



Interim Report Q3 2023

Mercedes-Benz Group



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Key Figures

Mercedes-Benz Group in the third quarter

A.01

	Q3 2023	Q3 2022	Change
In millions of euros			in %
Revenue	37,200	37,716	-1
EBIT	4,842	5,196	-7
Adjusted EBIT	4,915	5,344	-8
Net profit	3,719	3,998	-7
Earnings per share (in euros) ¹	3.44	3.66	-6
Free cash flow of the industrial business	2,347	3,016	-22
Adjusted free cash flow of the industrial business	2,449	3,309	-26
Net liquidity of the industrial business (30 Sept.)	28,485	23,303	+22
Investments in property, plant and equipment	934	795	+17
Research and development expenditure	2,525	2,335	+8

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

Divisions in the third quarter

A.02

	Q3 2023	Q3 2022	Change
In millions of euros			in %
Mercedes-Benz Cars			
Unit sales (in units)	510,564	530,414	-4
Revenue	27,131	28,209	-4
EBIT	3,312	4,034	-18
Adjusted EBIT	3,357	4,081	-18
Return on sales (in %)	12.2	14.3	.
Adjusted return on sales (in %)	12.4	14.5	.
CFBIT	2,148	3,374	-36
Adjusted CFBIT	2,195	3,552	-38
Adjusted cash conversion rate ¹	0.7	0.9	.
Investments in property, plant and equipment	822	732	+12
Research and development expenditure	2,373	2,172	+9
thereof capitalized development costs	943	737	+28
Mercedes-Benz Vans			
Unit sales (in units)	105,083	103,978	+1
Revenue	4,939	4,309	+15
EBIT	715	497	+44
Adjusted EBIT	743	546	+36
Return on sales (in %)	14.5	11.5	.
Adjusted return on sales (in %)	15.0	12.7	.
CFBIT	980	434	+126
Adjusted CFBIT	1,035	529	+96
Adjusted cash conversion rate ¹	1.4	1.0	.
Investments in property, plant and equipment	90	55	+64
Research and development expenditure	152	148	+3
thereof capitalized development costs	41	73	-44
Mercedes-Benz Mobility			
Revenue	6,561	6,599	-1
EBIT	363	577	-37
Adjusted EBIT	363	577	-37
Return on equity (in %)	10.4	15.8	.
Adjusted return on equity (in %)	10.4	15.8	.
New business	15,183	14,255	+7

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

Mercedes-Benz Group in the first nine months

A.03

	Q1-3 2023	Q1-3 2022	Change
In millions of euros			in %
Revenue	112,957	109,014	+4
EBIT	15,334	15,047	+2
Adjusted EBIT	15,548	15,584	-0
Net profit	11,371	10,782	+5
Earnings per share (in euros) ¹	10.47	9.83	+6
Free cash flow of the industrial business	7,874	5,649	+39
Adjusted free cash flow of the industrial business	8,173	6,588	+24
Net liquidity of the industrial business (30 Sept.)	28,485	23,303	+22
Investments in property, plant and equipment	2,559	2,427	+5
Research and development expenditure	7,418	6,468	+15
Employees (30 Sept.) ²	167,397	170,166	-2

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

2 Active workforce without holiday workers.

Divisions in the first nine months

A.04

	Q1-3 2023	Q1-3 2022	Change
In millions of euros			in %
Mercedes-Benz Cars			
Unit sales (in units)	1,529,793	1,504,538	+2
Revenue	83,187	81,044	+3
EBIT	11,312	12,097	-6
Adjusted EBIT	11,282	12,157	-7
Return on sales (in %)	13.6	14.9	.
Adjusted return on sales (in %)	13.6	15.0	.
CFBIT	8,898	7,614	+17
Adjusted CFBIT	9,057	8,180	+11
Adjusted cash conversion rate ¹	0.8	0.7	.
Investments in property, plant and equipment	2,333	2,305	+1
Research and development expenditure	6,795	5,982	+14
thereof capitalized development costs	2,325	2,006	+16
Employees (30 Sept.) ³	133,656	136,801	-2
Mercedes-Benz Vans			
Unit sales (in units)	323,473	292,611	+11
Revenue	14,677	12,103	+21
EBIT	2,283	1,227	+86
Adjusted EBIT	2,254	1,426	+58
Return on sales (in %)	15.6	10.1	.
Adjusted return on sales (in %)	15.4	11.8	.
CFBIT	2,167	1,066	+103
Adjusted CFBIT	2,304	1,299	+77
Adjusted cash conversion rate ¹	1.0	0.9	.
Investments in property, plant and equipment	196	105	+87
Research and development expenditure	578	427	+35
thereof capitalized development costs	213	111	+92
Employees (30 Sept.) ³	19,214	19,189	+0
Mercedes-Benz Mobility			
Revenue	19,706	20,096	-2
EBIT	1,074	1,934	-44
Adjusted EBIT	1,350	1,934	-30
Return on equity (in %)	10.3	17.7	.
Adjusted return on equity (in %)	12.9	17.7	.
New business	45,299	42,910	+6
Contract volume (30 Sept.) ²	133,840	135,731	-1
Employees (30 Sept.) ³	9,942	9,775	+2

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

2 Contract volume at 31 December 2022: €132,379 million.

3 Active workforce without holiday workers.

Reporting principles

The Interim Report as of 30 September 2023 of Mercedes-Benz Group AG comprises an Interim Group Management Report as well as condensed Interim Consolidated Financial Statements (Interim Financial Statements). In keeping with IAS 34 (Interim Financial Reporting), the Interim Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and their interpretations as endorsed by the European Union (EU) and effective at the reporting date. This Interim Report also complies with the requirements of the German Securities Trading Act (WpHG) and with German Accounting Standard No. 16 (GAS 16 — Interim Financial Reporting) issued by the German Accounting Standards Committee (GASC).

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

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

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

The Board of Management authorized the Interim Report for publication on 25 October 2023. It is published in German and English. The German version is binding.

The Interim Report was reviewed by the Group auditor.

Forward-looking statements

This document contains forward-looking statements that reflect our current views about future events. The words "anticipate", "assume", "believe", "estimate", "expect", "intend", "may", "can", "could", "plan", "project", "should" and similar expressions are used to identify forward-looking statements. These statements are subject to many risks and uncertainties, including an adverse development of global economic conditions, in particular a decline of demand in our most important markets; a deterioration of our refinancing possibilities on the credit and financial markets; events of force majeure including natural disasters, pandemics, acts of terrorism, political unrest, armed conflicts, industrial accidents and their effects on our sales, purchasing, production or financial services activities; changes in currency exchange rates, customs and foreign trade provisions; a shift in consumer preferences towards smaller, lower-margin vehicles; a limited demand for battery electric vehicles; a possible lack of acceptance of our products or services which limits our ability to achieve prices and adequately utilize our production capacities; price increases for fuel, raw materials or energy; disruption of production due to shortages of materials or energy, labour strikes or supplier insolvencies; a decline in resale prices of used vehicles; the effective implementation of cost-reduction and efficiency-optimization measures; the business outlook for companies in which we hold a significant equity interest; the successful implementation of strategic cooperations and joint ventures; changes in laws, regulations and government policies (or changes in their interpretation), particularly those relating to vehicle emissions, fuel economy and safety or to ESG reporting (environmental, social or governance topics); the resolution of pending governmental investigations or of investigations requested by governments and the outcome of pending or threatened future legal proceedings; and other risks and uncertainties, some of which are described under the heading "Risk and Opportunity Report" in the current Annual Report or in this Interim Report. If any of these risks and uncertainties materializes or if the assumptions underlying any of our forward-looking statements prove to be incorrect, the actual results may be materially different from those we express or imply by such statements. We do not intend or assume any obligation to update these forward-looking statements since they are based solely on the circumstances at the date of publication.

Interim Group Management Report

Important events

First quarter 2023

Creation of a global high-power charging network

On 5 January 2023, the Mercedes-Benz Group announced far-reaching plans to build a high-power charging network in North America, Europe, China and other core markets. The goal is to create a global charging network by the end of the decade.

Certification granted for SAE Level 3 system for US market

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

Mercedes-Benz Group AG decides on share buyback programme

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

Further information on this is provided in Note 15 of the Notes to the Interim Consolidated Financial Statements.

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

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

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

Foundation laid for sustainable battery recycling factory

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

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

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

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

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

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

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

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

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

Second quarter 2023

Sale of shares in the Russian subsidiaries

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

As of 31 December 2022, completion of the transaction was still subject to authorities' approval and the implementation of the contractually agreed conditions. With the closing of the transaction on 19 April 2023, the shares of Russian subsidiaries were deconsolidated.

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

Annual General Meeting of Mercedes-Benz Group AG

At the Annual General Meeting of Mercedes-Benz Group AG on 3 May 2023, the shareholders approved a dividend of €5.20 per share for the financial year 2022 (2021: €5.00). The total payout for 2022 was €5.6 billion (2021: €5.3 billion).

At Mercedes-Benz Group AG, a position on the Supervisory Board was also refilled: Sari Baldauf stepped down from the Board after 15 years at the end of the Annual General Meeting of Mercedes-Benz Group AG on 3 May 2023. Stefan Pierer was elected as Baldauf's successor on the Supervisory Board.

¹ In comparison to 2018.

CO₂ reduction in the aluminium supply chain

The Mercedes-Benz Group is working with its partners to decarbonize the aluminium supply chain. As reported in the Annual Report 2022, Mercedes-Benz AG and the Norwegian aluminium producer Norsk Hydro ASA (Hydro) signed a letter of intent in December 2022 for a low-CO₂ technology roadmap between 2023 and 2030.

The Mercedes-Benz Group already purchases CO₂-reduced aluminium from Hydro. As a next milestone, the Group announced on 9 May 2023 that Hydro should supply even more CO₂-reduced aluminium to the foundry at the Mercedes-Benz plant in Untertürkheim: With a minimum of 25% recycled material in Hydro's tested aluminium, the CO₂ footprint should be reduced.

Following the completion of the successful test phase for the low-CO₂ aluminium, the Company plans to bring sophisticated structural castings for the body-in-white made from the more sustainable material into series production this year.

Mercedes-Benz Vans Strategy Update

At the Strategy Update on 16 May 2023, Mercedes-Benz Vans unveiled its focused strategy, which is geared towards profitable growth in both the private and commercial van segments. Key objectives include further strengthening the brand's position in the upper market segments, increasing competitiveness in terms of costs, and leading the way in electromobility and digital experiences.

Supply agreement and memorandum of understanding to establish a North American supply chain between Mercedes-Benz AG and H2 Green Steel

The Mercedes-Benz Group announced on 7 June 2023 that it had signed a supply agreement with Swedish startup H2 Green Steel AB (H2GS) for approximately 50,000 metric tons of nearly CO₂-free steel per year for its European stamping plants. At the same time, the two companies are deepening their partnership with a memorandum of understanding to jointly establish a sustainable steel supply chain in North America.

Following the investment in H2GS in 2021, the new supply agreement will enable Mercedes-Benz to use virtually CO₂-free steel in series production. The strategic partner plans to start production in 2025.

Mercedes-Benz expands charging options for customers: Access to Tesla Superchargers in North America

On 5 January 2023, the Mercedes-Benz Group had already announced the development of its own global high-power charging network with around 400 charging stations and more than 2,500 charging points in North America. In addition, the Mercedes-Benz Group announced on 7 July 2023 that Mercedes-Benz customers will be able to use Tesla Superchargers in North America from 2024.

Automakers unite to create a leading high-powered charging network across North America

Seven automakers – BMW Group, General Motors, Honda, Hyundai, Kia, Mercedes-Benz Group, Stellantis NV – are planning to form a joint venture to accelerate the transition to electric vehicles in North America. The joint venture is targeting to install a charging network with at least 30,000 charging points. The joint venture is expected to be established later this year, subject to regulatory approvals. The first stations are expected to open in the United States in the summer of 2024 and in Canada at a later stage. In line with the sustainability strategies of all seven automakers, the joint venture intends to power the charging network solely by renewable energy.

Third quarter 2023

Resolutions of the Supervisory Board

At its meeting on 27 July 2023, the Supervisory Board reappointed Ola Källenius as Chairman of the Board of Management of Mercedes-Benz Group AG for the period until 21 May 2029. At the same time, the Supervisory Board extended Markus Schäfer's contract until 21 May 2026. As Chief Technology Officer, Markus Schäfer is responsible for Development & Procurement on the Board of Management.

The Supervisory Board also decided to establish a cross-divisional steering and coordination function for sustainability management in the Company at the Board of Management level. On 1 August 2023, Renata Jungo Brüngger took over responsibility for this function as part of the Integrity, Governance & Sustainability division (previously: Integrity & Legal Affairs). With this step, the Mercedes-Benz Group is taking into account the steadily increasing complexity and growing legal significance of this multi-faceted topic.

At its meeting, the Supervisory Board also resolved to rename Jörg Burzer's division as Production, Quality & Supply Chain Management (previously: Production & Supply Chain Management). As a result of this change, the division's name will also express the division's comprehensive responsibility for quality as well as this topic's great importance for the Mercedes-Benz brand.

Sabine Kohleisen's division was renamed Human Relations (previously: Human Resources) in order to show that human resources work in the Group focuses on the cooperation with and between people.

Supply contract with Steel Dynamics

On 14 September 2023, the Mercedes-Benz Group signed a supply contract with Steel Dynamics, Inc. for CO₂-reduced steel for the production plant in Tuscaloosa, Alabama (USA). In this way, the Company wants to reach another milestone on the path to decarbonizing the global steel supply chain.

Mercedes-Benz announces the availability of DRIVE PILOT in the United States

As reported in January 2023, the Mercedes-Benz Group has received SAE Level 3¹ certification for conditionally automated driving on US roads in the state of Nevada. In June 2023, it also received the certification for the state of California. The Mercedes-Benz Group now plans to introduce the production-ready version of the DRIVE PILOT with a small fleet of SAE Level 3¹ EQS sedans in the states of California and Nevada from the end of 2023.

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

Business development

Automotive markets

The development of the **world economy** continued to be rather subdued in the third quarter of 2023 and was thus also noticeably below its long-term trend growth in the first nine months of the year as a whole. The European economy continued to develop weakly, while the Chinese economy recently improved somewhat and the US economy continued to be unexpectedly robust. Inflation rates continued to gradually decline, but in many places they remained at exceptionally high levels. Accordingly, major central banks continued their restrictive monetary policies.

The conditions for the automotive markets continued to be characterized by the easing of global supply chains and the further normalization of production. Overall, the global **car market** in the third quarter of 2023 was significantly above the level of the same period of the previous year and this was also the case for the first nine months of the year. A comparatively favourable market trend was observed across the major sales regions. In the third quarter, the European market significantly exceeded the level of the previous year. The US market for light vehicles also recorded significant growth in the past quarter. The Chinese car market was at the prior-year level.

Important **van markets** developed favourably in the past quarter and in the first nine months of 2023 as a whole. In the Europe region, the market for mid-size and large vans overall was significantly above that of the previous year in the third quarter. The segment for small vans also grew substantially. The US market for large vans continued to show strong signs of recovery in the third quarter and greatly surpassed the prior-year level. Strong growth was recorded in the Chinese market for mid-size vans. However, growth there in the third quarter continued to be driven primarily by new vehicle models in the market segment relevant to Mercedes-Benz Vans.

Unit sales

Mercedes-Benz Cars sold 510,600 units in the third quarter of 2023 (Q3 2022: 530,400). Due to the limited availability of the GLC and the E-Class as a result of supply bottlenecks at a supplier, unit sales in the third quarter were 4% below the prior-year quarter.

A total of 164,200 vehicles (Q3 2022: 146,100) were sold in Europe (European Union, United Kingdom, Switzerland and Norway). Germany was the main contributor, with growth of 11% to 53,800 units. In China, the single largest market for Mercedes-Benz Cars, unit sales totalled 196,000 vehicles (Q3 2022: 222,600). In North America, unit sales totalled 74,900 vehicles (Q3 2022: 86,200). Unit sales in the region's main market, the United States, amounted to 64,000 vehicles (Q3 2022: 74,900).

As a result of the ongoing transformation to electric mobility, all-electric vehicles' share of total unit sales increased significantly compared to the same period last year (Q3 2023: 12%; Q3 2022: 7%).

In the first nine months of 2023, Mercedes-Benz Cars recorded unit sales at around the previous year's level with an increase of 2% (Q1-3 2023: 1,529,800; Q1-3 2022: 1,504,500). The growth in unit sales was mainly attributable to Top-End vehicles and vehicles in the Entry product category.

Unit sales of Mercedes-Benz Cars in Europe (European Union, United Kingdom, Switzerland and Norway) increased significantly in the first nine months of 2023 compared to the same period last year (Q1-3 2023: 485,200; Q1-3 2022: 447,400). Strong growth of 18% to 172,900 units was recorded in Germany (Q1-3 2022: 146,000). In China, unit sales totalled 570,600 vehicles (Q1-3 2022: 573,300). In North America, unit sales totalled 248,800 vehicles (Q1-3 2022: 256,700). At 216,700 units (Q1-3 2022: 222,900), unit sales in the region's main market, the United States, were slightly lower than in the previous year. The significant decline in unit sales in the rest of the world was due in particular to the discontinuation of business activities in Russia since March 2022.

All-electric vehicles' share of total unit sales reached 11% in the first nine months of 2023 (Q1-3 2022: 6%).

C.01

Mercedes-Benz Cars unit sales

	Q3 2023	Q3 2022	Change	Q1-3 2023	Q1-3 2022	Change
In units			in %			in %
Total unit sales of Mercedes-Benz Cars	510,564	530,414	-4	1,529,793	1,504,538	+2
Top-End ¹	69,900	78,848	-11	246,464	232,381	+6
% share of unit sales	13.7	14.9		16.1	15.4	
Core ²	290,154	293,298	-1	815,345	846,066	-4
% share of unit sales	56.8	55.3		53.3	56.2	
Entry ³	150,510	158,268	-5	467,984	426,091	+10
% share of unit sales	29.5	29.8		30.6	28.4	
thereof						
Electrified vehicles (xEVs)	102,292	84,850	+21	289,900	222,444	+30
Battery electric vehicles (BEVs)	61,621	37,069	+66	174,471	95,688	+82
Plug-in hybrid vehicles (PHEVs)	40,671	47,781	-15	115,429	126,756	-9
% share of unit sales	20.0	16.0		19.0	14.8	

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

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

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

Mercedes-Benz Vans sold 105,100 units worldwide in the third quarter of 2023 (Q3 2022: 104,000).

Unit sales in Europe (European Union, United Kingdom, Switzerland and Norway) totalled 58,100 units (Q3 2022: 63,500). Here, Mercedes-Benz Vans sold 25,800 units (Q3 2022: 28,300) in Germany. In the United States, however, Mercedes-Benz Vans recorded a 41% increase, to 21,800 units (Q3 2022: 15,500). In China, unit sales totalled 10,000 (Q3 2022: 11,700).

Global sales of all-electric vans increased to 6,300 units in the third quarter of 2023 (Q3 2022: 3,100). All-electric models thus accounted for a 6% share of total unit sales (Q3 2022: 3%).

Mercedes-Benz Vans also increased total unit sales significantly by 11% to 323,500 units in the first nine months of 2023 (Q1-3 2022: 292,600). The main contributors were the commercial variants.

At 197,700 units, unit sales in Europe (European Union, United Kingdom, Switzerland and Norway) were 12% above the first nine months of the prior year (Q1-3 2022: 176,200). Mercedes-Benz Vans sold 80,100 units (Q1-3 2022: 72,400) in Germany. In the United States, Mercedes-Benz Vans achieved sales growth of 13% with unit sales of 56,000 (Q1-3 2022: 49,700). In China, unit sales totalled 25,800 vehicles (Q1-3 2022: 27,500).

Total sales of all-electric vans rose to 15,000 units in the first nine months of 2023 (Q1-3 2022: 10,300), leading to all-electric models accounting for 5% of global unit sales (Q1-3 2022: 4%).

At €15.2 billion (Q3 2022: €14.3 billion), new business at **Mercedes-Benz Mobility** in the third quarter of 2023 was slightly higher than in the prior-year period.

This caused new business in the German market to rise year-on-year by 3%. New business in the United States increased by 22% compared to the same quarter of the previous year. This increase was driven by a clear positive development in the proportion of leased and financed vehicles in the Group's unit sales. In China, on the other hand, there was a decline in new business in the third quarter of 2023 by 23% due to increased competition in the financial services sector.

At €45.3 billion, new business at Mercedes-Benz Mobility in the first nine months of 2023 was slightly higher than in the prior-year period.

Supported by a significant increase in unit sales in the German market, new business there rose year-on-year by 9% in the first nine months 2023. Driven by a positive trend in the share of leased and financed vehicles in the Group's sales, new business in the United States also increased significantly (+23%). In China, on the other hand, increased competition in the financial services sector caused new business to decline in the first nine months of 2023 by 24%.

At 30 September 2023, contract volume amounted to €133.8 billion and was thus at the level of 31 December 2022.

Investment and research activities

The **investments in property, plant and equipment** of the **Mercedes-Benz Group** amounted to €0.9 billion in the third quarter of 2023 (Q3 2022: €0.8 billion). In the first nine months of 2023 investments in property, plant and equipment by the Group amounted to €2.6 billion (Q1-3 2022: €2.4 billion).

Investments in property, plant and equipment at **Mercedes-Benz Cars** were dominated by the new vehicle architectures in both the third quarter and the first nine months of 2023. At **Mercedes-Benz Vans**, the main driver of investment was again the planned transformation to an all-electric Mercedes-Benz van fleet.

The **research and development expenditure** of the **Mercedes-Benz Group** amounted to €2.5 billion in the third quarter of 2023 (Q3 2022: €2.3 billion), of which €1.0 billion (Q3 2022: €0.8 billion) was capitalized. In the first nine months of 2023, research and development expenditure amounted to €7.4 billion (Q1-3 2022: €6.5 billion), of which €2.5 billion (Q1-3 2022: €2.1 billion) was capitalized.

At **Mercedes-Benz Cars** as well as **Mercedes-Benz Vans**, the focus of research and development activities in the third quarter and the first nine months of 2023 was on electric drives, digitalization and automated driving. The increase was mainly due to higher costs for new vehicles and for future technologies.

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Investments in property, plant and equipment¹

	Q3 2023	Q3 2022	Change	Q1-3 2023	Q1-3 2022	Change
In millions of euros			in %			in %
Mercedes-Benz Group	934	795	+17	2,559	2,427	+5
thereof Mercedes-Benz Cars	822	732	+12	2,333	2,305	+1
thereof Mercedes-Benz Vans	90	55	+64	196	105	+87

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

C.03

Research and development

	Q3 2023	Q3 2022	Change	Q1-3 2023	Q1-3 2022	Change
In millions of euros			in %			in %
Research and development expenditure at Mercedes-Benz Group	2,525	2,335	+8	7,418	6,468	+15
thereof Mercedes-Benz Cars	2,373	2,172	+9	6,795	5,982	+14
thereof Mercedes-Benz Vans	152	148	+3	578	427	+35
Research and non-capitalized development costs	1,541	1,525	+1	4,880	4,351	+12
Capitalized development costs	984	810	+21	2,538	2,117	+20
Capitalization rate in %	39	35		34	33	

Profitability, cash flows and financial position

To provide a better insight into the Group's profitability, cash flows and financial position, the condensed Consolidated Statement of Income/Loss, the condensed Consolidated Statement of Cash Flows and the condensed Consolidated Statement of Financial Position are shown for the industrial business and for Mercedes-Benz Mobility as well as for the Mercedes-Benz Group. The industrial business comprises the segments Mercedes-Benz Cars and Mercedes-Benz Vans. Mercedes-Benz Mobility is identical to the Mercedes-Benz Mobility segment. The effects from intra-Group eliminations between the industrial business and Mercedes-Benz Mobility, as well as items at the corporate level, are generally allocated to the industrial business. In justified individual cases, effects on the profitability, cash flows and financial position are not assigned to the corresponding segment according to a legal perspective; instead the segment reporting follows an economic perspective.

In order to provide a more transparent presentation of the ongoing business, adjusted figures are also calculated and reported for both the Group and the segments. The adjustments include individual items insofar as they lead to material effects in a reporting year. These individual items can relate in particular to legal proceedings and related measures, restructuring measures and M&A transactions. Further information on the performance measurement system can be found in the Annual Report 2022 in the Corporate Profile chapter of the Combined Management Report with Non-Financial Declaration.

Profitability

Consolidated Statement of Income of the Mercedes-Benz Group for the three-month period ended 30 Sept 2023

Revenue of €37,200 million in the third quarter of 2023 was on the same level as the prior-year quarter of €37,716 million despite slightly decreased unit sales.

Cost of sales were at the prior-year level in the third quarter of 2023.

Gross profit in relation to revenue in the third quarter of 2023 was slightly below the level of the same quarter of the previous year. This was primarily due to an unfavourable product mix and higher expenses to suppliers for additional costs due to inflation and the supply chain.

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

The **other operating income/expense** in the third quarter of 2023 was significantly above the level of the same quarter of the previous year. This was primarily due to lower overall expenses in connection with ongoing governmental and court proceedings and measures taken relating to Mercedes-Benz diesel vehicles.

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

The **other financial income** in the third quarter of 2023 amounted to €36 million (Q3 2022: €58 million).

EBIT amounted to €4,842 million in the third quarter of 2023 and was thus 7% below the prior-year level of €5,196 million. Exchange-rate effects had a negative net impact.

Due to the global increase in interest rates, net **interest income/expense** improved in the third quarter of 2023 to an income of €138 million (Q3 2022: expense of €30 million).

The **income tax expense** recognized in the third quarter of 2023 amounted to €1,261 million (Q3 2022: €1,168 million). The tax rate was 25.3% (Q3 2022: 22.6%).

Net profit amounted to €3,719 million in the third quarter of 2023 (Q3 2022: €3,998 million). **Non-controlling interests** accounted for a profit of €83 million (Q3 2022: €75 million). The **share of net profit attributable to shareholders of Mercedes-Benz Group AG** amounted to €3,636 million (Q3 2022: €3,923 million). This led to a decrease in **earnings per share** to €3.44 (Q3 2022: €3.66).]

The calculation of earnings per share (basic) is based on an average number of outstanding shares of 1,057.2 million (Q3 2022: 1,069.8 million).

Table C.04 shows the condensed Consolidated Statement of Income/Loss of the Mercedes-Benz Group as well as of the industrial business and Mercedes-Benz Mobility.

Table C.05 shows the composition of Group EBIT and the EBIT of the individual segments as well as the reconciliation and the reconciliation of EBIT to adjusted EBIT.

Further information on the items in the Consolidated Statement of Income/Loss can be found in the respective notes in the Notes to the Interim Consolidated Financial Statements.

C.04

Condensed Consolidated Statement of Income/Loss for the three-month period ended 30 Sept

	Mercedes-Benz Group		Industrial Business		Mercedes-Benz Mobility	
	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022
In millions of euros						
Revenue	37,200	37,716	30,639	31,117	6,561	6,599
Cost of sales	-29,166	-28,934	-23,327	-23,316	-5,839	-5,618
Gross profit	8,034	8,782	7,312	7,801	722	981
Selling expenses	-2,368	-2,456	-2,198	-2,279	-170	-177
General administrative expenses	-606	-614	-399	-436	-207	-178
Research and non-capitalized development costs	-1,541	-1,525	-1,541	-1,525	-	-
Other operating income/expense	454	232	429	208	25	24
Gains/losses on equity-method investments, net	833	719	841	794	-8	-75
Other financial income/expense, net	36	58	35	56	1	2
EBIT	4,842	5,196	4,479	4,619	363	577
Interest income/expense	138	-30	138	-28	-	-2
Profit before income taxes	4,980	5,166	4,617	4,591	363	575
Income taxes	-1,261	-1,168	-1,157	-990	-104	-178
Net profit	3,719	3,998	3,460	3,601	259	397
thereof profit attributable to non-controlling interests	83	75				
thereof profit attributable to shareholders of Mercedes-Benz Group AG	3,636	3,923				
Earnings per share (in euros)						
for profit attributable to shareholders of Mercedes-Benz Group AG						
Basic	3.44	3.66				
Diluted	3.44	3.66				

EBIT of the segments for the three-month period ended 30 Sept 2023

In the third quarter of 2023, the **Mercedes-Benz Cars** segment reported a significant decline in adjusted EBIT, which was influenced by the following material factors:

- Improved net pricing
- Lower raw material prices
- Unfavourable product mix
- Slightly decreased unit sales due to supply bottlenecks at one supplier
- Higher expenses to suppliers for additional costs due to inflation and the supply chain
- Negative development of exchange rates

In the third quarter of 2023, the following adjustment is included in EBIT:

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

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

- Strongly improved net pricing
- Significantly improved product mix
- Lower raw material prices
- Higher expenses to suppliers for additional costs due to inflation and the supply chain

In the third quarter of 2023, the following adjustment is included in EBIT:

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

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

- Interest margin impacted by higher refinancing costs and increased competition in the financial services sector
- Negative development of exchange rates
- Expenses for ramp-up of charging business
- Slightly higher cost of credit risk mainly due to a challenging macroeconomic environment worldwide
- Lower result from equity-method investments in the prior year

In the third quarter of 2023, the EBIT of the **reconciliation** in particular includes the positive earnings contribution of the equity-method investment in Daimler Truck Holding AG. Earnings in the previous year's quarter were affected by expenses in connection with the sale of individual investments and business activities to Daimler Truck.

C.05

EBIT for the three-month period ended 30 Sept

	Mercedes-Benz Group	Mercedes-Benz Cars	Mercedes-Benz Vans	Mercedes-Benz Mobility	Reconciliation
In millions of euros					
Q3 2023					
Revenue	37,200	27,131	4,939	6,561	-1,431
Cost of sales	-29,166	-21,012	-3,795	-5,839	1,480
Gross profit	8,034	6,119	1,144	722	49
Selling expenses	-2,368	-1,903	-348	-170	53
General administrative expenses	-606	-331	-72	-207	4
Research and non-capitalized development costs	-1,541	-1,430	-111	-	-
Other income/expense	1,323	857	102	18	346
EBIT	4,842	3,312	715	363	452
Legal proceedings (and related measures)	73	45	28	-	-
Restructuring measures	-	-	-	-	-
M&A transactions	-	-	-	-	-
Expenses in connection with adjustments of the business activities in Russia	-	-	-	-	-
Adjusted EBIT	4,915	3,357	743	363	452
Return on sales/return on equity (in %)					
		12.2	14.5	10.4	
Adjusted return on sales/return on equity (in %)¹					
		12.4	15.0	10.4	
Q3 2022					
Revenue	37,716	28,209	4,309	6,599	-1,401
Cost of sales	-28,934	-21,226	-3,456	-5,618	1,366
Gross profit	8,782	6,983	853	981	-35
Selling expenses	-2,456	-1,953	-329	-177	3
General administrative expenses	-614	-367	-63	-178	-6
Research and non-capitalized development costs	-1,525	-1,435	-75	-	-15
Other income/expense	1,009	806	111	-49	141
EBIT	5,196	4,034	497	577	88
Legal proceedings (and related measures)	97	47	49	-	1
Restructuring measures	-	-	-	-	-
M&A transactions	51	-	-	-	51
Expenses in connection with adjustments of the business activities in Russia	-	-	-	-	-
Adjusted EBIT	5,344	4,081	546	577	140
Return on sales/return on equity (in %)					
		14.3	11.5	15.8	
Adjusted return on sales/return on equity (in %)¹					
		14.5	12.7	15.8	

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

Tables C.06 and C.07 show the earnings for the first nine months.

C.06

Condensed Consolidated Statement of Income/Loss for the nine-month period ended 30 Sept

	Mercedes-Benz Group		Industrial Business		Mercedes-Benz Mobility	
	Q1-3 2023	Q1-3 2022	Q1-3 2023	Q1-3 2022	Q1-3 2023	Q1-3 2022
In millions of euros						
Revenue	112,957	109,014	93,251	88,918	19,706	20,096
Cost of sales	-86,559	-83,766	-69,309	-66,720	-17,250	-17,046
Gross profit	26,398	25,248	23,942	22,198	2,456	3,050
Selling expenses	-7,252	-7,087	-6,722	-6,569	-530	-518
General administrative expenses	-1,956	-1,814	-1,329	-1,251	-627	-563
Research and non-capitalized development costs	-4,880	-4,351	-4,880	-4,351	-	-
Other operating income/expense	1,050	1,229	1,242	1,151	-192	78
Gains/losses on equity-method investments, net	1,876	1,496	1,911	1,611	-35	-115
Other financial income/expense, net	98	326	96	324	2	2
EBIT	15,334	15,047	14,260	13,113	1,074	1,934
Interest income/expense	300	-145	300	-141	-	-4
Profit before income taxes	15,634	14,902	14,560	12,972	1,074	1,930
Income taxes	-4,263	-4,120	-3,943	-3,592	-320	-528
Net profit	11,371	10,782	10,617	9,380	754	1,402
thereof profit attributable to non-controlling interests	227	262				
thereof profit attributable to shareholders of Mercedes-Benz Group AG	11,144	10,520				
Earnings per share (in euros) for profit attributable to shareholders of Mercedes-Benz Group AG						
Basic	10.47	9.83				
Diluted	10.47	9.83				

C.07

EBIT for the nine-month period ended 30 Sept

	Mercedes-Benz Group	Mercedes-Benz Cars	Mercedes-Benz Vans	Mercedes-Benz Mobility	Reconciliation
In millions of euros					
Q1-3 2023					
Revenue	112,957	83,187	14,677	19,706	-4,613
Cost of sales	-86,559	-62,747	-11,059	-17,250	4,497
Gross profit	26,398	20,440	3,618	2,456	-116
Selling expenses	-7,252	-5,765	-1,033	-530	76
General administrative expenses	-1,956	-1,148	-190	-627	9
Research and non-capitalized development costs	-4,880	-4,470	-365	-	-45
Other income/expense	3,024	2,255	253	-225	741
EBIT	15,334	11,312	2,283	1,074	665
Legal proceedings (and related measures)	9	36	-24	-	-3
Restructuring measures	-	-	-	-	-
M&A transactions	-	-	-	-	-
Expenses in connection with adjustments of the business activities in Russia	205	-66	-5	276	-
Adjusted EBIT	15,548	11,282	2,254	1,350	662
Return on sales/return on equity (in %)					
		13.6	15.6	10.3	
Adjusted return on sales/return on equity (in %)¹					
		13.6	15.4	12.9	
Q1-3 2022					
Revenue	109,014	81,044	12,103	20,096	-4,229
Cost of sales	-83,766	-61,247	-9,570	-17,046	4,097
Gross profit	25,248	19,797	2,533	3,050	-132
Selling expenses	-7,087	-5,639	-941	-518	11
General administrative expenses	-1,814	-1,079	-191	-563	19
Research and non-capitalized development costs	-4,351	-3,976	-316	-	-59
Other income/expense	3,051	2,994	142	-35	-50
EBIT	15,047	12,097	1,227	1,934	-211
Legal proceedings (and related measures)	451	265	184	-	2
Restructuring measures	-	-	-	-	-
M&A transactions	-623	-863	-36	-	276
Expenses in connection with adjustments of the business activities in Russia	709	658	51	-	-
Adjusted EBIT	15,584	12,157	1,426	1,934	67
Return on sales/return on equity (in %)					
		14.9	10.1	17.7	
Adjusted return on sales/return on equity (in %)¹					
		15.0	11.8	17.7	

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

Cash flows

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

Condensed Consolidated Statement of Cash flows

Table C.08 shows the condensed Consolidated Statement of Cash flows.

C.08

Condensed Consolidated Statement of Cash flows

	Mercedes-Benz Group		Industrial Business		Mercedes-Benz Mobility	
	Q1-3 2023	Q1-3 2022	Q1-3 2023	Q1-3 2022	Q1-3 2023	Q1-3 2022
In millions of euros						
Cash and cash equivalents at beginning of period	17,679	23,182	14,094	18,034	3,585	5,148
thereof cash and cash equivalents classified as assets held for sale at beginning of period	-	62	-	-	-	62
Profit before income taxes	15,634	14,902	14,560	12,972	1,074	1,930
Depreciation and amortization/impairments	4,927	4,914	4,844	4,825	83	89
Other non-cash expenses and income and gains/losses from disposals of assets	-1,994	-1,995	-2,340	-2,151	346	156
Change in operating assets and liabilities						
Inventories	-4,767	-6,180	-4,702	-6,221	-65	41
Trade receivables and trade payables	2,868	4,031	2,655	3,596	213	435
Receivables from financial services	-3,820	-2,786	71	-26	-3,891	-2,760
Vehicles on operating leases	169	3,069	-270	-812	439	3,881
Other operating assets and liabilities	878	-21	403	-276	475	255
Dividends received from equity-method investments	1,371	835	1,371	835	-	-
Income taxes paid	-4,397	-3,316	-3,617	-2,469	-780	-847
Cash flow from operating activities	10,869	13,453	12,975	10,273	-2,106	3,180
Additions to property, plant and equipment and intangible assets	-5,664	-4,743	-5,607	-4,706	-57	-37
Investments in and disposals of shareholdings and other business operations	217	2,029	406	189	-189	1,840
Acquisitions and sales of marketable debt securities and similar investments	244	1,866	392	1,805	-148	61
Other cash flows	196	318	215	270	-19	48
Cash flow from investing activities	-5,007	-530	-4,594	-2,442	-413	1,912
Change in financing liabilities	-1,214	-15,806	1,799	-10,947	-3,013	-4,859
Dividends paid	-5,879	-5,578	-5,761	-5,551	-118	-27
Acquisition of treasury shares	-1,178	-48	-1,178	-48	-	-
Other cash flows	119	29	65	29	54	-
Internal equity and financing transactions	-	-	-4,270	1,192	4,270	-1,192
Cash flow from financing activities	-8,152	-21,403	-9,345	-15,325	1,193	-6,078
Effect of foreign exchange-rate changes on cash and cash equivalents	-251	692	-189	576	-62	116
Cash and cash equivalents at end of period	15,138	15,394	12,941	11,116	2,197	4,278
thereof cash and cash equivalents classified as assets held for sale at end of period	-	17	-	17	-	-

Free cash flow of the industrial business

The free cash flow of the industrial business is regarded as a key performance indicator for the Mercedes-Benz Group. The free cash flow of the industrial business is derived from the reported cash flows from the operating and investing activities in table C.09. The cash flow from sales and purchases of marketable debt securities and similar investments included in cash flow from investing activities are deducted, as those securities are allocated to liquidity and changes in them are thus not a part of the free cash flow. On the other hand, effects in connection with the recognition and measurement of right-of-use assets, which result from lessee accounting and are largely non-cash items, are included in the free cash flow of the industrial business. Other adjustments relate to effects from the financing of the Group's own dealerships and effects from internal deposits within the Group. In addition, the calculation of the free cash flow includes the cash flows to be shown under cash flow from financing activities in connection with the acquisition or disposal of interests in subsidiaries without loss of control.

C.09

Free cash flow of the industrial business

	Q1-3 2023	Q1-3 2022	Change
In millions of euros			
Cash flow from operating activities	12,975	10,273	+2,702
Cash flow from investing activities	-4,594	-2,442	-2,152
Change in marketable debt securities and similar investments	-392	-1,805	+1,413
Right-of-use assets	-162	-366	+204
Other adjustments	47	-11	+58
Free cash flow of the industrial business	7,874	5,649	+2,225
Legal proceedings (and related measures)	342	698	-356
Restructuring measures	101	357	-256
M&A transactions	-144	-116	-28
Adjusted free cash flow of the industrial business	8,173	6,588	+1,585

The free cash flow of the industrial business amounted to €7.9 billion (Q1-3 2022: €5.6 billion). The increase during the first nine months of 2023 was influenced by the following, partly opposing factors:

- Higher profit before income taxes adjusted for non-cash items; partly offset by higher income taxes paid
- Positive development of working capital mainly due to lower inventory build-up compared to the previous year, as well as lower trade receivables; partly offset by a lower increase in trade payables compared to the previous year
- In the previous year, higher payments in connection with ongoing governmental and legal proceedings and related measures taken with regard to Mercedes-Benz diesel vehicles as well as for restructuring measures
- Positive effect from lower increase in vehicles on operating leases compared to the prior-year period
- Higher dividend payments from equity-method investments, in particular Daimler Truck Holding AG and Beijing Benz Automotive Co., Ltd.
- In the first nine months of 2023, cash inflows from the disposal of the sales company in Greece of €0.1 billion and the disposal of the sales and production companies in Indonesia of €0.1 billion as well as from the purchase price payment for the sale of shares in Mercedes-Benz Grand Prix Ltd. of €0.1 billion (Q1-3 2022: cash inflow from the restructuring of the sales activities in Canada of €0.6 billion and cash outflow from the investment in Automotive Cells Company SE of €0.4 billion)

In the interest of greater transparency in reporting on the ongoing business, we additionally calculate and report an **adjusted free cash flow of the industrial business** of €8.2 billion (Q1-3 2022: €6.6 billion) in table C.09. The following adjustments were taken into account in the first nine months of 2023 and 2022:

- The legal proceedings include payments by the industrial business in connection with ongoing governmental and legal proceedings and related measures taken with regard to Mercedes-Benz diesel vehicles

- The restructuring measures include payments made in connection with the programmes for the optimization of personnel costs
- The M&A transactions include the cash inflow from the purchase price payment for the sale of shares in Mercedes-Benz Grand Prix Ltd. (Q1-3 2022: cash inflows from the restructuring of retail activities in Canada, opposing cash outflows from investment in Automotive Cells Company SE)

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

Table C.10 shows the reconciliation of the CFBIT of the automotive segments to the free cash flow of the industrial business.

Free cash flow of the Mercedes-Benz Group

In the first nine months of 2023, the free cash flow of the Mercedes-Benz Group resulted in a cash inflow of €5.9 billion (Q1-3 2022: €11.3 billion). Besides the effects of the free cash flow of the industrial business, the free cash flow of the Mercedes-Benz Group is mainly affected by the leasing and sales-financing business of Mercedes-Benz Mobility.

In the first nine months of 2022, a cash inflow in the amount of €1.1 billion which related to the payments received from the sale of intercompany loans in connection with the sale of various units of the truck financing business and does not legally relate to Mercedes-Benz Mobility was economically allocated to the **cash flow from investing activities of Mercedes-Benz Mobility**. An opposing repayment of the financing liabilities in the same amount was recognized in the cash flow from financing activities of Mercedes-Benz Mobility. In the first nine months of 2023, there were no reclassifications of cash flows between the cash flows from investing activities of the industrial business and Mercedes-Benz Mobility.

Cash flow from financing activities of the Mercedes-Benz Group

In the reporting period, the cash flow from financing activities of the Mercedes-Benz Group (cf. table C.08) resulted in a cash outflow of €8.2 billion (Q1-3 2022: €21.4 billion). The lower cash outflow relative to the same period of the prior year is primarily due to the significantly lower net refinancing in the prior year. This was offset by the payments made in connection with the share buyback programme.

C.10

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

	Q3 2023	Q3 2022	Q1-3 2023	Q1-3 2022
In millions of euros				
CFBIT Mercedes-Benz Cars	2,148	3,374	8,898	7,614
CFBIT Mercedes-Benz Vans	980	434	2,167	1,066
Income taxes paid/refunded	-1,096	-875	-3,617	-2,469
Interest paid/received	133	-179	173	-330
Other reconciling items	182	262	253	-232
Free cash flow of the industrial business	2,347	3,016	7,874	5,649

CFBIT and cash conversion rate of the automotive segments

The CFBIT of the automotive segments is derived from EBIT and the change in net assets, and also includes additions to right-of-use assets. Table C.11 shows the composition of CFBIT for Mercedes-Benz Cars and Mercedes-Benz Vans compared with the prior-year period. In addition, the reconciliation from CFBIT to adjusted CFBIT and the adjusted cash conversion rate for Mercedes-Benz Cars and Mercedes-Benz Vans are shown.

The line Other was impacted, among other things, by dividend payments from equity-method investments, payments for the settlement of payables and provisions recognized in previous years through profit or loss, and, in particular in the first nine months of 2022, by the elimination of non-cash income included in EBIT in connection with the sale of shares in Mercedes-Benz Grand Prix Ltd.

C.11

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

	Mercedes-Benz Cars		Mercedes-Benz Vans	
	Q3 2023	Q3 2022	Q3 2023	Q3 2022
In millions of euros				
EBIT	3,312	4,034	715	497
Change in working capital	-492	-402	134	24
Net financial investments	120	188	-	5
Net investments in property, plant and equipment and intangible assets	-1,928	-1,578	-132	-137
Depreciation and amortization/impairments	1,512	1,549	104	108
Other	-376	-417	159	-63
CFBIT	2,148	3,374	980	434
Legal proceedings (and related measures)	66	166	55	95
Restructuring measures	-	12	-	-
M&A transactions	-19	-	-	-
Adjusted CFBIT	2,195	3,552	1,035	529
Adjusted EBIT	3,357	4,081	743	546
Adjusted cash conversion rate¹	0.7	0.9	1.4	1.0

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

C.12

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

	Mercedes-Benz Cars		Mercedes-Benz Vans	
	Q1-3 2023	Q1-3 2022	Q1-3 2023	Q1-3 2022
In millions of euros				
EBIT	11,312	12,097	2,283	1,227
Change in working capital	-1,809	-2,458	-251	-82
Net financial investments	418	84	-34	49
Net investments in property, plant and equipment and intangible assets	-5,186	-4,578	-424	-239
Depreciation and amortization/impairments	4,530	4,484	312	340
Other	-367	-2,015	281	-229
CFBIT	8,898	7,614	2,167	1,066
Legal proceedings (and related measures)	211	436	134	260
Restructuring measures	92	305	3	16
M&A transactions	-144	-175	-	-43
Adjusted CFBIT	9,057	8,180	2,304	1,299
Adjusted EBIT	11,282	12,157	2,254	1,426
Adjusted cash conversion rate¹	0.8	0.7	1.0	0.9

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

Net liquidity and net debt

The **net liquidity of the industrial business**, which is shown in table C.13, has increased by €1.8 billion to €28.5 billion since 31 December 2022. The increase is mainly due to the positive free cash flow of the industrial business and the transfer of profits from Mercedes-Benz Mobility. This was offset by the dividend paid to the shareholders of Mercedes-Benz Group AG in the second quarter of 2023 and the payments made in connection with the share buyback programme.

As can be seen in table C.08, after taking exchange-rate effects into account, the cash and cash equivalents of the Mercedes-Benz Group have decreased to €15.1 billion since 31 December 2022. Total liquidity as shown in table C.14, which also includes marketable debt securities and similar investments, decreased by €2.7 billion to €22.0 billion. **Net debt** at the Group level, which primarily results from refinancing the leasing and sales-financing business, slightly increased by €0.1 billion to €88.2 billion compared with 31 December 2022.

C.13

Net liquidity of the industrial business

	30 Sept. 2023	31 Dec. 2022	Change
In millions of euros			
Cash and cash equivalents	12,941	14,094	-1,153
Marketable debt securities and similar investments	5,778	6,083	-305
Liquidity	18,719	20,177	-1,458
Financing liabilities ¹	10,968	7,507	+3,461
Market valuation and currency hedges for financing liabilities	-1,202	-1,047	-155
Financing liabilities (nominal)	9,766	6,460	+3,306
Net liquidity	28,485	26,637	+1,848

¹ Financing liabilities include liabilities from refinancing of internal dealerships.

C.14

Net debt of the Mercedes-Benz Group

	30 Sept. 2023	31 Dec. 2022	Change
In millions of euros			
Cash and cash equivalents	15,138	17,679	-2,541
Marketable debt securities and similar investments	6,904	7,060	-156
Liquidity	22,042	24,739	-2,697
Financing liabilities	-109,046	-111,837	+2,791
Market valuation and currency hedges for financing liabilities	-1,200	-1,048	-152
Financing liabilities (nominal)	-110,246	-112,885	+2,639
Net debt	-88,204	-88,146	-58

Refinancing

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

During this period, the Mercedes-Benz Group had a cash inflow of €12.1 billion from the **issuance of bonds** (2022: €1.4 billion). The redemption of bonds resulted in cash outflows of €10.0 billion (2022: €14.2 billion).

In the first nine months of 2023, an **asset-backed securities (ABS) transaction** with a volume of €0.7 billion was conducted in Germany. In the first nine months of 2023, additional ABS transactions were conducted in China generating a volume of CNY17.4 billion and in the United States with a volume of US\$2.5 billion. Also noteworthy is the extension of the asset-backed credit line in the United States with a volume of US\$4.0 billion.

The **“sustainability-linked loan”** of €11.0 billion had not been utilized as of the balance sheet date.

Financial position

As of 30 September 2023, the **balance sheet total** of the Group was slightly above the level of 31 December 2022. Adjusted for exchange-rate effects, there was an increase of €5.7 billion.

Table C.15 shows the condensed Consolidated Statement of Financial Position for the Mercedes-Benz Group as well as for the industrial business and Mercedes-Benz Mobility.

C.15

Condensed Consolidated Statement of Financial Position

	Mercedes-Benz Group		Industrial Business		Mercedes-Benz Mobility	
	30 Sept. 2023	31 Dec. 2022	30 Sept. 2023	31 Dec. 2022	30 Sept. 2023	31 Dec. 2022
In millions of euros						
Assets						
Intangible assets	16,962	15,869	16,396	15,275	566	594
Property, plant and equipment	26,253	27,250	25,959	26,942	294	308
Equipment on operating leases	41,560	41,552	14,257	14,038	27,303	27,514
Receivables from financial services	87,440	85,549	-76	-66	87,516	85,615
Equity-method investments	13,831	13,530	13,532	13,259	299	271
Inventories	29,763	25,621	28,891	24,906	872	715
Trade receivables	7,489	8,100	6,900	7,328	589	772
Cash and cash equivalents	15,138	17,679	12,941	14,094	2,197	3,585
Marketable debt securities and similar investments	6,904	7,060	5,778	6,083	1,126	977
thereof current	6,166	6,237	5,708	5,970	458	267
thereof non-current	738	823	70	113	668	710
Other financial assets	8,410	7,931	-4,811	-5,140	13,221	13,071
Other assets	9,940	9,874	739	772	9,201	9,102
Total assets	263,690	260,015	120,506	117,491	143,184	142,524
Equity and liabilities						
Equity	92,024	86,540	78,275	72,964	13,749	13,576
Provisions	16,270	17,044	15,439	16,211	831	833
Financing liabilities	109,046	111,837	-11,052	-7,549	120,098	119,386
thereof current	45,320	49,786	-20,397	-20,668	65,717	70,454
thereof non-current	63,726	62,051	9,345	13,119	54,381	48,932
Trade payables	14,491	12,204	13,352	11,101	1,139	1,103
Other financial liabilities	7,824	7,928	5,163	5,128	2,661	2,800
Contract and refund liabilities	10,272	10,554	9,946	10,234	326	320
Other liabilities	13,763	13,908	9,383	9,402	4,380	4,506
Total equity and liabilities	263,690	260,015	120,506	117,491	143,184	142,524

Mercedes-Benz Mobility accounts for 54% of the Mercedes-Benz Group's balance sheet total, almost unchanged from 31 December 2022. Current assets account for 40% of the balance sheet total and are at the prior-year level. Current liabilities amount to 32% of the balance sheet total and are below the prior-year level.

The disposal of the Russian subsidiaries was completed in April 2023. As a result, assets of €1.0 billion and liabilities of €1.1 billion were deconsolidated in the second quarter of 2023.

Assets

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

Receivables from financial services increased due to the growth in sales-financing in North America. At 49%, the leasing and sales-financing business as a proportion of total assets has remained at the same level as the previous year.

Oppositely, the **cash and cash equivalents** decreased, as can be seen in the condensed Consolidated Statement of Cash Flows.

Liabilities and equity

The Group's **equity** increased, in particular as a result of the positive earnings development within the first nine months. The Group's **equity ratio** increased to 34.9% (31 December 2022: 33.3%); the equity ratio for the industrial business was 65.0% (31 December 2022: 62.1%).

Provisions of €16.3 billion were below the level of €17.0 billion as of 31 December 2022. This was in particular due to the decrease in provisions for other risks.

Financing liabilities of €109.0 billion were below the level of the previous year (31 December 2022: €111.8 billion). The decrease was due to the lower net refinancing as a result of the positive liquidity situation.

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

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

Table C.16 shows the derivation of net assets of the automotive segments. They relate to the operating assets and liabilities for which the segments are responsible.

C.16

Derivation of net assets of the automotive segments

	Mercedes-Benz Cars		Mercedes-Benz Vans	
	30 Sept.	31 Dec.	30 Sept.	31 Dec.
	2023	2022	2023	2022
In millions of euros				
Intangible assets	15,001	13,988	1,387	1,276
Property, plant and equipment	24,050	25,010	1,911	1,936
Inventories	25,715	22,419	3,268	2,558
Trade receivables	5,803	6,083	1,097	1,244
Other segment assets	25,114	24,408	2,865	3,022
Segment assets	95,683	91,908	10,528	10,036
Trade payables	11,697	9,838	1,637	1,259
Other segment liabilities	41,395	42,126	7,732	7,766
Segment liabilities	53,092	51,964	9,369	9,025
Net assets	42,591	39,944	1,159	1,011

Outlook

Automotive markets

With regional differences the overall growth momentum of the **world economy** is likely to remain rather subdued in the rest of the year. Above all, the still above-average inflation in many places and the persistently restrictive monetary policy of key central banks are likely to continue to weigh on growth. Global gross domestic product is correspondingly expected to increase by only around 2.5% in 2023 as a whole. Geopolitical imponderables remain another major factor of uncertainty. In contrast, energy prices should be at a significantly lower level on average in 2023 than in the previous year, despite the recent volatility.

The development of the automotive markets is likely to continue to be determined by the normalization of the global supply situation and the gradual reduction of order backlogs, as in previous quarters. By contrast, consumer demand is expected to remain subdued in important markets. Overall, however, the global **car market** is now expected to show a significant increase compared to the previous year. The European market, despite a weaker outlook for the rest of the year, is expected to grow significantly in 2023 as a whole. The US light vehicle market is also likely to grow significantly. The car market in China is expected to increase slightly.

The outlook for important **van markets** is comparatively favourable for the full year 2023. In Europe, the market segment for mid-size and large vans is likely to experience significant growth. A considerable increase is also expected for the small van segment in Europe. The US market for large vans is expected to increase substantially as well. The Chinese market segment for mid-size vans is also expected to show significant growth.

Overview of forecast key figures

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

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

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

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

- Unit sales: now significantly above the prior-year level
- Revenue: now significantly above the prior-year level
- Adjusted return on sales: now 13–15%
- Adjusted cash conversion rate: now 0.7–0.9
- Investments in property, plant and equipment: significantly above the prior-year level
- Research and development expenditures: significantly above the prior-year level

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

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

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

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

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

Risk and opportunity report

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

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

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

Business risks, company-specific risks and financial risks

Due to the shorter observation horizon, the possible financial impacts of the risks have decreased overall for the fourth quarter of 2023. This development is also reflected in changes that have been described in the following risk categories since first quarter significant changes compared to the Annual Report 2022:

Procurement-market risks

The procurement-market risks for the remainder of 2023 have decreased from High to Low, primarily due to the stabilization on the energy markets, the price development for energy supplies and the shorter observation horizon.

Country risks

In the Annual Report 2022, the country risks also included the risk assessment in connection with business activities in Russia. For 2023, country risks have decreased from High to Low mainly due to the sale of the shares in the Russian subsidiaries of the Mercedes-Benz Group and the shorter observation horizon.

Legal and tax risks

Legal risks

As already reported, the Environmental Protection Commission of Hillsborough County, Florida, asserts in a lawsuit filed in September 2020, that, amongst others, Mercedes-Benz Group AG and MBUSA violated municipal regulations prohibiting vehicle tampering and other conduct by using alleged devices claimed to impair the effectiveness of emission control systems. The lawsuit was dismissed in the third quarter of 2022. The plaintiff's appeal to this decision was dismissed in the third quarter of 2023. The decision is final and the proceedings are concluded. Therefore, the risk for the Mercedes-Benz Group associated with the proceedings no longer exists.

Furthermore, as previously reported, the following significant developments occurred since the last Annual Report:

Following a decision of the European Court of Justice in the first quarter of 2023, the German Federal Court of Justice ruled in the second quarter of 2023 that vehicle purchasers are entitled to claim damages against the manufacturer if it intentionally or negligently used an inadmissible defeat device. Mercedes-Benz Group AG and the respective other affected companies of the Group regard these lawsuits as being without merit and continue to defend themselves against the claims.

Interim Consolidated Financial Statements

Consolidated Statement of Income/Loss Q3

D.01

	Q3 2023	Q3 2022
In millions of euros		
Revenue	37,200	37,716
Cost of sales	-29,166	-28,934
Gross profit	8,034	8,782
Selling expenses	-2,368	-2,456
General administrative expenses	-606	-614
Research and non-capitalized development costs	-1,541	-1,525
Other operating income	507	491
Other operating expense	-53	-259
Gains/losses on equity-method investments, net	833	719
Other financial income/expense, net	36	58
Earnings before interest and taxes (EBIT)	4,842	5,196
Interest income	190	63
Interest expense	-52	-93
Profit before income taxes	4,980	5,166
Income taxes	-1,261	-1,168
Net profit	3,719	3,998
thereof profit attributable to non-controlling interests	83	75
thereof profit attributable to shareholders of Mercedes-Benz Group AG	3,636	3,923
Earnings per share (in euros)		
for profit attributable to shareholders of Mercedes-Benz Group AG		
Basic	3.44	3.66
Diluted	3.44	3.66

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

Consolidated Statement of Income/Loss Q1-3

D.02

	Q1-3 2023	Q1-3 2022
In millions of euros		
Revenue	112,957	109,014
Cost of sales	-86,559	-83,766
Gross profit	26,398	25,248
Selling expenses	-7,252	-7,087
General administrative expenses	-1,956	-1,814
Research and non-capitalized development costs	-4,880	-4,351
Other operating income	1,512	2,395
Other operating expense	-462	-1,166
Gains/losses on equity-method investments, net	1,876	1,496
Other financial income/expense, net	98	326
Earnings before interest and taxes (EBIT)	15,334	15,047
Interest income	500	157
Interest expense	-200	-302
Profit before income taxes	15,634	14,902
Income taxes	-4,263	-4,120
Net profit	11,371	10,782
thereof profit attributable to non-controlling interests	227	262
thereof profit attributable to shareholders of Mercedes-Benz Group AG	11,144	10,520
Earnings per share (in euros)		
for profit attributable to shareholders of Mercedes-Benz Group AG		
Basic	10.47	9.83
Diluted	10.47	9.83

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

Consolidated Statement of Comprehensive Income/Loss Q3

D.03

	Q3 2023	Q3 2022
In millions of euros		
Net profit	3,719	3,998
Gains/losses from currency translation	436	668
Gains/losses on debt instruments	2	-9
Gains/losses on derivative financial instruments	-256	-136
Gains/losses on equity-method investments	63	159
Items that may be reclassified to profit/loss in the Statement of Income in the future	245	682
Actuarial gains/losses from pensions and similar obligations	386	-113
Gains/losses on equity instruments	-59	-120
Gains/losses on equity-method investments	11	-59
Items that will not be reclassified to profit/loss in the Statement of Income	338	-292
Other comprehensive income/loss after taxes	583	390
thereof income/loss attributable to non-controlling interests after taxes	14	-4
thereof income/loss attributable to shareholders of Mercedes-Benz Group AG after taxes	569	394
Total comprehensive income/loss	4,302	4,388
thereof income/loss attributable to non-controlling interests	97	71
thereof income/loss attributable to shareholders of Mercedes-Benz Group AG	4,205	4,317

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

Consolidated Statement of Comprehensive Income/Loss Q1-3

D.04

	Q1-3 2023	Q1-3 2022
In millions of euros		
Net profit	11,371	10,782
Gains/losses from currency translation	-162	1,884
Gains/losses on debt instruments	4	-35
Gains/losses on derivative financial instruments	660	115
Gains/losses on equity-method investments	-97	348
Items that may be reclassified to profit/loss in the Statement of Income in the future	405	2,312
Actuarial gains/losses from pensions and similar obligations	902	2,220
Gains/losses on equity instruments	114	-291
Gains/losses on equity-method investments	-1	284
Items that will not be reclassified to profit/loss in the Statement of Income	1,015	2,213
Other comprehensive income/loss after taxes	1,420	4,525
thereof income/loss attributable to non-controlling interests after taxes	-69	22
thereof income/loss attributable to shareholders of Mercedes-Benz Group AG after taxes	1,489	4,503
Total comprehensive income/loss	12,791	15,307
thereof income/loss attributable to non-controlling interests	158	284
thereof income/loss attributable to shareholders of Mercedes-Benz Group AG	12,633	15,023

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

Consolidated Statement of Financial Position

D.05

	30 Sept. 2023	31 Dec. 2022
In millions of euros		
Assets		
Intangible assets	16,962	15,869
Property, plant and equipment	26,253	27,250
Equipment on operating leases	41,560	41,552
Equity-method investments	13,831	13,530
Receivables from financial services	49,147	48,237
Marketable debt securities and similar investments	738	823
Other financial assets	4,526	4,478
Deferred tax assets	2,958	3,725
Other assets	2,535	1,677
Total non-current assets	158,510	157,141
Inventories	29,763	25,621
Trade receivables	7,489	8,100
Receivables from financial services	38,293	37,312
Cash and cash equivalents	15,138	17,679
Marketable debt securities and similar investments	6,166	6,237
Other financial assets	3,884	3,453
Other assets	4,447	4,472
Total current assets	105,180	102,874
Total assets	263,690	260,015

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

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	30 Sept. 2023	31 Dec. 2022
In millions of euros		
Equity and liabilities		
Share capital	3,070	3,070
Capital reserves	11,718	11,718
Retained earnings	74,186	67,695
Other reserves	3,538	2,932
Treasury shares	-1,502	-
Equity attributable to shareholders of Mercedes-Benz Group AG	91,010	85,415
Non-controlling interests	1,014	1,125
Total equity	92,024	86,540
Provisions for pensions and similar obligations	996	1,021
Provisions for other risks	6,432	6,438
Financing liabilities	63,726	62,051
Other financial liabilities	2,159	2,524
Deferred tax liabilities	7,407	6,910
Deferred income	1,223	1,234
Contract and refund liabilities	3,549	3,656
Other liabilities	1,101	1,238
Total non-current liabilities	86,593	85,072
Trade payables	14,491	12,204
Provisions for other risks	8,842	9,585
Financing liabilities	45,320	49,786
Other financial liabilities	5,665	5,404
Deferred income	1,438	1,391
Contract and refund liabilities	6,723	6,898
Other liabilities	2,594	3,135
Total current liabilities	85,073	88,403
Total equity and liabilities	263,690	260,015

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

Consolidated Statement of Cash Flows

D.06

	Q1-3 2023	Q1-3 2022
In millions of euros		
Profit before income taxes	15,634	14,902
Depreciation and amortization/impairments	4,927	4,914
Other non-cash expense and income	-1,972	-1,243
Gains (-)/losses (+) from disposals of assets	-22	-752
Change in operating assets and liabilities		
Inventories	-4,767	-6,180
Trade receivables and trade payables	2,868	4,031
Receivables from financial services	-3,820	-2,786
Vehicles on operating leases	169	3,069
Other operating assets and liabilities	878	-21
Dividends received from equity-method investments	1,371	835
Income taxes paid	-4,397	-3,316
Cash flow from operating activities	10,869	13,453
Additions to property, plant and equipment	-2,559	-2,427
Additions to intangible assets	-3,105	-2,316
Proceeds from disposals of property, plant and equipment and intangible assets	177	280
Investments in shareholdings	-278	-834
Proceeds from disposals of shareholdings and other business operations	495	2,863
Acquisition of marketable debt securities and similar investments	-4,577	-984
Proceeds from sales of marketable debt securities and similar investments	4,821	2,850
Other cash flows	19	38
Cash flow from investing activities	-5,007	-530
Change in financing liabilities	-1,214	-15,806
Dividend paid to shareholders of Mercedes-Benz Group AG	-5,556	-5,349
Dividends paid to non-controlling interests	-323	-229
Acquisition of treasury shares	-1,178	-48
Other cash flows	119	29
Cash flow from financing activities	-8,152	-21,403
Effect of foreign exchange-rate changes on cash and cash equivalents	-251	692
Change in cash and cash equivalents	-2,541	-7,788
Cash and cash equivalents at beginning of period	17,679	23,182
Less cash and cash equivalents classified as assets held for sale at beginning of period	-	62
Cash and cash equivalents at beginning of period (Consolidated Statement of Financial Position)	17,679	23,120
Cash and cash equivalents at end of period	15,138	15,394
Less cash and cash equivalents classified as assets held for sale at end of period	-	17
Cash and cash equivalents at end of period (Consolidated Statement of Financial Position)	15,138	15,377

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

Consolidated Statement of Changes in Equity

D.07

	Share capital	Capital reserves	Retained earnings	Currency translation	Other reserves Equity instruments/ debt instruments
In millions of euros					
Balance at 1 Jan. 2022	3,070	11,723	55,926	1,691	202
Net profit	-	-	10,520	-	-
Other comprehensive income/loss after taxes	-	-	2,499	2,185	-317
Total comprehensive income/loss	-	-	13,019	2,185	-317
Dividends	-	-	-5,349	-	-
Changes in the consolidated group	-	-	-	-	-
Acquisition of treasury shares	-	-	-	-	-
Issue and disposal of treasury shares	-	-	-	-	-
Other	-	-2	19	-	-9
Balance at 30 Sept. 2022	3,070	11,721	63,615	3,876	-124
Balance at 1 Jan. 2023	3,070	11,718	67,695	2,161	-241
Net profit	-	-	11,144	-	-
Other comprehensive income/loss after taxes	-	-	902	-187	119
Total comprehensive income/loss	-	-	12,046	-187	119
Dividends	-	-	-5,556	-	-
Capital increase/Issue of new shares	-	-	-	-	-
Acquisition of treasury shares	-	-	-	-	-
Issue and disposal of treasury shares	-	-	-	-	-
Other	-	-	1	-	-1
Balance at 30 Sept. 2023	3,070	11,718	74,186	1,974	-123

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

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Derivative financial instruments	Treasury shares	Equity attributable to shareholders of Mercedes-Benz Group AG	Non- controlling interests	Total equity	
In millions of euros					
-661	-	71,951	1,216	73,167	Balance at 1 Jan. 2022
-	-	10,520	262	10,782	Net profit
136	-	4,503	22	4,525	Other comprehensive income/loss after taxes
136	-	15,023	284	15,307	Total comprehensive income/loss
-	-	-5,349	-248	-5,597	Dividends
-	-	-	-29	-29	Changes in the consolidated group
-	-48	-48	-	-48	Acquisition of treasury shares
-	48	48	-	48	Issue and disposal of treasury shares
-40	-	-32	1	-31	Other
-565	-	81,593	1,224	82,817	Balance at 30 Sept. 2022
1,012	-	85,415	1,125	86,540	Balance at 1 Jan. 2023
-	-	11,144	227	11,371	Net profit
655	-	1,489	-69	1,420	Other comprehensive income/loss after taxes
655	-	12,633	158	12,791	Total comprehensive income/loss
-	-	-5,556	-323	-5,879	Dividends
-	-	-	54	54	Capital increase/Issue of new shares
-	-1,568	-1,568	-	-1,568	Acquisition of treasury shares
-	66	66	-	66	Issue and disposal of treasury shares
20	-	20	-	20	Other
1,687	-1,502	91,010	1,014	92,024	Balance at 30 Sept. 2023

Notes to the Interim Consolidated Financial Statements

1. Basis of preparation

General information

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

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

The reporting period of the Interim Financial Statements is the period from 1 January 2023 to 30 September 2023.

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

The Board of Management authorized the Interim Report for publication on 25 October 2023.

The Interim Financial Statements should be read in conjunction with the audited and published IFRS Consolidated Financial Statements and Notes thereto of 31 December 2022. The accounting policies applied by the Group in these Interim Financial Statements fundamentally correspond with those applied for the Consolidated Financial Statements for the year 2022.

Mercedes-Benz Group AG is a public limited liability company organized under the laws of the Federal Republic of Germany. The Company is entered in the Commercial Register of the Stuttgart District Court under the number HRB 19360 and its registered office is located at Mercedesstraße 120, 70372 Stuttgart, Germany.

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

Issued IFRS but not yet endorsed by the EU

In December 2021, the OECD published guidelines for a new global minimum tax framework aimed at curbing tax avoidance and profit shifting by multinational corporations. EU member states unanimously agreed in December 2022 to implement these rules in the form of a directive. This directive must be transposed into the national law of the member states by 31 December 2023 in order to be applicable for financial years beginning after that date. As of the reporting date, these rules have neither been fully nor substantively enacted into German law. In May 2023, the IASB published **International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12)** in order to introduce a mandatory temporary exemption from the requirements in IAS 12 Income Taxes for the recognition and disclosure of information on deferred tax assets and liabilities. The amendments also introduce disclosure requirements that will apply immediately after endorsement by the EU. The Mercedes-Benz Group is currently analysing the potential future impact of these new regulations on the Group.

2. Other significant acquisitions and disposals of investments

Sale of shares in the Russian subsidiaries

On 2 March 2022, the Mercedes-Benz Group decided to stop exporting cars and vans to Russia and to cease local production in Russia until further notice. At the end of October 2022, the Mercedes-Benz Group signed contracts with the Russian car dealer Avtodom AO for the sale of the shares in the Russian subsidiaries.

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

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

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

With the closing of the transaction on 19 April 2023, the shares of Russian subsidiaries were deconsolidated.

The sale of the Russian subsidiaries resulted in no significant cash inflow. This leads to a cash outflow in the amount of the disposed cash and cash equivalents of €91 million, which is mainly attributable to the Mercedes-Benz Mobility segment.

The assets of €976 million disposed of with the deconsolidation essentially include property, plant and equipment of €290 million and receivables from financial services of €280 million. In addition, cash and cash equivalents of €91 million are included. The disposed liabilities of €1,065 million include in particular provisions of €636 million and financing liabilities of €347 million. The Group had issued a global guarantee for the financing liabilities to financial institutions, which ended when the transaction was completed. The contingent liabilities reported as of 31 December 2022 in connection with the cessation of business activities in Russia were also derecognized upon completion of the transaction.

The transaction costs amounted to €3 million. After realizing the currency reserve of €291 million, a loss on disposal of €205 million resulted. This was reported in other operating expenses. Expenses of €276 million were attributable to the Mercedes-Benz Mobility segment; the Mercedes-Benz Cars and Mercedes-Benz Vans segments generated income of €66 million and €5 million, respectively.

Sale of Daimler's commercial vehicle business

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

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

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

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

The valuation and sale and the transfer of the Mercedes-Benz Mobility companies resulted in net expenses of €184 million in the whole of 2022, which were reported in the reconciliation in the segment reporting. Income of €32 million was realized for the operating investments and business activities disposed of in 2022 as a whole, in particular in the Mercedes-Benz Cars segment. In total, expenses of €58 million were recognized from the realization of the currency reserve. Expenses from the valuation and sale and transfer of investments and business operations of the commercial vehicles business of the Mercedes-Benz Mobility segment of €96 million were included in the third quarter of 2022. The figure amounted to €315 million in the first nine months of 2022.

In the first nine months of 2023 this had no material effects on the profitability, cash flows and financial position.

Sale of retail activities and other sales companies

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

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

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

Sale of Indonesian sales and production entities

The Mercedes-Benz Group sold its subsidiaries in Indonesia to a local investor with effect from 29 September 2023. The sale of both companies resulted in a preliminary income of €103 million and a cash inflow of €140 million which is allocated to the Mercedes-Benz Cars segment. Assets decreased by €141 million and liabilities by €102 million as a result of deconsolidation.

Sale of interests in Mercedes-Benz Grand Prix Ltd.

In the fourth quarter of 2021, the Mercedes-Benz Group signed the contractual agreements with Motorsports Invest Ltd. and INEOS Industries Holdings Ltd. on the sale of shares of Mercedes-Benz Grand Prix Ltd. Some of the agreements concluded already took effect in 2021. When the other agreements became effective in January 2022, the Group lost control over Mercedes-Benz Grand Prix Ltd. and included the remaining 33.3% interest in the company in the Consolidated Financial Statements using the equity method. The sale of the shares resulted in other operating income of €385 million in the Mercedes-Benz Cars segment in the first quarter of 2022. The purchase price payment agreed for 2023 resulted in a cash inflow of €144 million.

3. Revenue

Revenue disclosed in the Consolidated Statement of Income/Loss includes revenue from contracts with customers in the scope of IFRS 15 (revenue according to IFRS 15) and other revenue not in the scope of IFRS 15.

Revenue according to IFRS 15 is disaggregated by the two categories – type of products and services, and geographical regions – and presented in tables D.08 and D.09. The category type of products and services corresponds to the reported segments.

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

D.08

Revenue for the three-month period ended 30 Sept

	Mercedes-Benz Cars	Mercedes-Benz Vans	Mercedes-Benz Mobility	Total segments	Reconciliation ¹	Mercedes-Benz Group
In millions of euros						
Q3 2023						
Europe	9,878	2,776	1,344	13,998	-745	13,253
North America	5,584	1,231	1,248	8,063	-54	8,009
Asia	9,240	274	41	9,555	-1	9,554
Other markets	1,569	461	30	2,060	-	2,060
Revenue according to IFRS 15	26,271	4,742	2,663	33,676	-800	32,876
Other revenue	860	197	3,898	4,955	-631	4,324
Total revenue	27,131	4,939	6,561	38,631	-1,431	37,200
Q3 2022						
Europe	8,904	2,555	1,245	12,704	-717	11,987
North America	6,454	900	1,464	8,818	-20	8,798
Asia	11,067	311	33	11,411	-	11,411
Other markets	1,468	427	18	1,913	-	1,913
Revenue according to IFRS 15	27,893	4,193	2,760	34,846	-737	34,109
Other revenue	316	116	3,839	4,271	-664	3,607
Total revenue	28,209	4,309	6,599	39,117	-1,401	37,716

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

D.09

Revenue for the nine-month period ended 30 Sept

	Mercedes- Benz Cars	Mercedes- Benz Vans	Mercedes- Benz Mobility	Total segments	Reconciliation ¹	Mercedes- Benz Group
In millions of euros						
Q1-3 2023						
Europe	28,697	8,828	4,079	41,604	-2,553	39,051
North America	19,201	3,146	4,043	26,390	-183	26,207
Asia	29,234	738	102	30,074	-3	30,071
Other markets	3,866	1,369	73	5,308	-	5,308
Revenue according to IFRS 15	80,998	14,081	8,297	103,376	-2,739	100,637
Other revenue	2,189	596	11,409	14,194	-1,874	12,320
Total revenue	83,187	14,677	19,706	117,570	-4,613	112,957
Q1-3 2022						
Europe	26,360	7,067	3,722	37,149	-2,283	34,866
North America	17,749	2,640	4,837	25,226	-38	25,188
Asia	31,593	835	104	32,532	-7	32,525
Other markets	4,402	1,115	58	5,575	-	5,575
Revenue according to IFRS 15	80,104	11,657	8,721	100,482	-2,328	98,154
Other revenue	940	446	11,375	12,761	-1,901	10,860
Total revenue	81,044	12,103	20,096	113,243	-4,229	109,014

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

4. Functional costs

Cost of sales was at the prior-year level in the third quarter of 2023. In the first nine months of the year 2023, cost of sales increased slightly compared to the prior-year period. The development of cost of sales is correlated to the development of revenue. The increase of cost of sales in the first nine months of the year 2023 resulted primarily from higher raw material prices and expenses paid to suppliers for additional costs due to inflation and supply chains. The first nine months of the year 2022 included expenses in connection with the discontinuation of business activities in Russia.

The **selling expenses** were at the prior-year level in the third quarter as well as in the first nine months of the year 2023.

The **general administrative expenses** were at the prior-year level in the third quarter. In the first nine months of 2023, general administrative expenses increased slightly compared to the same period of the previous year.

Research and non-capitalized development costs were at the prior-year level in the third quarter. Research and non-capitalized development costs in the first nine months of 2023 were significantly above the level of the prior-year period. The increase in the first nine months is due to higher expenditures for new vehicles and future technologies.

5. Other operating income and expense

Other operating income amounted to €507 million in the third quarter of 2023 (Q3 2022: €491 million) and €1,512 million in the first nine months of 2023 (Q1-3 2022: €2,395 million).

The drop in other operating income in the first nine months of the year 2023 resulted mainly from other operating income recognized in the comparison period from the sale of the retail activities in Canada (€514 million) and of shares in Mercedes-Benz Grand Prix Ltd. (€385 million).

Other operating expense was €53 million in the third quarter of 2023 (Q3 2022: €259 million) and €462 million in the first nine months of 2023 (Q1-3 2022: €1,166 million).

The decrease in other operating expense in the third quarter as well as in the first nine months of the year 2023 mainly resulted from decreased expenses in connection with ongoing governmental and court proceedings and measures taken relating to Mercedes-Benz diesel vehicles.

The loss of €205 million from the deconsolidation of the shares in the Russian subsidiaries booked in other operating expense in the first nine months of the year 2023 is mainly attributable to the Mercedes-Benz Mobility segment.

In the third quarter of 2022 expenses of €96 million and in the first nine months of the year 2022 expenses of €315 million resulted from the valuation as well as the sale and transfer of investments and business operations of the commercial vehicle business of the Mercedes-Benz Mobility segment, which are reported in the reconciliation.

6. Other financial income/expense, net

Table D.10 shows the components of other financial income/expense, net.

D.10

Other financial income/expense, net

	Q3 2023	Q3 2022	Q1-3 2023	Q1-3 2022
In millions of euros				
Income and expense from compounding and effects from changes in discount rates of provisions for other risks	-74	68	-194	570
Miscellaneous other financial income/expense, net	110	-10	292	-244
	36	58	98	326

In both reporting periods in 2023 miscellaneous other financial income/expense, net primarily comprised income (net expense in the prior-year period) from the valuation of financial assets and liabilities. In addition, as of September 2023, higher dividends from equity instruments

also contributed to an increase in miscellaneous other financial income/expense, net. The prior-year period, in contrast, was affected in particular by the negative measurement of the equity instruments.

7. Interest income and interest expense

The composition of interest income and interest expense is shown in table D.11.

D.11

Interest income and interest expense

	Q3 2023	Q3 2022	Q1-3 2023	Q1-3 2022
In millions of euros				
Interest income				
Net interest income on the net assets of defined-benefit pension plans	8	2	23	6
Interest and similar income	182	61	477	151
	190	63	500	157
Interest expense				
Net interest expense on the net obligation from defined-benefit pension plans	-10	-15	-30	-45
Interest and similar expenses	-42	-78	-170	-257
	-52	-93	-200	-302

8. Income taxes

Table D.12 shows profit before income taxes, income taxes and the derived effective tax rate.

D.12

Income taxes

	Q3 2023	Q3 2022	Q1-3 2023	Q1-3 2022
In millions of euros				
Profit before income taxes	4,980	5,166	15,634	14,902
Income taxes	-1,261	-1,168	-4,263	-4,120
Tax rate	25.3%	22.6%	27.3%	27.6%

9. Intangible assets

The composition of intangible assets is shown in table D.13.

D.13

Intangible assets

	30 Sept. 2023	31 Dec. 2022
In millions of euros		
Goodwill	753	749
Development costs	14,484	13,537
Other intangible assets	1,725	1,583
	16,962	15,869

10. Property, plant and equipment

Property, plant and equipment as presented in the Consolidated Statement of Financial Position with a carrying amount of €26,253 million (2022: €27,250 million) also includes right-of-use assets of €2,305 million (2022: €2,726 million), that the Group received as lessee.

Table D.14 shows the composition of property, plant and equipment excluding right-of-use assets.

D.14

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

	30 Sept. 2023	31 Dec. 2022
In millions of euros		
Land, land rights and buildings, including buildings on land owned by others	7,620	7,988
Technical equipment and machinery	7,670	8,170
Other equipment, factory and office equipment	6,549	6,866
Advance payments and construction in progress	2,109	1,500
	23,948	24,524

11. Equipment on operating leases

At 30 September 2023, the carrying amount of equipment on operating leases was €41,560 million (2022: €41,552 million). In the first nine months of 2023, additions amounted to €15,115 million (Q1-3 2022: €12,568 million) and disposals to €10,018 million (Q1-3 2022: €10,242 million). Depreciation in the first nine months of 2023 was €5,313 million (Q1-3 2022: €5,512 million).

12. Equity-method investments

Table D.15 shows the composition of the carrying amounts and the gains/losses on equity-method investments.

D.15

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

	Associated companies	Joint ventures	Total
In millions of euros			
30 Sept. 2023			
Equity-method carrying amount ¹	13,015	816	13,831
Equity-method gains/losses (Q3 2023) ¹	839	-6	833
Equity-method gains/losses (Q1-3 2023) ¹	1,920	-44	1,876
31 Dec. 2022			
Equity-method carrying amount ¹	12,539	991	13,530
Equity-method gains/losses (Q3 2022) ¹	762	-43	719
Equity-method gains/losses (Q1-3 2022) ¹	1,581	-85	1,496

¹ Including investor-level adjustments.

Associated companies

Income from associated companies includes in particular the pro-rata earnings of **Beijing Benz Automotive Co., Ltd. (BBAC)**. In the second quarter of 2023 the shareholders of BBAC resolved the distribution of a dividend of €903 million. The distribution reduced the shareholding's carrying amount and caused a cash inflow of €897 million. This equity interest is allocated to the Mercedes-Benz Cars segment.

The pro-rata earnings of **Daimler Truck Holding AG (Daimler Truck)** included in the Mercedes-Benz Group's Financial Statements are best possible estimates based on consensus data. The result in the first nine months of 2023 amounted to €567 million (Q1-3 2022: €165 million). Of this €259 million are accounted for in the third quarter (Q3 2022: €186 million). In the first quarter of 2022, the pro-rata earnings included income of €59 million from the contribution of approximately 5% of the shares in Daimler Truck to the Mercedes-Benz Pension Trust e.V. With the approval of the Supervisory Board, the Board of Management of Daimler Truck resolved a share buyback programme on 10 July 2023. The acquisition of the treasury shares on the stock exchange began on 2 August 2023. During the share buyback programme, the

Mercedes-Benz Group did not sell any of its Daimler Truck shares. Consequently a shareholding of 30.25% is assumed for the development of the equity-method investment as of 30 September 2023. In June 2023, the Annual General Meeting of Daimler Truck resolved a dividend of €1.30 per share. The distribution led to a cash inflow of €321 million and reduced the carrying amount of the investment accordingly. The investment is reported in the reconciliation.

As part of a strategic realignment and refinancing of Here International B.V. (HERE) the Mercedes-Benz Group, along with other shareholders of the associated company **There Holding B.V. (THBV)**, injected additional equity of €118 million into THBV via Mercedes-Benz AG in the first half of 2023. The capital increases led to a corresponding increase in the equity-method carrying amount. The funds from the capital injection were transferred by THBV to HERE in order to increase HERE's liquidity.

The strategic repositioning led to a reassessment of the business development of HERE in the second quarter of 2023. Due to this THBV recognized an impairment on the carrying amount of HERE. The proportionate expenses attributable to the Group from the impairment of €92 million are included in the line item gains/losses on equity-method investments and reported in the Mercedes-Benz Cars segment.

13. Receivables from financial services

Receivables from financial services are shown in the following table:

D.16

Receivables from financial services

	30 Sept. 2023			31 Dec. 2022		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Sales financing with customers	18,161	32,106	50,267	19,188	32,223	51,411
Sales financing with dealers	13,455	4,519	17,974	11,198	3,504	14,702
Finance lease contracts	6,749	12,291	19,040	7,009	12,296	19,305
Residual-value receivables	348	849	1,197	439	890	1,329
Gross carrying amount	38,713	49,765	88,478	37,834	48,913	86,747
Loss allowances	-420	-618	-1,038	-522	-676	-1,198
Net carrying amount	38,293	49,147	87,440	37,312	48,237	85,549

14. Inventories

Inventories are comprised as follows:

D.17

Inventories

	30 Sept. 2023	31 Dec. 2022
In millions of euros		
Raw materials and manufacturing supplies	2,991	2,909
Work in progress	3,709	3,491
Finished goods, spare parts and products held for resale	22,838	19,058
Advance payments	225	163
	29,763	25,621

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

15. Equity

Approved capital

The Annual General Meeting held on 5 April 2018 authorized the Board of Management, with the consent of the Supervisory Board, to increase the share capital of Mercedes-Benz Group AG in the period until 4 April 2023, by up to a total of €1.0 billion in exchange for cash and/or non-cash contributions (Approved Capital 2018). No use was made of this authorization.

The Annual General Meeting held on 3 May 2023 authorized the Board of Management again to increase the share capital by up to a total of €1.0 billion by 2 May 2028 with the approval of the Supervisory Board against cash and/or non-cash contributions (Approved Capital 2023). The authorization provides opportunity, with the consent of the Supervisory Board to exclude shareholders' subscription rights under certain conditions and within defined limits.

Share buyback programme

On the basis of the authorization to acquire the Company's own shares given by the Annual General Meeting on 8 July 2020, the Board of Management, with the approval of the Supervisory Board, resolved a share buyback programme on 16 February 2023. The acquisition of treasury shares worth up to €4 billion (not including incidental costs) on the stock exchange over a period of up to two years began on 3 March 2023. The repurchased shares are to be cancelled at a later date. Mercedes-Benz Group AG has separately agreed with Beijing Automotive Group Co., Ltd. and Geely Group that they will each keep their shareholdings in Mercedes-Benz Group AG below ten per cent by divesting their shares on a pro-rata basis concurrently with the share buyback programme.

In the first nine months of 2023 16.3 million of the Company's own shares were repurchased at a purchase price of €1,134 million and transferred to the reserve for treasury shares. Furthermore, a liability of €329 million was recorded for buyback obligations.

Employee share purchase plan

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

Dividend

The Annual General Meeting on 3 May 2023 resolved to pay out a dividend to the shareholders of €5,556 million, equivalent to €5.20 per no-par-value share entitled to a dividend out of the distributable profit 2022 of Mercedes-Benz Group AG of €5,563 million (2022: €5,349 million, equivalent to €5.00 per no-par-value share entitled to a dividend). The dividend was paid out on 8 May 2023. For the 1.3 million treasury shares held by Mercedes-Benz Group AG at the date of the Annual General Meeting that are not entitled to a dividend, the Annual General Meeting took the resolution to transfer the respective portion of €7 million of the distributable profit to the retained earnings.

16. Pensions and similar obligations

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

The funded status of the pension obligations is shown in table D.18. The present value of the defined benefit obligations has decreased, in particular due to the increase of the discount rate in Germany to 4.2% (31 December 2022: 3.8%). The fair value of the plan assets reflects the positive return in the reporting period.

D.18

Development of funded status

	30 Sept. 2023	31 Dec. 2022
In millions of euros		
Present value of the defined benefit obligations	19,711	20,444
Fair value of plan assets	20,682	20,526
Funded status	971	82
actuarial loss due to asset ceiling	-27	-27
Net defined benefit asset	944	55
thereof recognized in: Other assets	1,594	738
thereof recognized in: Provisions for pensions and similar obligations	-650	-683

17. Provisions for other risks

Provisions for other risks are comprised as shown in table D.19.

D.19

Provisions for other risks

	30 Sept. 2023			31 Dec. 2022		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Product warranties	2,888	3,577	6,465	3,204	3,372	6,576
Personnel and social costs	2,278	2,030	4,308	2,422	2,191	4,613
Litigation risks and regulatory proceedings	1,444	549	1,993	2,217	538	2,755
Other	2,232	276	2,508	1,742	337	2,079
	8,842	6,432	15,274	9,585	6,438	16,023

18. Financing liabilities

Financing liabilities are comprised as follows:

D.20

Financing liabilities

	30 Sept. 2023			31 Dec. 2022		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Notes/bonds	12,357	43,755	56,112	12,104	41,995	54,099
Commercial paper	3,072	-	3,072	2,174	10	2,184
Liabilities to financial institutions	15,520	8,086	23,606	17,488	7,250	24,738
Deposits in the direct banking business	6,758	380	7,138	9,529	1,009	10,538
Liabilities from ABS transactions	6,712	9,567	16,279	7,433	9,452	16,885
Lease liabilities	470	1,729	2,199	598	2,047	2,645
Loans, other financing liabilities	431	209	640	460	288	748
	45,320	63,726	109,046	49,786	62,051	111,837

19. Legal proceedings

As described in the Notes to the Consolidated Financial Statements as of 31 December 2022, Mercedes-Benz Group AG and its subsidiaries are confronted with various court proceedings, claims and governmental investigations and orders (legal proceedings) on a large number of topics.

Compared to the legal proceedings described therein the following significant changes occurred:

In a lawsuit filed by the Environmental Protection Commission of Hillsborough County, Florida, in September 2020, the plaintiff claims that, amongst others, Mercedes-Benz Group AG and MBUSA violated municipal regulations prohibiting vehicle tampering and other conduct by using alleged devices claimed to impair the effectiveness of emission control systems. The lawsuit was dismissed in the third quarter of 2022. The plaintiff's appeal to this decision was dismissed in the third quarter of 2023. The decision is final and the proceedings are concluded. Therefore, the risk for the Mercedes-Benz Group associated with the proceedings no longer exists.

Likewise, as previously reported, in 2021 a number of Australian Mercedes-Benz dealers brought claims against Mercedes-Benz Australia/Pacific Pty Ltd (MBAuP) before the Federal Court of Australia. In August 2023, the court dismissed the claims in their entirety. The decision may still be appealed. MBAuP considers those claims to be without merit and continues to defend itself against the claims.

Furthermore, as previously reported, the following significant developments occurred since the last Annual Report:

Following a decision of the European Court of Justice in the first quarter of 2023, the German Federal Court of Justice ruled in the second quarter of 2023 that vehicle purchasers are entitled to claim damages against the manufacturer if it intentionally or negligently used an inadmissible defeat device. Mercedes-Benz Group AG and the respective other affected companies of the Group regard these lawsuits as being without merit and continue to defend themselves against the claims.

20. Financial instruments

Table D.21 shows the carrying amounts and fair values of the respective classes of the Group's financial instruments.

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

D.21

Carrying amounts and fair values of financial instruments

	30 Sept. 2023		31 Dec. 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
In millions of euros				
Financial assets				
Receivables from financial services	87,440	88,547	85,549	86,343
Trade receivables	7,489	7,489	8,100	8,100
Cash and cash equivalents	15,138	15,138	17,679	17,679
Marketable debt securities and similar investments	6,904	6,904	7,060	7,060
Recognized at fair value through other comprehensive income	1,248	1,248	1,641	1,641
Recognized at fair value through profit or loss	5,531	5,531	4,460	4,460
Measured at cost	125	125	959	959
Other financial assets				
Equity instruments and debt instruments	1,573	1,573	1,439	1,439
Recognized at fair value through other comprehensive income	903	903	768	768
Recognized at fair value through profit or loss	670	670	671	671
Other financial assets recognized at fair value through profit or loss	378	378	584	584
Derivative financial instruments used in hedge accounting	2,843	2,843	2,463	2,463
Other receivables and financial assets	3,196	3,196	3,113	3,113
	124,961	126,068	125,987	126,781
Financial liabilities				
Financing liabilities	106,847	104,873	109,192	107,417
Trade payables	14,491	14,491	12,204	12,204
Other financial liabilities				
Financial liabilities recognized at fair value through profit or loss	239	239	171	171
Derivative financial instruments used in hedge accounting	1,641	1,641	2,283	2,283
Miscellaneous other financial liabilities	5,929	5,929	5,454	5,454
Contract and refund liabilities				
Obligations from sales transactions	4,099	4,099	4,481	4,481
	133,246	131,272	133,785	132,010

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

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

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

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

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

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

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

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

Contract and refund liabilities

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

Table D.22 provides an overview of the classification into measurement hierarchies of financial assets and liabilities recognized at fair value (according to IFRS 13). At the end of the reporting period, the Group reviews whether reclassifications between the fair-value hierarchies are necessary compared to 31 December of the previous year.

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

D.22

Measurement hierarchy of financial assets and liabilities recognized at fair value

	30 Sept. 2023				31 Dec. 2022			
	Total	Level 1 ¹	Level 2 ²	Level 3 ³	Total	Level 1 ¹	Level 2 ²	Level 3 ³
In millions of euros								
Financial assets recognized at fair value								
Marketable debt securities	6,779	6,676	103	-	6,101	5,849	252	-
Recognized at fair value through other comprehensive income	1,248	1,148	100	-	1,641	1,392	249	-
Recognized at fair value through profit or loss	5,531	5,528	3	-	4,460	4,457	3	-
Equity instruments and debt instruments	1,573	497	435	641	1,439	457	339	643
Recognized at fair value through other comprehensive income	903	403	217	283	768	341	215	212
Recognized at fair value through profit or loss	670	94	218	358	671	116	124	431
Other financial assets recognized at fair value through profit or loss	378	-	376	2	584	-	578	6
Derivative financial instruments used in hedge accounting	2,843	-	2,843	-	2,463	-	2,463	-
	11,573	7,173	3,757	643	10,587	6,306	3,632	649
Financial liabilities recognized at fair value								
Financial liabilities recognized at fair value through profit or loss	239	-	238	1	171	-	171	-
Derivative financial instruments used in hedge accounting	1,641	-	1,641	-	2,283	-	2,283	-
	1,880	-	1,879	1	2,454	-	2,454	-

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

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

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

21. Segment reporting

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

Segment information for the third quarter of 2023 resp. 2022 is as follows:

D.23

Segment reporting for the three-month period ended 30 Sept

	Mercedes-Benz Cars	Mercedes-Benz Vans	Mercedes-Benz Mobility	Total segments	Reconciliation	Mercedes-Benz Group
In millions of euros						
Q3 2023						
External revenue	26,087	4,751	6,362	37,200	-	37,200
Intersegment revenue	1,044	188	199	1,431	-1,431	-
Total revenue	27,131	4,939	6,561	38,631	-1,431	37,200
Segment profit/loss (EBIT)	3,312	715	363	4,390	452	4,842
Q3 2022						
External revenue	27,325	3,983	6,408	37,716	-	37,716
Intersegment revenue	884	326	191	1,401	-1,401	-
Total revenue	28,209	4,309	6,599	39,117	-1,401	37,716
Segment profit/loss (EBIT)	4,034	497	577	5,108	88	5,196

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

D.24

Segment reporting for the nine-month period ended 30 Sept

	Mercedes-Benz Cars	Mercedes-Benz Vans	Mercedes-Benz Mobility	Total segments	Reconciliation	Mercedes-Benz Group
In millions of euros						
Q1-3 2023						
External revenue	79,839	14,080	19,038	112,957	-	112,957
Intersegment revenue	3,348	597	668	4,613	-4,613	-
Total revenue	83,187	14,677	19,706	117,570	-4,613	112,957
Segment profit/loss (EBIT)	11,312	2,283	1,074	14,669	665	15,334
Q1-3 2022						
External revenue	78,088	11,392	19,534	109,014	-	109,014
Intersegment revenue	2,956	711	562	4,229	-4,229	-
Total revenue	81,044	12,103	20,096	113,243	-4,229	109,014
Segment profit/loss (EBIT)	12,097	1,227	1,934	15,258	-211	15,047

Table D.25 contains the reconciliation of the total of the segment's profit/loss (EBIT) to the EBIT of the Consolidated Statement of Income/Loss.

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

D.25

Reconciliation of EBIT to Group figures

	Q3 2023	Q3 2022	Q1-3 2023	Q1-3 2022
In millions of euros				
Total of segments' profit/loss (EBIT)	4,390	5,108	14,669	15,258
Gains/losses on equity-method investments, net ¹	272	188	611	209
Other reconciling items ²	103	-109	-36	-438
Eliminations	77	9	90	18
EBIT as shown in the Consolidated Statement of Income/Loss	4,842	5,196	15,334	15,047

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

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

22. Related party disclosures

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

Associated companies

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

The leased equipment of the Mercedes-Benz Mobility segment includes commercial vehicles produced by the Daimler Truck Group which have been acquired from external dealers or other third parties not related to the Mercedes-Benz Group. Mercedes-Benz Mobility usually receives a residual-value guarantee from Daimler Truck for this leased equipment with the obligation to return the respective commercial vehicles to Daimler Truck. At 30 September 2023 this guarantee was €289 million (31 December 2022: €383 million).

Additionally, Mercedes-Benz Mobility is continuing the leasing and sales-financing business for Daimler Truck's commercial vehicles in some markets. To this end, Mercedes-Benz Mobility acquires these vehicles from Daimler Truck and leases them to the end customers. Because Daimler Truck provides residual value guarantees for these vehicles, a leasing contract (head lease) between Mercedes-Benz Mobility and Daimler Truck is shown. The contract between Mercedes-Benz Mobility and the end customer constitutes a sublease in this respect. The receivables and right-of-use assets shown in Table D.26 include demands for the repurchase of vehicles by Daimler Truck of €1,210 million (31 December 2022: €1,312 million) shown in receivables from financial

services as well as right-of-use assets of €326 million (31 December 2022: €548 million) vis-à-vis Daimler Truck shown in leased assets.

Joint ventures

On 12 May 2022 Mercedes-Benz AG signed an agreement with PSA Automobiles SA, Opel Automobile GmbH, Saft EV SAS and Saft Groupe to acquire a 33.33% stake in **Automotive Cells Company SE (ACC)** through a capital contribution of approximately €390 million. The Group also committed itself to the provision of further funds up to €410 million. The investment in the European battery cell manufacturer ACC was made in order to promote the development and production of high-performance battery cells and modules in the course of the transformation to "Electric only". The shares in the joint venture ACC are included in the Consolidated Financial Statements using the equity method and are allocated to the Mercedes-Benz Cars segment.

In the third quarter of 2023, an additional contract with PSA Automobiles SA, Opel Automobile GmbH, Saft EV SAS, Saft Groupe and Automotive Cells Company SE (ACC) was signed in which MB Group committed to provide additional funds of up to €567 million to ACC in addition to the commitments agreed in 2022. The other shareholders committed to the provision of additional funds, too.

As of 30 September 2023, there are further off-balance obligations from guarantees of €270 million (31 December 2022: €157 million).

Related persons

In August 2023, Mr. Stefan Pierer, member of the Supervisory Board of Mercedes-Benz Group AG and Mercedes-Benz AG, acquired 100% of the shares of Leoni AG, an international automotive supplier. In addition, Stefan Pierer controls the SHW-Group, also a global automotive supplier, as well as other companies where supply and service relationships exist.

D.26

Transactions with related companies

In millions of euros	Q3 2023	Income from sales of goods and services and other income			Expense from purchases of goods and services and other expense		
		Q3 2022	Q1-3 2023	Q1-3 2022	Q3 2023	Q3 2022	Q1-3 2023
Associated companies	3,923	5,174	12,290	14,044	646	644	1,783
thereof Daimler Truck Group ¹	213	282	655	788	505	511	1,356
thereof LSHAI	2,238	2,774	6,796	7,415	72	63	217
thereof BBAC	1,467	2,113	4,825	5,828	67	70	208
Joint ventures	142	202	343	532	6	8	23

In millions of euros	Receivables and right-of-use assets		Liabilities ²	
	30 Sept. 2023	31 Dec. 2022	30 Sept. 2023	31 Dec. 2022
Associated companies	4,162	4,842	529	557
thereof Daimler Truck Group ¹	1,894	2,262	298	332
thereof LSHAI	947	887	23	23
thereof BBAC	1,273	1,646	202	195
Joint ventures	135	93	3	1

¹ Temporarily services by corporate functions such as IT, Logistics and Human Resources are included in addition to relationships in the scope of ordinary business, for example, the purchase and sale of goods and services and leasing agreements.

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

Auditor's Review Report

To Mercedes-Benz Group AG, Stuttgart

We have reviewed the condensed Interim Consolidated Financial Statements of Mercedes-Benz Group AG — comprising Consolidated Statement of Income/Loss, Consolidated Statement of Comprehensive Income/Loss, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and selected, explanatory Notes to the Interim Consolidated Financial Statements — together with the Interim Group Management Report of the Mercedes-Benz Group AG, Stuttgart, for the period from 1 January to 30 September 2023, that are part of the quarterly financial report according to § 115 WpHG (“Wertpapierhandelsgesetz”: “German Securities Trading Act”). The preparation of the condensed Interim Consolidated Financial Statements in accordance with International Accounting Standard IAS 34 “Interim Financial Reporting” as adopted by the EU, and of the Interim Group Management Report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed Interim Consolidated Financial Statements and on the Interim Group Management Report based on our review.

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

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

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

Stuttgart, 25 October 2023

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Information on the Internet

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

 group.mercedes-benz.com/investors

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

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

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Further information is available at

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