

# **Mercedes-Benz Finance North America LLC**

**Interim Report as of and for the six months ended June 30, 2024**

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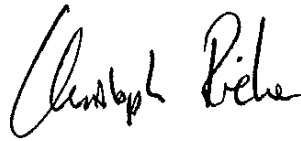
# Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements of Mercedes-Benz Finance North America LLC provide a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the Company's management report provides a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Farmington Hills, MI (USA), August 27, 2024



Ramasami Muthaiyah  
*Chief Executive Officer*



Christoph Rieker  
*Chief Financial Officer*

# Interim Management Report

## General

Mercedes-Benz Finance North America LLC (“MBFNA” or the “Company”) is a wholly-owned subsidiary of Mercedes-Benz North America Corporation (“MBNAC”), which is a wholly-owned subsidiary of Mercedes-Benz Capital Investments B.V. (“MBCI”), which is in turn a wholly-owned subsidiary of Mercedes-Benz Group AG (“MBGAG”). On October 31, 2023, Mercedes-Benz Capital Nederland B.V. (“MBCN”) was merged into MBCI; becoming the new parent of MBNAC.

MBFNA accesses U.S. and foreign capital markets to raise funds, which it lends to MBNAC through a consolidated funding and cash management system. As such, it has relationships with other subsidiaries of MBGAG. MBGAG issued full and unconditional guarantees for MBFNA’s obligations incurred under its outstanding notes and bonds program and commercial paper program. MBFNA and MBNAC entered into an intercompany loan agreement which is intended to mirror MBFNA’s external borrowings such that interest expense with third parties is offset by corresponding interest income from MBNAC.

The nature of the Mercedes-Benz Group operations in the US includes the distribution of passenger cars purchased from Mercedes-Benz AG under the brand name Mercedes-Benz. Mercedes-Benz Group also has financial services operations that principally provide automotive financing to its dealers and their customers, including retail and lease financing for cars, dealer inventory and other financing needs.

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 and investment activity in the United States;
- a deterioration of our funding possibilities on the credit and financial markets, which could result in an increase in borrowing costs or limit our funding flexibility;
- changes in currency exchange rates and interest rates;
- changes in laws, regulations and government policies that may affect the Company or any of its sister companies; and
- the business outlook of the Company’s sister companies in the United States, which may affect the funding requirements of these companies in the automotive and financial services businesses.

The following discussion should be read in conjunction with the MBFNA’s financial statements as of and for the six months ended June 30, 2023 and December 31, 2023, which were prepared using International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The percentages in the following discussion were computed using exact dollar amounts and numbers. Some of those percentages may, therefore, not reflect the ratio between the rounded amounts presented below.

## Earnings

### *Interest Income*

Interest income was \$567,859 for the six months ended June 30, 2024 compared to \$399,825 for the six months ended June 30, 2023. The increase is due to higher related party receivables at rates which match external funding.

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(all amounts in thousands of U.S. dollars)

*Interest Expense*

Interest expense was \$567,859 the six months ended June 30, 2024, compared to \$399,825 the six months ended June 30, 2023. The increase is due to the issuance of commercial paper in 2024 and higher interest rates on new notes and bonds.

*Guarantee Fees*

Guarantee fees charged by MBGAG were \$13,394 for the six months ended June 30, 2024, compared to \$9,723 for the six months ended June 30, 2023. This was caused by higher average outstanding external borrowings in first six months of 2024.

*Other Financial Income (Expense), net*

Other financial income was \$1 for the six months ended June 30, 2024 as compared to \$(6) for the six months ended June 30, 2023. The change is due to foreign exchange gains on invoices paid in 2024.

*Administrative Expenses*

Administrative expenses were \$1,467 for the six months ended June 30, 2024 as compared to \$1,567 for the six months ended June 30, 2023. This was due to lower legal fees in the first six months of 2024.

*Reimbursement of Expenses from MBNAC*

MBFNA and MBNAC are parties to an agreement where MBNAC reimburses MBFNA for any and all expenses incurred in connection with the administration of MBFNA's notes and bonds program and commercial paper program. The reimbursement of net expenses from MBNAC amounted to \$14,860 in the first six months of 2024 and \$11,296 for the six months ended in June 2023.

*Net Income*

Net income was \$0 for the six months ended June 30, 2024 and the six months ended June 30, 2023.

**Financial Position**

Total assets were \$25,732,318 at June 30, 2024 compared to \$23,177,686 at December 31, 2023, an increase of \$2,554,632 or 11%, primarily due to issuances of loans to related parties exceeding the repayments of loans to related parties in the first six months of 2024.

Total liabilities were \$25,732,318 at June 30, 2024 compared to \$23,177,686 at December 31, 2023, an increase of \$2,554,632 or 11%, primarily reflecting the additional commercial paper and notes and bonds issued in the first half of 2024.

**Liquidity and Capital Resources**

In the ordinary course of business, the Company issues notes and bonds in the US and foreign capital markets and lends the proceeds to MBNAC. In the first six months of 2024, \$5,569,704 new notes and bonds and commercial paper were issued, while there were \$5,012,257 issued during the first six months of 2023. The Company had neither cash nor cash equivalents as of June 30, 2024 and December 31, 2023.

**Risk Report**

Many factors could directly and indirectly, through the close affiliation with MBGAG's affiliated companies, affect the Company's business, financial condition, and cash flows. The results of operations would not be affected due to the existing reimbursement agreements with MBNAC. The principal risks are described in MBFNA's annual report 2023, which was submitted to the Luxembourg Stock Exchange on April 26, 2024.

**Outlook**

Management expects net income and equity to be zero in 2024. This expectation is based on the continuation of the Company's business model.

## Statement of Comprehensive Income (Unaudited)

	Note	Six months ended June 30,	
		2024	2023
Interest income – related parties		567,859	399,825
Interest expense – third parties		(567,859)	(399,825)
Guarantee fees – MBGAG	3	(13,394)	(9,723)
<b>Net interest expense</b>		<b>(13,394)</b>	<b>(9,723)</b>
Other financial income (expense), net	2	1	(6)
Administrative expenses	3	(1,467)	(1,567)
Reimbursement of expenses from MBNAC	3	14,860	11,296
<b>Net income</b>		<b>-</b>	<b>-</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>

The accompanying notes on pages 11 to 15 are an integral part of these unaudited interim financial statements.

## Statement of Financial Position (Unaudited)

		June 30,	December 31,
	Note	2024	2023
<b>Assets</b>			
Receivables from related parties	3	16,971,392	15,321,747
<b>Total non-current assets</b>		<b>16,971,392</b>	<b>15,321,747</b>
Receivables from related parties	3	8,441,385	7,602,391
Accrued interest income from MBNAC	3	319,541	253,548
<b>Total current assets</b>		<b>8,760,926</b>	<b>7,855,939</b>
<b>Total assets</b>		<b>25,732,318</b>	<b>23,177,686</b>
<b>Equity and liabilities</b>			
<b>Total equity</b>		-	-
Notes and bonds payable	4	16,971,392	15,321,747
<b>Total non-current liabilities</b>		<b>16,971,392</b>	<b>15,321,747</b>
Notes and bonds payable	4	3,447,817	4,197,484
Commercial paper	5	4,980,015	3,389,509
Payables to related parties	3	13,553	15,398
Accrued interest expense		319,541	253,548
<b>Total current liabilities</b>		<b>8,760,926</b>	<b>7,855,939</b>
<b>Total liabilities</b>		<b>25,732,318</b>	<b>23,177,686</b>
<b>Total equity and liabilities</b>		<b>25,732,318</b>	<b>23,177,686</b>

The accompanying notes on pages 11 to 15 are an integral part of these unaudited interim financial statements.



## Statement of Changes in Equity (Unaudited)

	Member's Investment	Retained Earnings	Other Reserves	Total Equity
<b>Balance at January 1, 2023</b>	-	-	-	-
Net income	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-
Transactions with members directly recognized in equity	-	-	-	-
<b>Balance at June 30, 2023</b>	-	-	-	-
<b>Balance at January 1, 2024</b>	-	-	-	-
Net income	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-
Transactions with members directly recognized in equity	-	-	-	-
<b>Balance at June 30, 2024</b>	-	-	-	-

The accompanying notes on pages 11 to 15 are an integral part of these unaudited interim financial statements.

## Statement of Cash Flows (Unaudited)

	Note	Six months ended June 30,	
		2024	2023
Net income		-	-
Adjustments for			
FX (gains)/losses	2	(1)	6
Non-cash interest expense		13,987	13,250
Changes in			
Receivables from related parties	3	(2,488,638)	(2,098,822)
Payables to related parties	3	(1,845)	(1,691)
<b>Net cash provided by/(used for) operating activities</b>		<b>(2,476,497)</b>	<b>(2,087,257)</b>
<b>Net cash provided by/(used for) by investing activities</b>		<b>-</b>	<b>-</b>
Issuances of notes and bonds payable	4	3,738,631	2,990,828
Repayments of notes and bonds payable	4	(2,850,000)	(2,925,000)
Proceeds from issuances of commercial paper, net <sup>1</sup>	5	1,691,236	2,021,429
Proceeds from issuances of commercial paper with an initial maturity of >3 months		139,837	-
Repayments of commercial paper with an initial maturity of >3 months		(243,207)	-
<b>Net cash provided by/(used for) financing activities</b>		<b>2,476,497</b>	<b>2,087,257</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>-</b>	<b>-</b>

The accompanying notes on pages 11 to 15 are an integral part of these unaudited interim financial statements.

<sup>1</sup> Cash flows from commercial paper with initial time to maturity less than 3 months are netted.

## Notes to the Unaudited Interim Financial Statements

### 1. Presentation of the Interim Financial Statements

These unaudited interim financial statements of Mercedes-Benz Finance North America LLC (“MBFNA” or the “Company”) have been prepared in accordance with International Accounting Standard (IAS) 34, “Interim Financial Reporting”.

Mercedes-Benz Finance North America LLC is a limited liability company organized under the laws of Delaware. The Company is a wholly-owned subsidiary of Mercedes-Benz North America Corporation (“MBNAC”), which is a wholly-owned subsidiary of Mercedes-Benz Capital Investments B.V. (“MBCI”), which is in turn a wholly-owned subsidiary of Mercedes-Benz Group AG (“MBGAG”). Its registered office is located at 1209 Orange Street, Wilmington, Delaware 19801, USA.

These interim financial statements are presented in U.S. dollars (“\$”), which is the Company’s functional currency. Unless otherwise stated all amounts are presented in thousands of U.S. dollars.

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 results of operations and the financial position of MBFNA. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for any future period or the full fiscal year. The interim financial statements should be read in conjunction with the December 31, 2023 audited IFRS financial statements and notes which were submitted to the Luxembourg Stock Exchange on April 26, 2024. The accounting policies applied by MBFNA in these interim financial statements are the same as those applied in the audited IFRS financial statements as of and for the year ended December 31, 2023.

Preparation of interim financial statements in conformity with IFRS requires management to make estimates, assessments and assumptions which can affect the amounts and reporting of assets and liabilities, the reporting of contingent assets and liabilities on the balance sheet date and the amounts of income and expense reported for the period. Actual amounts can differ from those estimates. Changes in estimates, assessments and assumptions can have a material impact on the financial statements.

### 2. Other financial income (expense), net

Other financial income (expense), net is comprised of the following:

	Six months ended June 30,	
	2024	2023
Result of foreign exchange transactions - gains (losses)	1	(6)
<b>Total</b>	<b>1</b>	<b>(6)</b>

### 3. Transactions with related parties

The following table sets forth amounts receivable from related parties:

	June 30, 2024	December 31, 2023
Mercedes-Benz North America Corporation	25,412,777	22,921,015
Mercedes-Benz North America Corporation - accrued interest	319,541	253,548
Mercedes-Benz North America Finance Corporation	-	3,123
<b>Total</b>	<b>25,732,318</b>	<b>23,177,686</b>

The following table sets forth amounts payable to related parties:

	June 30, 2024	December 31, 2023
Mercedes-Benz Group AG	11,245	15,398
Mercedes-Benz North America Finance Corporation	2,308	-
<b>Total</b>	<b>13,553</b>	<b>15,398</b>

MBFNA is charged fees for the full and unconditional guarantees on its outstanding notes and bonds and commercial paper programs by MBGAG. These fees are calculated as a set percentage of the outstanding notes and bonds and commercial paper at the end of each month for any given year. These guarantee fees were \$13,394 and \$9,723 for the six months ended June 30, 2024 and June 30, 2023, respectively.

MBFNA is charged for administrative overhead expenses by MBNAC. These expenses were \$1,303 and \$1,118 for the six months ended June 30, 2024 and June 30, 2023, respectively, and are included in administrative expenses in the statement of comprehensive income.

MBFNA and MBNAC are also parties to agreements pursuant to which MBNAC reimburses MBFNA for any and all expenses incurred in connection with the administration of MBFNA's notes and bonds and commercial paper programs. These reimbursements are recognized in income – Reimbursement of expenses from MBNAC.

The receivable for reimbursement of expense from MBNAC amounted to \$13,553 as of June 30, 2024 and \$12,276 as of December 31, 2023.

There are no related party transactions with key management personnel as defined in IAS 24.

#### 4. Notes and bonds payable

MBFNA's obligations under the notes and bonds program are fully and unconditionally guaranteed by its ultimate parent company, MBGAG. Contemporaneously, MBFNA and MBNAC entered into an agreement according to which MBNAC reimburses MBFNA for any and all fees incurred by MBFNA in the course of the administration of the program.

During the first six months of 2024, \$2,850,000 of notes and bonds payable matured. During the first six months of 2023, \$2,925,000 of notes and bonds payable matured. There were \$3,750,000 of notes and bonds issued in the first six months of 2024 compared to \$3,000,000 issued during the first six months of 2023.

Terms and conditions of new notes and bonds payable issued during the first six months of 2024 are as follows:

US-Dollar Notes and Bonds	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount
Medium Term Note	USD	SOFR + .67%	2026	650,000	649,104
Medium Term Note	USD	4.900%	2026	700,000	698,813
Medium Term Note	USD	4.800%	2027	800,000	797,926
Medium Term Note	USD	4.850%	2029	850,000	847,112
Medium Term Note	USD	5.000%	2034	750,000	746,974
<b>Total</b>				<b>3,750,000</b>	<b>3,739,929</b>

Terms and conditions of new notes and bonds payable issued during the first six months of 2023 are as follows:

US-Dollar Notes and Bonds	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount
Medium Term Note	USD	4.950%	2025	700,000	698,676
Medium Term Note	USD	SOFR + .93%	2025	300,000	299,528
Medium Term Note	USD	4.800%	2026	1,000,000	996,856
Medium Term Note	USD	4.800%	2028	1,000,000	996,239
<b>Total</b>				<b>3,000,000</b>	<b>2,991,299</b>

#### 5. Commercial paper

In February 2011, MBFNA entered into a \$3,000,000 private placement of commercial paper. The private placement was subsequently increased to \$5,000,000 in March 2012. The commercial paper balance was \$4,980,015 on June 30, 2024 compared to \$4,017,349 on June 30, 2023. Fixed interest rates ranged from 5.36% to 5.43% and maturity dates ranged from July 1, 2024 to September 27, 2024. MBFNA's obligations under the commercial paper program are fully and unconditionally guaranteed by its ultimate parent company, MBGAG.

## 6. Financial instruments

### Carrying amounts and fair values of financial instruments

The following table shows the carrying amounts and fair values of the Company'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 on the market. The fair values of financial instruments were calculated on the basis of market information available on the reporting date.

	June 30, 2024		December 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at amortized cost				
Receivables from related parties	25,412,777	25,376,689	22,924,138	23,114,798
Accrued interest income from MBNAC	319,541	319,541	253,548	253,548
Total financial assets at amortized cost	25,732,318	25,696,230	23,177,686	23,368,346
<b>Total financial assets</b>	<b>25,732,318</b>	<b>25,696,230</b>	<b>23,177,686</b>	<b>23,368,346</b>
Financial liabilities at amortized cost				
Notes and bonds payable	20,419,209	20,383,121	19,519,231	19,709,891
Commercial paper	4,980,015	4,980,015	3,389,509	3,389,509
Payables to related parties	13,553	13,553	15,398	15,398
Accrued interest expense	319,541	319,541	253,548	253,548
Total financial liabilities carried at amortized cost	25,732,318	25,696,230	23,177,686	23,368,346
<b>Total financial liabilities</b>	<b>25,732,318</b>	<b>25,696,230</b>	<b>23,177,686</b>	<b>23,368,346</b>

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(all amounts in thousands of U.S. dollars)

Financial assets and liabilities not measured at fair value are classified into the following fair value hierarchy:

	June 30, 2024				December 31, 2023			
	Total	Level 1 <sup>1</sup>	Level 2 <sup>2</sup>	Level 3 <sup>3</sup>	Total	Level 1 <sup>1</sup>	Level 2 <sup>2</sup>	Level 3 <sup>3</sup>
Financial assets at amortized cost	<b>25,696,230</b>	-	25,696,230	-	<b>23,368,346</b>	-	23,368,346	-
Financial liabilities carried at amortized cost	<b>25,696,230</b>	19,444,931	6,251,299	-	<b>23,368,346</b>	19,124,430	4,243,916	-
thereof notes and bonds	<b>20,383,121</b>	19,444,931	938,190	-	<b>19,709,891</b>	19,124,430	585,461	-
thereof other financial liabilities	<b>5,313,109</b>	-	5,313,109	-	<b>3,658,455</b>	-	3,658,455	-

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

<sup>2</sup> Fair value measurement based on inputs for the asset or liability that are observable on active markets either directly (i.e. as prices) or indirectly (i.e. derived from prices).

<sup>3</sup> Fair value measurement based on inputs for the asset or liability that are not observable market data.

The fair values of financial instruments were calculated on the basis of market information available at the reporting date using the methods and assumptions presented below. Due to the short nature of accrued interest income, accrued interest expense, and payables to related parties, management assumes that their fair values are equal to the carrying amounts.

#### **Receivables from related parties**

MBFNA holds receivables from MBNAC within a business model whose objective is to collect contractual cash flows. None of these receivables have been derecognized or are impaired, and the Company does not believe that these receivables are at risk of being impaired. The Company believes that the fair value of the receivables from MBNAC approximates the fair value of the external notes and bonds payable at June 30, 2024 and December 31, 2023, as the terms and interest rates of the receivables from MBNAC are intended to mirror MBFNA's external borrowings such that interest expense and debt maturities with third parties are offset by corresponding interest income and loan maturities from MBNAC.

#### **Notes and bonds payable**

When available, the Company uses quoted market prices for its issued notes and bonds and classifies such instruments as Level 1 in the fair value hierarchy. If quoted market prices are not available, the fair value of notes and bonds is determined based on internal models calculating present values of the estimated cash flows and using observable inputs such as interest rates for similar types of instruments. Notes and bonds measured using simple proprietary models based on observable inputs are classified as Level 2 in the fair value hierarchy.

#### **Other financial liabilities**

Because of the short maturities of these financial instruments, the carrying amount approximates fair value.