statement of Financial Position. The assets held for sale mainly consist of property, plant and equipment.

### 3. Revenue

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

Revenue from contracts with customers (revenue according to IFRS 15) is disaggregated by the two categories - type of products and services and geographical regions - and presented in table [7 C.06](#). The category type of products and services corresponds to the reportable segments.

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

#### C.06

##### Revenue

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Total segments	Recon- ciliation	Daimler Group
In millions of euros						
<b>Q1 2021</b>						
Europe	11,318	2,576	1,262	15,156	-603	14,553
North America	4,882	3,453	1,572	9,907	-46	9,861
Asia	8,902	1,447	45	10,394	-6	10,388
Other markets	1,008	969	30	2,007	-2	2,005
Revenue according to IFRS 15	26,110	8,445	2,909	37,464	-657	36,807
Other revenue	776	220	4,057	5,053	-843	4,210
Total revenue	26,886	8,665	6,966	42,517	-1,500	41,017

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Total segments	Recon- ciliation	Daimler Group
In millions of euros						
<b>Q1 2020</b>						
Europe	10,320	2,470	1,114	13,904	-640	13,264
North America	4,632	3,581	1,515	9,728	-275	9,453
Asia	6,474	1,626	42	8,142	-3	8,139
Other markets	1,125	805	29	1,959	-3	1,956
Revenue according to IFRS 15	22,551	8,482	2,700	33,733	-921	32,812
Other revenue	645	262	4,401	5,308	-897	4,411
Total revenue	23,196	8,744	7,101	39,041	-1,818	37,223



## 4. Functional costs

### Cost of sales

Cost of sales amounted to €32,010 million in the first quarter of 2021 (Q1 2020: €31,512 million). It primarily comprises the expenses of goods sold.

### Selling expenses

In the first quarter of 2021, selling expenses amounted to €2,756 million (Q1 2020: €2,889 million). Selling expenses consist of direct selling costs as well as selling overhead expenses and comprise personnel expenses, material costs and other selling costs.

### General administrative expenses

General administrative expenses amounted to €975 million in the first quarter of 2021 (Q1 2020: €920 million). They consist of expenses which are not attributable to production, sales or research and development functions, and comprise personnel expenses, depreciation and amortization of fixed and intangible assets, and other administrative costs.

### Research and non-capitalized development costs

Research and non-capitalized development costs were €1,831 million in the first quarter of 2021 (Q1 2020: €1,722 million). They primarily comprise personnel expenses and material costs.

In all functional cost areas, there were expenses from personnel-cost optimization programmes in connection with the measures agreed with the General Works Council of Daimler AG in December 2019 to reduce costs and reduce jobs in a socially responsible manner. The expenses were mainly attributable to the Mercedes-Benz Cars & Vans segment (€292 million) and the Daimler Trucks & Buses segment (€88 million).

## 5. Other operating income and expense

**Other operating income** amounted to €1,683 million in the first quarter of 2021 (Q1 2020: €571 million). In March 2021, income from the fuel-cell joint venture cellcentric GmbH & Co. KG (cellcentric) resulted in a positive effect on earnings of €1,215 million that was split almost equally between the Mercedes-Benz Cars & Vans and Daimler Trucks & Buses segments. For further information, see [Note 12](#). A positive impact on income of €154 million resulted from the contribution of the smart brand to the joint venture smart Automobile Co., Ltd. in the first quarter of 2020.

**Other operating expense** was €195 million in the first quarter of 2021 (Q1 2020: €156 million).

## 6. Other financial income/expense

Table [7 C.07](#) shows the components of other financial income/expense, net.

In the first quarter of 2021, miscellaneous other financial income includes income of €181 million in connection with the IPO of the charging-infrastructure operator Chargepoint, Inc. and its resulting remeasurement at fair value. €179 million of the income was attributable to the Mercedes-Benz Cars & Vans segment and €2 million was attributable to the Daimler Trucks & Buses segment.

## 7. Interest income and interest expense

The composition of interest income and interest expense is shown in table [7 C.08](#).

### C.07

#### Other financial income/expense, net

	Q1 2021	Q1 2020
In millions of euros		
Income and expense from compounding and effects from changes in discount rates of provisions for other risks	74	142
Miscellaneous other financial income/expense, net	209	-70
	283	72

### C.08

#### Interest income and interest expense

	Q1 2021	Q1 2020
In millions of euros		
Interest income		
Net interest income on the net assets of defined-benefit pension plans	1	1
Interest and similar income	51	76
	52	77
Interest expense		
Net interest expense on the net obligation from defined-benefit pension plans	-25	-40
Interest and similar expense	-93	-114
	-118	-154

**C.09****Income Taxes**

	Q1 2021	Q1 2020
In millions of euros		
Income before income taxes	5,682	540
Income taxes	-1,309	-372
Tax rate	23.0%	68.9%

**C.10****Intangible assets**

	March 31, 2021	Dec. 31, 2020
In millions of euros		
Goodwill	1,251	1,221
Development costs	13,177	13,107
Other intangible assets	2,087	2,071
	16,515	16,399

**C.11****Property, plant and equipment (excluding right-of-use assets)**

	March 31, 2021	Dec. 31, 2020
In millions of euros		
Land, leasehold improvements and buildings including buildings on land owned by others	10,394	10,321
Technical equipment and machinery	10,134	10,074
Other equipment, factory and office equipment	7,669	7,458
Advance payments relating to plant and equipment and construction in progress	3,443	3,683
	31,640	31,536

**C.12****Right-of-use assets**

	March 31, 2021	Dec. 31, 2020
In millions of euros		
Land, leasehold improvements and buildings	3,373	3,449
Technical equipment and machinery	386	193
Other equipment, factory and office equipment	73	68
	3,832	3,710

**8. Income taxes**

Table 7 C.09 shows Income before income taxes, income taxes and the derived effective tax rate.

In the first quarter of 2021, the effective tax rate was reduced due to the formation of the fuel-cell joint venture cellcentric. The income from that transaction was only subject to a deferred tax expense for corporate income tax (15.825% including solidarity surcharge). A deferred tax expense for trade tax (14%) did not occur in 2021. The deferred tax asset for trade tax was not recognized for the German tax Group in the previous year.

In the first quarter of 2020, income tax expenses for previous years as well as non-tax-deductible expenses, mainly in connection with investments in associated companies and joint ventures, led to an increase in the effective tax rate. Due to the low pre-tax income in the first quarter of 2020, those items had a disproportionate impact on the effective tax rate in the first quarter of this year.

**9. Intangible assets**

The composition of intangible assets is shown in table 7 C.10.

**10. Property, plant and equipment**

Property, plant and equipment as presented in the Statement of Financial Position with a carrying amount of €35,472 million (December 31, 2020: €35,246 million) also includes right-of-use assets related to lessee accounting.

Table 7 C.11 shows property, plant and equipment excluding right-of-use assets.

Table 7 C.12 shows the right-of-use assets.

**11. Equipment on operating leases**

At March 31, 2021, the carrying amount of equipment on operating leases was €48,033 million (December 31, 2020: €47,552 million). In the three-month period ended March 31, 2021, additions and disposals amounted to €5,326 million and €3,628 million respectively (Q1 2020: €5,508 million and €3,801 million). Depreciation for the three-month period ended March 31, 2021 was €2,181 million (Q1 2020: €2,339 million). Other changes primarily comprise the effects of currency translation.

## 12. Equity-method investments

Table 7 C.13 shows the carrying amounts and gains/losses on equity-method investments.

Table 7 C.14 presents key figures on interests in associated companies accounted for using the equity method in the Group's Consolidated Financial Statements.

Table 7 C.15 presents key figures on interests in joint ventures accounted for using the equity method in the Group's Consolidated Financial Statements.

### C.13

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

	Associated companies	Joint ventures	Joint operations	Total
In millions of euros				
<b>At March 31, 2021</b>				
Equity investment <sup>1</sup>	4,326	2,101	15	6,442
Equity result (Q1 2021) <sup>1</sup>	553	-22	1	532
<b>At December 31, 2020</b>				
Equity investment <sup>1</sup>	3,757	1,419	13	5,189
Equity result (Q1 2020) <sup>1</sup>	61	-113	2	-50

1 Including investor-level adjustments.

### C.14

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

	BBAC	BAIC Motor <sup>2</sup>	THBV (HERE)	Others	Total
In millions of euros					
<b>At March 31, 2021</b>					
Equity interest (in %)	49.0	9.6	29.7		
Equity investment <sup>1</sup>	3,019	353	354	600	4,326
Equity result (Q1 2021) <sup>1</sup>	483	-1	-6	77	553
<b>At December 31, 2020</b>					
Equity interest (in %)	49.0	9.6	29.7		
Equity investment <sup>1</sup>	2,431	331	361	634	3,757
Equity result (Q1 2020) <sup>1</sup>	222	-139	-20	-2	61

1 Including investor-level adjustments.

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

### C.15

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

	cellcentric <sup>2</sup>	YOUR NOW <sup>3</sup>	Others	Total
In millions of euros				
<b>At March 31, 2021</b>				
Equity interest (in %)	50.0	50.0		
Equity investment <sup>1</sup>	664	479	958	2,101
Equity result (Q1 2021) <sup>1</sup>	-5	-65	48	-22
<b>At December 31, 2020</b>				
Equity interest (in %)	-	50.0		
Equity investment <sup>1</sup>	-	544	875	1,419
Equity result (Q1 2020) <sup>1</sup>	-	-77	-36	-113

1 Including investor-level adjustments.

2 The figures for the equity result relate to the period of March 1 to March 31, 2021.

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

**BAIC Motor**

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

**cellcentric**

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

In March 2021, income before taxes of €1,215 million, of which €624 million is accounted for in particular by the remeasurement of the interest in cellcentric that is still held by Daimler, and a cash inflow of €634 million were recognized at the Daimler Group. Both amounts were split almost equally between the Mercedes-Benz Cars & Vans and Daimler Trucks & Buses segments.

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

**Other joint ventures accounted for using the equity-method**

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

### 13. Receivables from financial services

Receivables from financial services are shown in the following table:

<b>C.16</b>						
<b>Receivables from financial services</b>						
	<b>March 31, 2021</b>			<b>Dec. 31, 2020</b>		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Sales financing with customers	21,245	37,777	59,022	20,853	37,133	57,986
Sales financing with dealers	13,150	3,170	16,320	13,701	3,171	16,872
Finance lease contracts	9,148	15,086	24,234	8,606	14,319	22,925
Gross carrying amount	43,543	56,033	99,576	43,160	54,623	97,783
Loss allowances	-676	-991	-1,667	-684	-914	-1,598
Net carrying amount	42,867	55,042	97,909	42,476	53,709	96,185

### 14. Inventories

Inventories are comprised as follows:

<b>C.17</b>		
<b>Inventories</b>		
	<b>March 31, 2021</b>	<b>Dec. 31, 2020</b>
In millions of euros		
Raw materials and manufacturing supplies	3,561	3,010
Work in progress	4,530	3,629
Finished goods, parts and products held for resale	20,628	19,675
Advance payments to suppliers	104	130
	28,823	26,444

## 15. Equity

### Approved capital

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

Approved Capital 2018 has not yet been exercised.

### Conditional capital

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

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

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

### Treasury shares

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

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

### Employee share purchase plan

In the first quarter of 2021, 0.7 million (2020: 1.1 million) Daimler shares were purchased pursuant to Section 71 Subsection 1 No. 2, of the German Stock Corporation Act (AktG) without utilizing the authorization to acquire treasury shares granted by the Annual General Meeting on July 8, 2020, to be reissued to employees in connection with employee share purchase plans. The shares were reissued on March 24, 2021.

### Dividend

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

## 16. Pensions and similar obligations

### Development of funded status

The funded status of pension obligations is shown in table [C.18](#). The decrease in the present value of defined benefit obligations resulted from the significant increase in discount rates.

### Pension cost

The components of pension cost included in the Consolidated Statement of Income are shown in table [C.19](#).

### Contributions to pension plan assets

In the first three months of 2021, contributions by Daimler to the Group's pension plan assets amounted to €128 million (2020: €91 million).

### C.18

#### Development of funded status

	March 31, 2021	Dec. 31, 2020
In millions of euros		
Present value of the defined benefit obligation	-36,943	-39,846
Fair value of plan assets	28,597	28,870
Funded status	-8,346	-10,976
actuarial loss due to asset ceiling	-3	-3
Net defined benefit liability	-8,349	-10,979
thereof recognized in other assets	107	68
thereof recognized in provisions for pensions and similar obligations	-8,456	-11,047

### C.19

#### Pension cost

	Q1 2021			Q1 2020		
	Total	German plans	Non-German plans	Total	German plans	Non-German plans
In millions of euros						
Current service cost	-207	-187	-20	-199	-171	-28
Net interest expense	-18	-11	-7	-28	-19	-9
Net interest income	1	-	1	1	-	1
	-224	-198	-26	-226	-190	-36

## 17. Provisions for other risks

Provisions for other risks are comprised as shown in table [C.20](#).

### C.20

#### Provisions for other risks

	March 31, 2021			Dec. 31, 2020		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Product warranties	3,780	4,567	8,347	3,995	4,481	8,476
Personnel and social costs	1,556	3,028	4,584	1,624	3,014	4,638
Litigation risks and regulatory proceedings	741	2,990	3,731	1,578	3,047	4,625
Other	2,206	620	2,826	2,137	574	2,711
	8,283	11,205	19,488	9,334	11,116	20,450

## 18. Financing liabilities

Financing liabilities are comprised as follows:

### C.21

#### Financing liabilities

	March 31, 2021			Dec. 31, 2020		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Notes/bonds	19,325	57,506	76,831	17,806	58,857	76,663
Commercial paper	952	–	952	664	–	664
Liabilities to financial institutions	18,847	12,997	31,844	19,703	12,688	32,391
Deposits in the direct banking business	11,456	3,079	14,535	10,868	3,648	14,516
Liabilities from ABS transactions	9,870	8,048	17,918	8,819	7,748	16,567
Lease liabilities	654	2,991	3,645	678	3,069	3,747
Loans, other financing liabilities	737	460	1,197	765	529	1,294
	61,841	85,081	146,922	59,303	86,539	145,842

## 19. Other financial liabilities

On March 31, 2021, the Annual General Meeting of Daimler AG decided on the payment of the dividend for financial year 2020. According to applicable law, entitlement to the dividend is due three working days after the Annual General Meeting. The dividend was paid out on April 7, 2021. Consequently, other financial liabilities as of March 31, 2021 include a liability for the payment of the dividend of €1.444 million.

## 20. Legal proceedings

As previously reported, Daimler AG and its subsidiaries are confronted with various court proceedings, claims as well as governmental investigations and orders (legal proceedings) on a large number of topics.

### Diesel emission behaviour: governmental proceedings

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

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

As part of these settlements, Daimler denies the allegations by the authorities and does not admit liability, but has agreed to, among other things, pay civil penalties, conduct an emission modification programme for affected vehicles and take certain other measures. The failure to meet certain of those obligations may trigger additional stipulated penalties. On March 9, 2021, the court granted final approval of the settlements, upon which they became final and effective. Daimler expects costs of the settlements with the US authorities of approximately USD 1.5 billion, of which Daimler AG has already paid a substantial portion in the first quarter of 2021. The estimated cost for the US consumer class action mentioned below amounts to around USD 700 million. In addition, Daimler estimates further expenses of a mid three-digit-million Euro amount to fulfil requirements of these settlements.



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

In Germany, the Stuttgart public prosecutor’s office is conducting criminal investigation proceedings against Daimler employees on the suspicion of fraud and criminal advertising. In February 2019, the Stuttgart district attorney’s office also initiated a formal investigation proceeding against Daimler AG with respect to an administrative offense. In September 2019, it issued a fine notice against Daimler based on a negligent violation of supervisory duties in the amount of €870 million which has become legally binding, thereby concluding the administrative offense proceedings against Daimler.

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

matter and to further the update of affected customer vehicles. In light of the aforementioned administrative orders issued by the KBA, and continued discussions with the KBA and the BMVI, it cannot be ruled out completely that additional administrative orders may be issued in the course of the ongoing and/or further investigations. Since September 1, 2020, this also applies to other responsible authorities of other Member States and the European Commission which conduct market surveillance under the new European Type Approval Regulation and can take measures upon assumed non-compliance, irrespective of the place of the original type approval.

In the course of its formal investigation into possible collusion on clean emission technology, the European Commission sent a statement of objections to Daimler and other automobile manufacturers in April 2019. In this context, Daimler filed an application for immunity from fines (leniency application) with the European Commission some time ago.

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

Daimler continues to fully cooperate with the authorities and institutions.

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

In a consolidated class action against Daimler AG and MBUSA before the US District Court for New Jersey, plaintiffs alleged that Daimler AG and MBUSA used devices that impermissibly impair the effectiveness of emission control systems in reducing nitrogen-oxide (NO<sub>x</sub>) emissions and which cause excessive emissions from vehicles with diesel engines. In addition, plaintiffs alleged that consumers were deliberately deceived in connection with the advertising of Mercedes-Benz diesel vehicles.

In the third quarter of 2020, Daimler AG and MBUSA reached a settlement with plaintiffs' counsel of this consumer class action. As part of the settlement, Daimler AG and MBUSA deny the material factual allegations and legal claims asserted by the class action plaintiffs, but have agreed to provide payments to certain current and former diesel vehicle owners and lessees. The estimated cost of the class action settlement is approximately USD 700 million. Daimler expects costs of the settlements with the US authorities mentioned above in the amount of approximately USD 1.5 billion. In addition, Daimler estimates further expenses of a mid three-digit-million Euro amount to fulfil requirements of these settlements. The settlement with the US consumer class action plaintiffs is still subject to final court approval.

In a separate lawsuit filed by the State of Arizona in January 2019, the plaintiff claims that, amongst others, Daimler AG and MBUSA deliberately deceived consumers in connection with advertising Mercedes-Benz diesel vehicles. Consumer class actions containing similar allegations were filed against Daimler AG and further Group companies in Canada in April 2016 and in the United Kingdom since May 2020 as well as against Daimler AG in Israel in February 2019. In a separate lawsuit filed by the Environmental Protection Commission of Hillsborough County, Florida in September 2020, the plaintiff claims that, amongst others, Daimler AG and MBUSA violated municipal regulations prohibiting vehicle tampering and other conduct by using alleged devices claimed to impair the effectiveness of emissions control systems.

In Germany, a large number of customers of diesel vehicles have filed lawsuits for damages or rescission of sales contracts. They assert that the vehicles contained illegal defeat devices and/or showed impermissibly high emission or consumption values. They refer to, in particular, the German Federal Motor Transport Authority's recall orders (see above). Given the current development of case numbers, we expect a continued high number of lawsuits being filed in this respect.

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

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

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

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

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

**Antitrust law proceedings (including actions for damages)**

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

In the course of its formal investigation into possible collusion on clean emission technology, the European Commission sent a statement of objections to Daimler and other automobile manufacturers in April 2019. In this context, Daimler filed an application for immunity from fines (leniency application) with the European Commission some time ago. At present, Daimler does not expect this issue to have any material impact on the Group's profitability, cash flow and financial situation.

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

**Class-action lawsuits Takata airbag inflators**

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

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

**C.22****Carrying amounts and fair values of financial instruments**

	March 31, 2021		Dec. 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
In millions of euros				
<b>Financial assets</b>				
Receivables from financial services	97,909	99,717	96,185	98,115
Trade receivables	11,049	11,049	10,649	10,649
Cash and cash equivalents	25,956	25,956	23,048	23,048
Marketable debt securities and similar investments	6,072	6,072	6,397	6,397
Recognized at fair value through other comprehensive income	3,220	3,220	3,314	3,314
Recognized at fair value through profit or loss	2,674	2,674	2,657	2,657
Measured at cost	178	178	426	426
<b>Other financial assets</b>				
Equity instruments and debt instruments	1,598	1,598	1,311	1,311
Recognized at fair value through other comprehensive income	1,014	1,014	942	942
Recognized at fair value through profit or loss	584	584	369	369
Other financial assets recognized at fair value through profit or loss	119	119	74	74
Derivative financial instruments used in hedge accounting	1,731	1,731	2,145	2,145
Other receivables and financial assets	3,666	3,666	2,942	2,942
	148,100	149,908	142,751	144,681
<b>Financial liabilities</b>				
<b>Financing liabilities</b>				
Trade payables	15,452	15,452	12,378	12,378
<b>Other financial liabilities</b>				
Financial liabilities recognized at fair value through profit or loss	145	145	40	40
Derivative financial instruments used in hedge accounting	659	659	367	367
Miscellaneous other financial liabilities	9,803	9,803	8,065	8,065
<b>Contract and refund liabilities</b>				
Obligations from sales transactions	4,376	4,376	4,627	4,627
	173,712	176,257	167,572	170,449

**21. Financial instruments**

Table [7 C.22](#) shows the carrying amounts and fair values of the Group's financial instruments.

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

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

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

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

*Equity instruments* are recognized at fair value through other comprehensive income or at fair value through profit or loss. Daimler does not generally intend to sell its equity instruments which are presented at March 31, 2021.

Marketable debt securities and equity instruments recognized at fair value were measured using quoted market prices at the end of the reporting period. If quoted market prices were not available for 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* include derivative financial instruments not used in hedge accounting. These financial instruments as well as *derivative financial instruments used in hedge accounting* comprise:

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

### Contract and refund liabilities

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

Table 7 C.23 provides an overview of the classification into measurement hierarchies of financial assets and liabilities recognized at fair value (according to IFRS 13). At the end of each reporting period, Daimler reviews the necessity for reclassification between the fair value hierarchies.

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

## C.23

### Measurement hierarchy of financial assets and liabilities recognized at fair value

	March 31, 2021				Dec. 31, 2020			
	Total	Level 1 <sup>1</sup>	Level 2 <sup>2</sup>	Level 3 <sup>3</sup>	Total	Level 1 <sup>1</sup>	Level 2 <sup>2</sup>	Level 3 <sup>3</sup>
In millions of euros								
Financial assets recognized at fair value								
Marketable debt securities	5,894	4,200	1,694	–	5,971	4,243	1,728	–
Recognized at fair value through other comprehensive income	3,220	1,540	1,680	–	3,314	1,590	1,724	–
Recognized at fair value through profit or loss	2,674	2,660	14	–	2,657	2,653	4	–
Equity instruments and debt instruments	1,598	902	247	449	1,311	736	276	299
Recognized at fair value through other comprehensive income	1,014	607	154	253	942	665	156	121
Recognized at fair value through profit or loss	584	295	93	196	369	71	120	178
Other financial assets recognized at fair value through profit or loss	119	–	117	2	74	–	73	1
Derivative financial instruments used in hedge accounting	1,731	–	1,731	–	2,145	–	2,145	–
	9,342	5,102	3,789	451	9,501	4,979	4,222	300
Financial liabilities recognized at fair value								
Financial liabilities recognized at fair value through profit or loss	145	–	145	–	40	–	40	–
Derivative financial instruments used in hedge accounting	659	–	659	–	367	–	367	–
	804	–	804	–	407	–	407	–

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

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

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

## 22. Segment reporting

Segment information for the three-month periods ended March 31, 2021 and March 31, 2020 is as follows:

### C.24

#### Segment reporting

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Total segments	Recon- ciliation	Daimler Group
In millions of euros						
<b>Q1 2021</b>						
External revenue	26,087	8,317	6,613	41,017	-	41,017
Intersegment revenue	799	348	353	1,500	-1,500	-
Total revenue	26,886	8,665	6,966	42,517	-1,500	41,017
Segment profit/loss (EBIT)	4,078	1,041	744	5,863	-115	5,748
In millions of euros						
<b>Q1 2020</b>						
External revenue	22,312	8,399	6,512	37,223	-	37,223
Intersegment revenue	884	345	589	1,818	-1,818	-
Total revenue	23,196	8,744	7,101	39,041	-1,818	37,223
Segment profit/loss (EBIT)	510	247	58	815	-198	617

### Reconciliation

Reconciliation of the total segments' profit/loss (EBIT) to the EBIT of the Daimler Group is as shown in table [7 C.25](#).

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

### C.25

#### Reconciliation to Group figures

	Q1 2021	Q1 2020
In millions of euros		
Total segments' profit (EBIT)	5,863	815
Profit/loss on equity-method investments <sup>1</sup>	-1	-139
Other corporate items	-128	-79
Eliminations	14	20
EBIT	5,748	617

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

## 23. Transactions with related parties

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

### Related companies


Business transactions with related companies are generally carried out at market terms. Most of the goods and services supplied between the Group and related companies comprise transactions with associated companies and joint ventures and are shown in table [C.26](#).

### Associated companies

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

### Joint ventures

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

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

## C.26

### Transactions with related parties

In millions of euros	Sales of goods and services and other income		Purchases of goods and services and other expenses		Receivables <sup>1</sup>		Payables <sup>2</sup>	
	Q1 2021	Q1 2020	Q1 2021	Q1 2020	March 31, 2021	Dec. 31, 2020	March 31, 2021	Dec. 31, 2020
Associated companies	3,531	2,786	153	215	2,732	2,946	132	101
thereof LSHAI	1,706	1,420	69	163	715	713	24	17
thereof BBAC	1,739	1,277	80	48	1,950	2,178	105	76
Joint ventures	366	429	229	104	326	273	187	131

1 After loss allowances totalling €71 million (December 31, 2020: €70 million).

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

# Auditor's Review Report

To Daimler Aktiengesellschaft, Stuttgart

We have reviewed the condensed interim consolidated financial statements of Daimler AG – comprising consolidated statement of income/loss, consolidated statement of comprehensive income/loss, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and selected, explanatory notes – together with the interim group management report of the Daimler AG, for the period from January 1 to March 31, 2021, that are part of the quarterly financial report according to § 115 WpHG (“Wertpapierhandelsgesetz”: “German Securities Trading Act”). The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 “Interim Financial Reporting” as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company’s management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and additional application of the International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, “Interim Financial Reporting” as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor’s report.

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

Stuttgart, April 22, 2021

KPMG AG  
Wirtschaftsprüfungsgesellschaft

Sailer  
Wirtschaftsprüfer

Bock  
Wirtschaftsprüfer



# Further Information

## Information on the Internet

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

 [daimler.com/en](https://daimler.com/en)

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

 [daimler.com/investors](https://daimler.com/investors)

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

 [daimler.com/investors/reports-news](https://daimler.com/investors/reports-news)

Daimler AG  
70546 Stuttgart  
Germany  
Phone +49 71117 0  
Fax +49 71117 22244  
 [daimler.com/en](https://daimler.com/en)

## Concept and contents

Daimler AG  
Investor Relations

## Investor Relations

Fax +49 711 17 94075  
[ir.dai@daimler.com](mailto:ir.dai@daimler.com)

# Financial Calendar

## Interim Report Q1 2021

April 23, 2021

## Interim Report Q2 2021

July 21, 2021

## Interim Report Q3 2021

October 21, 2021

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

 [daimler.com/ir/calendar](https://daimler.com/ir/calendar)

