

DAIMLER



Interim Report Q3 2021

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Q3 Key Figures for the Group

Key figures Daimler Group

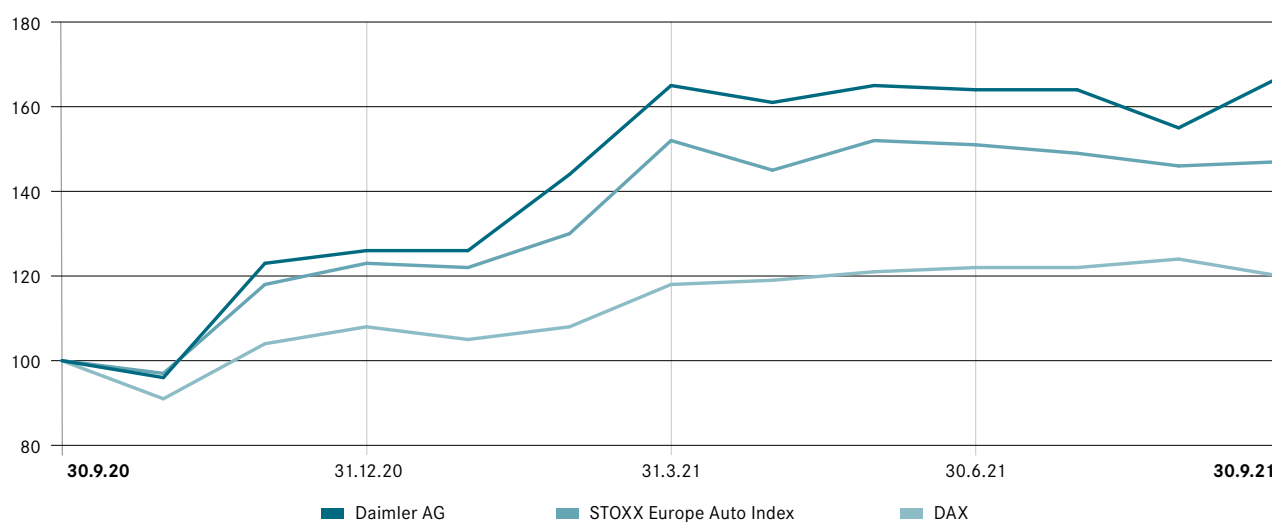
€ amounts in millions	Q3 2021	Q3 2020	% change
Sales (in units)	577,848	772,703	-25
Revenue ¹	40,083	40,281	-0 ²
thereof discontinued operations	8,436	8,661	-3
EBIT ¹	3,579	3,070	+17
thereof discontinued operations	680	559	+22
EBIT adjusted ¹	3,611	3,479	+4
Net profit/loss	2,573	2,158	+19
thereof discontinued operations	549	347	+58
Earnings/loss per share (in €)	2.31	1.91	+21
thereof discontinued operations	0.50	0.32	+56
Outstanding shares (in millions)	1,069.8	1,069.8	0
Market capitalisation (in € billion)	82.08	49.26	+67
Xetra closing price (in €)	76.72	46.04	+67
Free cash flow of the industrial business ¹	2,249	5,139	-56
Free cash flow of the industrial business adjusted ¹	2,833	5,345	-47
Net liquidity of the industrial business ¹	23,458	13,079	+79
Investment in property, plant and equipment ¹	1,106	1,193	-7
Research and development expenditure ¹	2,212	2,126	+4
thereof capitalised development costs	556	572	-3
Employees	289,282	288,481 ³	+0

1 of continuing and discontinued operations.

2 No currency-translation effects in the revenue of the third quarter of 2021.

3 As of 31 December 2020.

Share-price development (indexed)



Q1-3

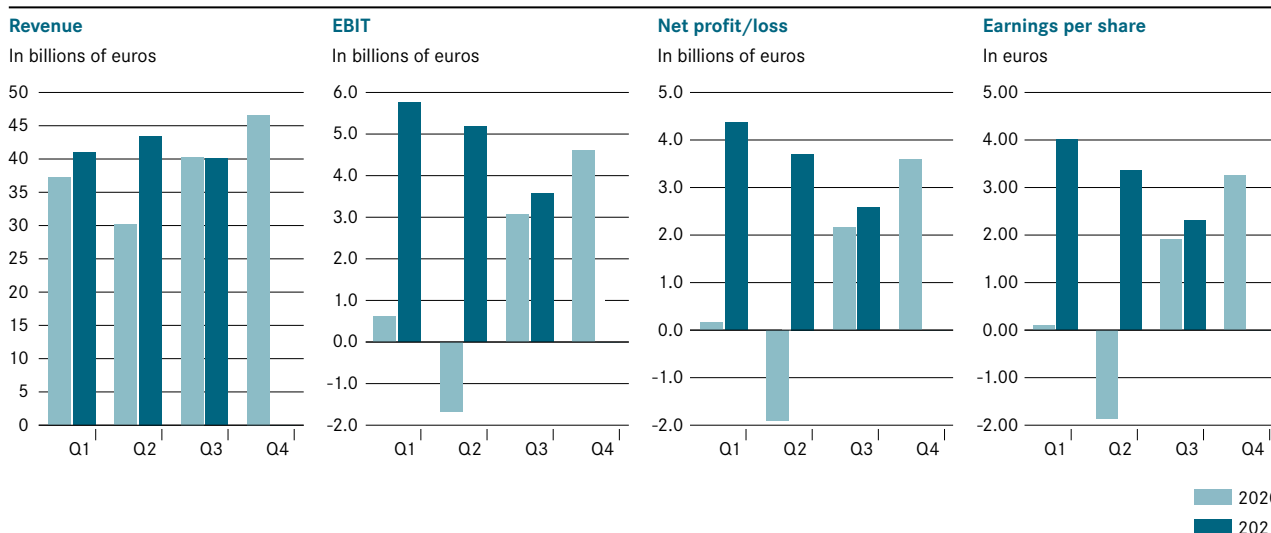
Key figures Daimler Group

€ amounts in millions	Q1-3 2021	Q1-3 2020	% change
Sales (in units)	2,042,842	1,958,852	+4
Revenue ¹	124,582	107,688	+16 ²
thereof discontinued operations	25,929	22,594	+15
EBIT ¹	14,512	2,005	+624
thereof discontinued operations	2,530	80	.
EBIT adjusted ¹	13,999	3,490	+301
Net profit/loss	10,650	420	.
thereof discontinued operations	2,008	-297	.
Earnings/loss per share (in €)	9.68	0.13	.
thereof discontinued operations	1.85	-0.28	.
Outstanding shares (in millions)	1,069.8	1,069.8	0
Market capitalisation (in € billion)	82.08	49.26	+67
Xetra closing price (in €)	76.72	46.04	+67
Free cash flow of the industrial business ¹	6,645	3,508	+89
Free cash flow of the industrial business adjusted ¹	8,615	4,261	+102
Net liquidity of the industrial business ¹	23,458	13,079	+79
Investment in property, plant and equipment ¹	3,340	3,830	-13
Research and development expenditure ¹	6,992	6,735	+4
thereof capitalised development costs	1,718	1,915	-10
Employees	289,282	288,481 ³	+0

1 of continuing and discontinued operations.

2 Adjusted for the effects of currency translation, increase in revenue of 19%.

3 As of 31 December 2020.



Q3 Key Figures for the Divisions

	Q3 2021	Q3 2020	% change
€ amounts in millions			
Mercedes-Benz Cars & Vans			
Sales (in units)	471,404	673,447	-30
Revenue	25,603	25,818	-1
EBIT	2,004	2,118	-5
EBIT adjusted	2,175	2,417	-10
Return on sales (in %)	7.8	8.2	.
Return on sales adjusted (in %)	8.5	9.4	.
CFBIT	3,652	4,617	-21
CFBIT adjusted	4,127	4,821	-14
Cash conversion rate adjusted	1.9	2.0	.
Investment in property, plant and equipment	911	1,039	-12
Research and development expenditure	1,837	1,785	+3
thereof capitalised development costs	495	548	-10
Employees	169,084	170,515 ¹	-1
Daimler Trucks & Buses			
Sales (in units)	106,444	99,256	+7
Revenue	8,890	9,230	-4
thereof discontinued operations	8,725	9,147	-5
EBIT	482	541	-11
thereof discontinued operations	436	566	-23
EBIT adjusted	489	603	-19
Return on sales (in %)	5.4	5.9	.
Return on sales adjusted (in %)	5.5	6.5	.
CFBIT	-576	1,142	.
CFBIT adjusted	-527	1,142	.
Cash conversion rate adjusted	-1.1	1.9	.
Investment in property, plant and equipment	155	128	+21
Research and development expenditure	396	365	+8
thereof capitalised development costs	61	23	+165
Employees	103,276	99,640 ¹	+4
Daimler Mobility			
Revenue	6,855	6,877	-0
EBIT	943	589	+60
EBIT adjusted	943	601	+57
Return on equity (in %)	23.3	16.2	.
Return on equity adjusted (in %)	23.3	16.5	.
New business	14,633	18,676	-22
Contract volume	148,091	150,553 ¹	-2
Employees	11,227	11,650 ¹	-4

¹ As of 31 December 2020.

Q1-3

	Q1-3 2021	Q1-3 2020	% change
€ amounts in millions			
Mercedes-Benz Cars & Vans			
Sales (in units)	1,718,249	1,700,989	+1
Revenue	80,641	67,963	+19
EBIT	9,520	1,503	+533
EBIT adjusted	9,620	2,736	+252
Return on sales (in %)	11.8	2.2	.
Return on sales adjusted (in %)	11.9	4.0	.
CFBIT	8,122	3,318	+145
CFBIT adjusted	10,061	4,062	+148
Cash conversion rate adjusted	1.0	1.5	.
Investment in property, plant and equipment	2,923	3,322	-12
Research and development expenditure	5,895	5,672	+4
thereof capitalised development costs	1,571	1,844	-15
Employees	169,084	170,515 ¹	-1
Daimler Trucks & Buses			
Sales (in units)	324,593	257,863	+26
Revenue	27,567	24,174	+14
thereof discontinued operations	27,240	23,874	+14
EBIT	2,342	32	.
thereof discontinued operations	2,320	66	.
EBIT adjusted	1,838	103	.
Return on sales (in %)	8.5	0.1	.
Return on sales adjusted (in %)	6.7	0.4	.
CFBIT	712	936	-24
CFBIT adjusted	601	936	-36
Cash conversion rate adjusted	0.3	9.1	.
Investment in property, plant and equipment	346	436	-21
Research and development expenditure	1,132	1,102	+3
thereof capitalised development costs	147	70	+110
Employees	103,276	99,640 ¹	+4
Daimler Mobility			
Revenue	20,695	20,428	+1
EBIT	2,611	852	+206
EBIT adjusted	2,564	972	+164
Return on equity (in %)	22.5	7.8	.
Return on equity adjusted (in %)	22.1	8.8	.
New business	48,588	48,821	-0
Contract volume	148,091	150,553 ¹	-2
Employees	11,227	11,650 ¹	-4

¹ As of 31 December 2020.

Interim Management Report

Significant decrease in total unit sales to 577,800 vehicles (Q3 2020: 772,700)

Group revenue of continuing and discontinued operations of €40.1 billion (Q3 2020: €40.3 billion)

Group EBIT of continuing and discontinued operations of €3.6 billion (Q3 2020: €3.1 billion);

adjusted Group EBIT of €3.6 billion (Q3 2020: €3.5 billion)

Net profit of €2.6 billion (Q3 2020: €2.2 billion)

Free cash flow of the industrial business of continuing and discontinued operations in the first nine months of €6.6 billion (Q1-3 2020: €3.5 billion)

In full-year 2021, under the assumption that Daimler's commercial vehicle business remains within the Group for the entire financial year, unit sales and free cash flow of the industrial business expected to be at prior-year level, revenue and EBIT expected to be significantly above

Taking into account the spin-off of Daimler's commercial vehicle business, we expect unit sales and free cash flow of the industrial business to be slightly lower than in the previous year

Business development

After the **global car market** had developed very positively in the first half of the year, the situation in the third quarter increasingly featured production-related supply bottlenecks in many regions, due in particular to the shortage of semiconductor components. As a result, it was not always possible to meet the ongoing high demand, causing a significant decline in worldwide car sales compared with the third quarter of last year.

The US market for cars and light trucks therefore contracted by approximately 13% compared with the prior-year period. The European market was also significantly impacted and was down by about 22%. Sales in China were similarly affected with a decrease of around 12%.

Supply disruptions have been apparent also in some **van markets** recently. In the EU30 region (European Union, United Kingdom, Norway and Switzerland), demand contracted significantly compared with the third quarter of 2020, both in the market segment of mid-size and large vans (-12%) and in the segment of small vans (-39%). The US market for large vans was also significantly smaller with a decline of about 14%, while the Brazilian market for large vans was only slightly below its volume of the prior-year period. The Chinese market for mid-size vans also contracted slightly compared with its prior-year level.

Production bottlenecks also affected the truck segment. Major **sales markets for heavy-duty trucks** therefore developed disparately in the third quarter. The North American market (class 8) was close to its prior-year volume with growth of just under 1%. The market in the EU30 region showed slight growth of approximately 5%. In Brazil, demand rose again significantly by about 45%. The Japanese market was nearly 2% smaller than in the prior-year period.

Significant decrease in total unit sales

In the third quarter of 2021, Daimler sold 577,800 cars and commercial vehicles worldwide (Q3 2020: 772,700). [➔ B.01](#)

Mercedes-Benz Cars sold 383,500 cars of the Mercedes-Benz and smart brands in the third quarter of this year (Q3 2020: 566,600). Worldwide supply bottlenecks for semiconductors were the main reason for the decrease in unit sales. 132,800 cars were sold in Europe (Q3 2020: 229,800). In Germany, the region's core market, Mercedes-Benz Cars sold 45,100 cars (Q3 2020: 84,200). In China, Mercedes-Benz Cars' biggest market, unit sales reached 132,600 vehicles (Q3 2020: 213,800). Mercedes-Benz Cars delivered 46,200 cars in the United States (Q3 2020: 52,000).

Mercedes-Benz Vans posted unit sales of 88,000 vehicles in the months of July to September (Q3 2020: 106,900). The current worldwide supply shortage of certain semiconductor components also affected Mercedes-Benz Vans' deliveries in the third quarter. Deliveries in the prior-year period featured recovering end-customer demand in many markets despite the ongoing covid-19 pandemic. In the EU30 core region, sales of 51,700 vans were significantly below the prior-year number (Q3 2020: 69,300), with 22,100 units sold in Germany (Q3 2020: 32,600). Sales of 18,300 vans in North America were at the prior-year level (Q3 2020: 18,500), with sales of 16,100 units in the United States (Q3 2020: 16,000). In Latin America, sales increased to 4,600 units (Q3 2020: 3,200). We achieved significant growth compared with the prior-year period also in China, with 7,500 vans sold (Q3 2020: 6,500).

Sales by **Daimler Trucks** of 101,700 vehicles in the third quarter were 8% above the prior-year level. Following the decrease in demand in the third quarter of last year due to the impact of the covid-19 pandemic, unit sales in the third quarter of 2021 were affected above all by bottlenecks in the supply chain, especially for semiconductors. Nonetheless, we posted increased sales of 15,600 trucks in Latin America (Q3 2020: 7,700) and an increase in Asia to sales of 31,300 units (Q3 2020: 21,900). However, sales decreased in North America to 33,900 units (Q3 2020: 41,800) and in the EU30 region to 12,900 units (Q3 2020: 15,400).

Daimler Buses' third-quarter sales of 4,700 units were 8% lower than last year. The ongoing impact of the covid-19 pandemic was the main reason for the drop in demand, especially for touring coaches. In Brazil, our main market in Latin America, we had a 12% decrease in unit sales to 1,400 bus chassis. Also in the EU30 region, our sales of 1,700 complete buses and bus chassis of the Mercedes-Benz and Setra brands were 10% lower than in the prior-year quarter. On the other hand, sales in Mexico increased to 600 units (+168%).

Due to production-related supply bottlenecks, new business at **Daimler Mobility** decreased significantly compared with the third quarter of last year to €14.6 billion (-22%). All regions posted lower new business, while the decrease was the least pronounced in the Americas region (-13%). Contract volume of €148.1 billion at the end of September was at the same level as at year-end 2020. At the end of the third quarter, Athlon und Daimler Fleet Management had a total of 394,000 contracts with a volume of €6.4 billion on their books. 41.5 million transactions were concluded with the mobility services of the FREE NOW & REACH NOW, SHARE NOW and CHARGE NOW joint ventures during the third quarter of this year.

The **Daimler Group** invested €1.1 billion in **property, plant and equipment** in the third quarter of this year (Q3 2020: €1.2 billion). Most of that investment, €0.9 billion, was at Mercedes-Benz Cars & Vans (Q3 2020: €1.0 billion). The main areas of capital expenditure were production preparations for the new EVA2 vehicles and the new C-Class, including derivatives. High levels of investment also continued in battery production. Daimler Trucks & Buses invested €155 million in property, plant and equipment in the third quarter of 2021 (Q3 2020: €128 million). The focus of that investment was mainly on electric mobility, emission standards and the fuel efficiency of conventional engines. Other important areas were the completion of the Freightliner vocational product portfolio and infrastructure optimisation.

The Daimler Group's research and development spending in the third quarter of the year amounted to €2.2 billion (Q3 2020: €2.1 billion), of which €0.6 billion was capitalised (Q3 2020: €0.6 billion). More than three quarters, €1.8 billion, of the research and development expenditure was at Mercedes-Benz Cars & Vans (Q3 2020: €1.8 billion). The main areas of development expenditure were for the next generation of electric vehicles and the new C-Class derivatives. Furthermore, the focus on the topics of electrification and digitisation is continuing. Daimler Trucks & Buses invested €396 million in research and development in the third quarter of 2021 (Q3 2020: €365 million). The most important projects at Daimler Trucks & Buses were in the areas of emission standards and fuel efficiency, as well as tailored products and technologies for major growth markets. In addition, an important role is played by the future technologies of automated and autonomous driving, electric mobility and connectivity.

B.01

Group unit sales

	Q3 2021	Q3 2020	% change
Daimler Group	577,848	772,703	-25
Mercedes-Benz Cars	383,450	566,581	-32
Mercedes-Benz Vans	87,954	106,866	-18
Daimler Trucks	101,715	94,141	+8
Daimler Buses	4,729	5,115	-8

Important events

New appointments to the Supervisory Board of Daimler AG

On 21 July 2021, Daimler AG announced that, in the context of the planned realignment of the Group with the spin-off of the truck and bus business, the current Daimler Supervisory Board members Marie Wieck and Joe Kaeser will step down from their positions and focus in the future on the Supervisory Board of the Daimler Truck Holding AG.

Changes in the Board of Management of Daimler AG

Also on 21 July 2021, it was announced that after 13 years on the Board of Management and 37 years at the company, Wilfried Porth is to step down from his position as Member for Human Resources in December 2021. This is at his own request at a time of realignment for Daimler AG with the spin-off and hive-down of Daimler's commercial vehicle business. In connection with Wilfried Porth's departure, the Supervisory Board of Daimler AG has appointed Sabine Kohleisen as his successor as Member for Human Resources and Director of Labour Relations.

Overwhelming majority of shareholders in favour of spin-off of Daimler Truck

At the virtual Extraordinary General Meeting on 1 October 2021, the shareholders of Daimler AG decided by an overwhelming majority on the historic realignment of the company. The spin-off of Daimler's commercial vehicle business and the subsequent listing of Daimler Truck Holding AG as an independent company on the Frankfurt Stock Exchange were approved by 99.90% of the capital stock represented for the resolution.

Furthermore, the shareholders approved also with an overwhelming majority of 99.89% of the votes cast the renaming of Daimler AG as Mercedes-Benz Group AG effective as of 1 February 2022. The new name emphasises the future focus on cars and vans of the brands Mercedes-Benz, Mercedes-AMG, Mercedes-Maybach and Mercedes-EQ.

Mercedes-Benz strategy update

Mercedes-Benz is setting the course for an all-electric future. As announced on 22 July 2021, the brand with the three-pointed star will be ready to go fully electric by the end of this decade – wherever market conditions permit. With this strategic step from “Electric first” to “Electric only”, Mercedes-Benz is accelerating its transformation into an emission-free and software-driven future.

By 2022, Mercedes-Benz will offer battery-electric vehicles in all segments in which the brand is represented. As of 2025, all newly launched vehicle architectures will be exclusively electric, and customers will be able to choose an all-electric alternative for every model the company makes. Mercedes-Benz is sticking to its profitability targets also during this accelerated transformation.

Pioneering work for an electric infrastructure

As announced on 5 July 2021, the three leading commercial-vehicle manufacturers Daimler Truck, TRATON GROUP and Volvo Group have signed a letter of intent on the development and operation of a high-performance public charging network for battery-electric heavy-duty long-haul trucks and coaches in Europe. The joint goal is to initiate and significantly accelerate the development of a publicly accessible charging infrastructure. In this way, they aim on the one hand to strengthen customer confidence in electrification and on the other to promote climate-neutral transport in the European Union.

Mercedes-Benz at IAA MOBILITY with enduring brand experience

At the IAA MOBILITY trade fair in Munich from 7 to 12 September 2021, Mercedes-Benz utilised all the opportunities offered by the new concept of the International Motor Show (IAA). With diverse array of themed experiences in the middle of the city, on the Blue Lane and at the exhibition centre, we made our transition towards a zero-emission, sustainable and digital future emotionally tangible. The key message was “Lead in Electric”. Mercedes-Benz presented the entire range of its current and future electric-mobility portfolio. Seven out of ten premieres were of all electric models, from the EQB to the EQE and from the Concept Mercedes-Benz EQG to the Concept Mercedes-Maybach EQS.

Mercedes-Benz a shareholder in ACC

As announced on 24 September 2021, Mercedes-Benz is taking an equity stake in European battery-cell manufacturer Automotive Cells Company (ACC) to scale up the development and production of next-generation high-performance battery cells and modules. Together with partners Stellantis and TotalEnergies, Mercedes-Benz will accelerate ACC's development with sustainable, state-of-the-art cell technology, competitive costs and a target of at least 120 gigawatt hours of cell capacity by the end of the decade. The plan is to build eight cell factories worldwide, four of them in Europe.

Profitability, cash flows and financial position

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

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

Spin-off of Daimler's commercial vehicle business

On 30 July 2021, the Board of Management of Daimler AG, with the approval of the Supervisory Board, decided on the spin-off of substantial parts of the Daimler Trucks & Buses segment, including the related financial services business (Daimler commercial vehicle business). The majority of the shareholders of Daimler AG approved the spin-off agreement at the Extraordinary General Meeting on 1 October 2021.

The criteria for classification as "discontinued operations" and as "held for distribution or sale" in accordance with IFRS 5 have thus been met since 30 July 2021. Classification as discontinued operations and as held for distribution or sale has the following effects on the consolidated statement of income, the consolidated statement of cash flows and the consolidated statement of financial position.

The continuing operations are presented in the consolidated statement of income; the profit or loss after taxes of the discontinued operation is presented in a separate line. The prior-year figures have been adjusted accordingly. As the Daimler Trucks & Buses segment continues to be reported in the segment reporting in accordance with internal management and reporting, Group EBIT from continuing operations is reconciled to Group EBIT from continuing and discontinued operations. In order to ensure comparability of the EBIT of Daimler Trucks & Buses and Daimler Mobility with the prior-year period, the scheduled depreciation and amortisation and the equity-method measurement of non-current assets classified as held for distribution or sale, which are no longer to be recognised from a Group perspective as of 30 July 2021, are shown in the reconciliation. In the segment reporting, the segment earnings of Daimler Trucks & Buses and Daimler Mobility are thus reported independently of the effects of the spin-off of Daimler's commercial vehicle business.

In the consolidated statement of cash flows, consolidated cash flows from continuing and discontinued operations are presented for the reporting and prior-year periods. Net liquidity and net debt are also reported on this basis.

In the consolidated statement of financial position, the assets and liabilities of Daimler's commercial vehicle business at 30 September 2021 are presented as assets and liabilities held for distribution or sale. The amounts in the statement of financial position of the previous year are shown in line with the previous method of presentation, in accordance with IFRS.

Detailed information on the spin-off of Daimler's commercial vehicle business and the scope of the discontinued operations and assets and liabilities classified as held for distribution or sale is provided in  [Note 2](#) to the interim consolidated financial statements.

Profitability

Daimler Group statement of income for the three-month period ended 30 September 2021

The Daimler Group's **revenue of continuing operations** was €31,647 million in the third quarter of 2021 (Q3 2020: €31,620 million). The **revenue of continuing and discontinued operations** of €40,083 million was at the level of the prior-year quarter (Q3 2020: €40,281 million).

Worldwide supply bottlenecks for certain semiconductor components led to lower unit sales and caused disruptions in the production network, among other things. In addition, earnings were reduced by increased raw-material prices. On the other hand, both an improved sales structure and better pricing, especially at the Mercedes-Benz Cars & Vans segment, had a positive impact on earnings in the third quarter. Lower credit-risk costs also led to positive contributions to earnings. In selling expenses, adjustments to a pension and a healthcare plan in the United States resulted in positive effects on earnings in the prior-year period.

EBIT of continuing operations was €2,899 million in the third quarter of 2021 (Q3 2020: €2,511 million). The **EBIT of the Daimler Group's continuing and discontinued operations** amounted to €3,579 million (Q3 2020: €3,070 million), which is significantly higher than in the third quarter of last year. The reconciliation from EBIT of continuing and discontinued operations to adjusted EBIT of continuing and discontinued operations is shown in table [7 B.04](#).

Net interest expense in the third quarter of 2021 amounted to €20 million (Q3 2020: €10 million).

The **income-tax expense** recognised in the third quarter of 2021 amounted to €855 million (Q3 2020: €690 million). The effective tax rate was 29.7% (Q3 2020: 27.6%).

Net profit of continuing operations of €2,024 million was slightly higher than in the prior-year quarter (Q3 2020: €1,811 million).

Net profit of discontinued operations, after taxes comprises the profit/loss of the ongoing business of the discontinued operations and the measurement of the discontinued operations. In addition to income and expenses in connection with assets and liabilities of the current Daimler Trucks & Buses segment that are classified as held for distribution or sale, the earnings from the ongoing business of discontinued operations also includes eliminations from transactions between continuing and discontinued operations. The gain/loss on the measurement of discontinued operations includes the transaction costs incurred for the discontinued operations (See [Note 2](#) of the notes to the interim consolidated statements and table [7 B.03](#)).

Net profit of €2,573 million for the third quarter of 2021 was significantly higher than in the prior-year period (Q3 2020: €2,158 million). Net profit of €103 million is attributable to **non-controlling interests** (Q3 2020: €109 million). Net profit attributable to the **shareholders of Daimler AG** amounts to €2,470 million (Q3 2020: €2,049 million), leading to an increase in **earnings per share** to €2.31 (Q3 2020: €1.91).

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

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

Table [7 B.03](#) shows the reconciliation from the Daimler Group's EBIT of continuing operations to the total of continuing and discontinued operations, as well as the composition of Group EBIT for the segments and the reconciliation.

B.02

Condensed consolidated statement of income for the three-month periods ended 30 September

	Daimler Group		Industrial Business		Daimler Mobility	
	Q3 2021	Q3 2020	Q3 2021	Q3 2020	Q3 2021	Q3 2020
In millions of euros						
Revenue	31,647	31,620	24,792	24,743	6,855	6,877
Cost of sales	-24,933	-25,729	-19,359	-19,802	-5,574	-5,927
Gross profit	6,714	5,891	5,433	4,941	1,281	950
Selling expenses	-2,199	-1,899	-2,034	-1,743	-165	-156
General administrative expenses	-707	-643	-509	-454	-198	-189
Research and non-capitalised development costs	-1,351	-1,244	-1,351	-1,244	-	-
Other operating income/expense	318	406	273	369	45	37
Gains/losses on equity-method investments, net	196	140	217	193	-21	-53
Other financial income/expense, net	-72	-140	-73	-140	1	-
EBIT	2,899	2,511	1,956	1,922	943	589
Interest income/expense	-20	-10	-18	-8	-2	-2
Profit of continuing operations, before taxes	2,879	2,501	1,938	1,914	941	587
Income taxes	-855	-690	-645	-486	-210	-204
Net profit of continuing operations	2,024	1,811	1,293	1,428	731	383
Net profit of discontinued operations, after taxes	549	347	549	347	-	-
Net profit	2,573	2,158	1,842	1,775	731	383
thereof profit attributable to non-controlling interests	103	109				
thereof profit attributable to shareholders of Daimler AG	2,470	2,049				
thereof continuing operations	1,929	1,700				
thereof discontinued operations	541	349				
Earnings per share (in euros) for profit attributable to shareholders of Daimler AG						
Basic	2.31	1.91				
thereof continuing operations	1.81	1.59				
thereof discontinued operations	0.50	0.32				
Diluted	2.31	1.91				
thereof continuing operations	1.81	1.59				
thereof discontinued operations	0.50	0.32				

B.03**EBIT of the Daimler Group for the three-month periods ended 30 September**

	Profit/loss of continuing operations	Profit/loss of discontinued operations	Daimler Group	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Reconciliation
In millions of euros							
Q3 2021							
Revenue	31,647	8,436	40,083	25,603	8,890	6,855	-1,265
Cost of sales	-24,933	-6,569	-31,502	-20,145	-7,319	-5,574	1,536
Gross profit	6,714	1,867	8,581	5,458	1,571	1,281	271
Selling expenses	-2,199	-526	-2,725	-2,055	-636	-165	131
General administrative expenses	-707	-266	-973	-395	-328	-198	-52
Research and non-capitalised development costs	-1,351	-305	-1,656	-1,342	-335	-	21
Other income/expense	442	-90	352	338	210	25	-221
EBIT	2,899	680	3,579	2,004	482	943	150
thereof discontinued operations			680		436		244

	Profit/loss of continuing operations	Profit/loss of discontinued operations	Daimler Group	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Reconciliation
In millions of euros							
Q3 2020							
Revenue	31,620	8,661	40,281	25,818	9,230	6,877	-1,644
Cost of sales	-25,729	-6,975	-32,704	-20,846	-7,602	-5,927	1,671
Gross profit	5,891	1,686	7,577	4,972	1,628	950	27
Selling expenses	-1,899	-465	-2,364	-1,820	-566	-156	178
General administrative expenses	-643	-245	-888	-379	-344	-189	24
Research and non-capitalised development costs	-1,244	-310	-1,554	-1,237	-342	-	25
Other income/expense	406	-107	299	582	165	-16	-432
EBIT	2,511	559	3,070	2,118	541	589	-178
thereof discontinued operations			559		566		-7

Segment revenue and EBIT for the three-month period ended 30 September 2021

The revenue of the **Mercedes-Benz Cars & Vans** division was at the level of the prior-year quarter (-1%; €25,603 million; Q3 2020: €25,818 million). The division's EBIT amounted to €2,004 million (Q3 2020: €2,118 million); adjusted EBIT amounted to €2,175 million (Q3 2020: €2,417 million). The adjusted return on sales of 8.5% was below the adjusted prior-year figure of 9.4%. ↗ **B.03** ↗ **B.04**

In the third quarter of 2021, a worldwide shortage of relevant semiconductor components led to a significant decrease in unit sales. The bottlenecks for semiconductors also resulted in disruptions in the production network. Furthermore, earnings were reduced by increased raw-material prices. On the other hand, a further strong improvement in the sales structure and better pricing had a positive effect on earnings in the third quarter. Overall, gross profit increased from 19.3% to 21.3%. In the prior-year quarter, adjustments to a pension and a health-care plan in the United States led to a positive impact on earnings in selling expenses. In addition, the subsequent fair-value measurement of shares in charging-infrastructure operator Chargepoint, Inc. had a negative impact on other financial income/expense.

The restructuring expenses of €97 million (Q3 2020: €297 million) include expenses of €97 million (Q3 2020: €229 million) in connection with personnel-cost optimisation programmes. Furthermore, the restructuring expenses in the prior-year quarter included expenses of €68 million for the adjustment and realignment of capacities within the global production network. Expenses related to ongoing governmental and court proceedings and measures taken relating to Mercedes-Benz diesel vehicles (€74 million; Q3 2020: €2 million) adversely affected earnings. The reconciliation from EBIT to adjusted EBIT is shown in table ↗ **B.04**.

The revenue of **Daimler Trucks & Buses** in the third quarter of 2021 decreased by 4% to €8,890 million (Q3 2020: €9,230 million). The division's EBIT amounted to €482 million (Q3 2020: €541 million); adjusted EBIT amounted to €489 million (Q3 2020: €603 million). The segment's adjusted return on sales was below the adjusted prior-year figure at 5.5% (Q3 2020: 6.5%). ↗ **B.03** ↗ **B.04**

Decreasing truck sales, mainly in the EU30 and North America regions, mainly due to bottlenecks in the supply chain, had a negative impact on EBIT, but were partially offset by higher unit sales mainly in Latin America and Asia regions. Positive effects resulted from improved pricing, the used car business and a higher contribution to earnings from the aftersales business. On the other hand, earnings were reduced by additional costs, mainly from raw-material prices. Cost of sales was lower than

in the prior-year quarter. Gross profit in relation to revenue increased from 17.6% to 17.7%. The reversal of impairment losses at the joint venture Beijing Foton Daimler Automotive Co., Ltd boosted gains from equity-method investments. In contrast, negative valuation effects resulted from the share price decline of Proterra Inc. The adjustments include expenses for personnel-cost optimisation programmes of €16 million (Q3 2020: €62 million) and on the other hand, a positive effect of €9 million in connection with the fuel cell joint venture cellcentric GmbH & Co.KG. The reconciliation from EBIT to adjusted EBIT is shown in table [B.04](#).

In the third quarter of 2021, the **Daimler Mobility** segment achieved EBIT of €943 million (Q3 2020: €589 million); adjusted EBIT amounted to €943 million (Q3 2020: €601 million). Adjusted return on equity of 23.3% was above the adjusted prior-year figure of 16.5%. [B.02](#) [B.04](#)

The main reason for the positive development of gross profit in relation to revenue in the third quarter of 2021 was that refinancing costs were lower than in the prior-year quarter as well as the good portfolio quality, so it was not necessary to increase risk provisions. Further positive effects were achieved from the improved development of the business performance at mobility and fleet services. Expenses of €12 million in connection with personnel-cost optimisation programmes adversely affected functional costs in the prior-year quarter. Also in the prior-year quarter the impairment of capitalised

software development costs in the context of streamlining the IT-architecture affected earnings. The reconciliation of EBIT to adjusted EBIT is shown in table [B.04](#).

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

Items at the corporate level resulted in income of €119 million in the third quarter of 2021 (Q3 2020: expenses of €222 million). The expenses were reduced by the fact that scheduled depreciation and amortisation and the equity-method measurement of the non-current assets held for distribution or sale (in total €320 million), are no longer to be recognised since 30 July 2021. On the other hand, other corporate items include all costs related to the spin-off from continuing and discontinued operations of €68 million and impairments of shares in Daimler Mobility companies held for sale of €102 million are presented in the items at corporate level.

The elimination of intra-Group transactions resulted in income of €31 million (Q3 2020: €44 million).

B.04

Reconciliation of EBIT to EBIT adjusted for the three-month periods ended 30 September

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Recon- ciliation	Daimler Group
In millions of euros					
Q3 2021					
EBIT of continuing and discontinued operations	2,004	482	943	150	3,579
Legal proceedings (and related measures)	74	–	–	–	74
Restructuring measures	97	16	–	4	117
M&A transactions	–	-9	–	-150	-159
EBIT adjusted of continuing and discontinued operations	2,175	489	943	4	3,611
Return on sales/return on equity (in %)	7.8	5.4	23.3		
Return on sales/return on equity adjusted (in %)¹	8.5	5.5	23.3		

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Recon- ciliation	Daimler Group
In millions of euros					
Q3 2020					
EBIT of continuing and discontinued operations	2,118	541	589	-178	3,070
Legal proceedings (and related measures)	2	–	–	–	2
Restructuring measures	297	62	12	36	407
M&A transactions	–	–	–	–	–
EBIT adjusted of continuing and discontinued operations	2,417	603	601	-142	3,479
Return on sales/return on equity (in %)	8.2	5.9	16.2		
Return on sales/return on equity adjusted (in %)¹	9.4	6.5	16.5		

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

Tables [7 B.05](#) [7 B.06](#) and [7 B.07](#) show the earnings figures for the first nine months.

B.05

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

	Daimler Group		Industrial Business		Daimler Mobility	
	Q1-3 2021	Q1-3 2020	Q1-3 2021	Q1-3 2020	Q1-3 2021	Q1-3 2020
In millions of euros						
Revenue	98,653	85,094	77,958	64,666	20,695	20,428
Cost of sales	-76,651	-72,645	-59,609	-54,328	-17,042	-18,317
Gross profit	22,002	12,449	18,349	10,338	3,653	2,111
Selling expenses	-6,659	-6,236	-6,152	-5,744	-507	-492
General administrative expenses	-2,037	-1,884	-1,424	-1,327	-613	-557
Research and non-capitalised development costs	-4,351	-3,852	-4,351	-3,852	-	-
Other operating income/expense	1,611	1,376	1,470	1,275	141	101
Gains/losses on equity-method investments, net	1,109	344	1,172	652	-63	-308
Other financial income/expense, net	307	-272	307	-269	-	-3
EBIT	11,982	1,925	9,371	1,073	2,611	852
Interest income/expense	-132	-89	-126	-81	-6	-8
Profit of continuing operations, before taxes	11,850	1,836	9,245	992	2,605	844
Income taxes	-3,208	-1,119	-2,571	-775	-637	-344
Net profit of continuing operations	8,642	717	6,674	217	1,968	500
Net profit/loss of discontinued operations, after taxes	2,008	-297	2,008	-297	-	-
Net profit/loss	10,650	420	8,682	-80	1,968	500
thereof profit attributable to non-controlling interests	292	278				
thereof profit attributable to shareholders of Daimler AG	10,358	142				
thereof continuing operations	8,376	439				
thereof discontinued operations	1,982	-297				
Earnings/loss per share (in euros)						
for profit/loss attributable to shareholders of Daimler AG						
Basic	9.68	0.13				
thereof continuing operations	7.83	0.41				
thereof discontinued operations	1.85	-0.28				
Diluted	9.68	0.13				
thereof continuing operations	7.83	0.41				
thereof discontinued operations	1.85	-0.28				

B.06**EBIT of the Daimler Group for the
nine-month periods ended 30 September**

	Profit/loss of continuing oper- ations	Profit/loss of discontinued operations	Daimler Group	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Reconciliation
In millions of euros							
Q1-3 2021							
Revenue	98,653	25,929	124,582	80,641	27,567	20,695	-4,321
Cost of sales	-76,651	-20,495	-97,146	-62,036	-22,550	-17,042	4,482
Gross profit	22,002	5,434	27,436	18,605	5,017	3,653	161
Selling expenses	-6,659	-1,577	-8,236	-6,254	-1,886	-507	411
General administrative expenses	-2,037	-872	-2,909	-1,195	-1,039	-613	-62
Research and non-capitalised development costs	-4,351	-923	-5,274	-4,324	-985	-	35
Other income/expense	3,027	468	3,495	2,688	1,235	78	-506
EBIT	11,982	2,530	14,512	9,520	2,342	2,611	39
thereof discontinued operations			2,530		2,320		210

	Profit/loss of continuing oper- ations	Profit/loss of discontinued operations	Daimler Group	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Reconciliation
In millions of euros							
Q1-3 2020							
Revenue	85,094	22,594	107,688	67,963	24,174	20,428	-4,877
Cost of sales	-72,645	-19,060	-91,705	-57,463	-20,732	-18,317	4,807
Gross profit	12,449	3,534	15,983	10,500	3,442	2,111	-70
Selling expenses	-6,236	-1,479	-7,715	-5,928	-1,802	-492	507
General administrative expenses	-1,884	-732	-2,616	-1,136	-981	-557	58
Research and non-capitalised development costs	-3,852	-968	-4,820	-3,828	-1,032	-	40
Other income/expense	1,448	-275	1,173	1,895	405	-210	-917
EBIT	1,925	80	2,005	1,503	32	852	-382
thereof discontinued operations			80		66		14

B.07**Reconciliation of EBIT to EBIT adjusted for the nine-month periods ended 30 September**

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Recon- ciliation	Daimler Group
In millions of euros					
Q1-3 2021					
EBIT of continuing and discontinued operations	9,520	2,342	2,611	39	14,512
Legal proceedings (and related measures)	256	–	–	–	256
Restructuring measures	448	116	42	37	643
M&A transactions	-604	-620	-89	-99	-1,412
EBIT adjusted of continuing and discontinued operations	9,620	1,838	2,564	-23	13,999
Return on sales/return on equity (in %)	11.8	8.5	22.5		
Return on sales/return on equity adjusted (in %)¹	11.9	6.7	22.1		

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Recon- ciliation	Daimler Group
In millions of euros					
Q1-3 2020					
EBIT of continuing and discontinued operations	1,503	32	852	-382	2,005
Legal proceedings (and related measures)	148	–	–	9	157
Restructuring measures	1,085	71	120	52	1,328
M&A transactions	–	–	–	–	–
EBIT adjusted of continuing and discontinued operations	2,736	103	972	-321	3,490
Return on sales/return on equity (in %)	2.2	0.1	7.8		
Return on sales/return on equity adjusted (in %)¹	4.0	0.4	8.8		

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

Cash flows

In the first nine months of 2021, cash **provided by operating activities from continuing and discontinued operations**

➔ **B.08** amounted €20.5 billion (Q1-3 2020: €17.3 billion).

Compared to the prior year, which was strongly affected by the worldwide consequences of the covid-19 pandemic, the first nine months of 2021 showed a significant improvement in the overall business performance. Negative effects resulted from the development of working capital, particularly due to the increase in inventory levels as a result of shortages of semiconductor components. Furthermore, income taxes paid increased in comparison to the prior-year period, due to the substantial improvement in the overall business performance. Whereas in the prior-year period due to the covid-19 crisis, the decrease in the leasing and sales-financing portfolio at Daimler Mobility had a significant positive effect on cash provided by operating activities, the first nine months of 2021 saw an increase in contract volume and lower positive effect than in the prior-year period.

Additional opposing effects resulted from payments of €0.9 billion made in March 2021 resulting from the settlement in the previous year of civil and environmental claims made by several US authorities in connection with emission-control systems used in certain diesel vehicles. Payments were made during the reporting period as part of the personnel-cost-optimisation programme resulting from the agreed measures to reduce costs and the number of employees in a socially acceptable manner. In contrast, the cash flow in the prior-year period was adversely affected by payments made in the context of reviewing and prioritising the product portfolio for the planned discontinuation of X-Class production during Q1 2020. Furthermore, the lower dividend payment received from Beijing Benz Automotive Co., Ltd in comparison to the prior-year period had a lower positive effect on cash provided by operating activities.

B.08

Condensed statement of cash flows¹

	Daimler Group		Industrial Business		Daimler Mobility	
	Q1-3 2021	Q1-3 2020	Q1-3 2021	Q1-3 2020	Q1-3 2021	Q1-3 2020
In millions of euros						
Cash and cash equivalents at beginning of period	23,048	18,883	20,344	16,152	2,704	2,731
Profit before income taxes of continuing and discontinued operations	14,312	1,830	11,707	986	2,605	844
Depreciation and amortisation/impairments	5,381	6,668	5,279	6,453	102	215
Other non-cash expense and income and gains/losses on disposals of assets	-2,653	-423	-2,733	-781	80	358
Change in operating assets and liabilities						
Inventories	-2,491	-933	-3,013	-1,140	522	207
Trade receivables	963	1,287	1,063	973	-100	314
Trade payables	2,305	2,106	2,311	1,954	-6	152
Receivables from financial services	4,608	4,277	-66	-63	4,674	4,340
Vehicles on operating leases	1,003	2,393	-1,139	20	2,142	2,373
Other operating assets and liabilities	-1,327	-163	-1,129	-38	-198	-125
Dividends received from equity-method investments	833	1,234	833	1,234	-	-
Income taxes paid	-2,462	-1,008	-1,692	-184	-770	-824
Cash provided by operating activities	20,472	17,268	11,421	9,414	9,051	7,854
Additions to property, plant and equipment and intangible assets	-5,263	-5,967	-5,161	-5,889	-102	-78
Investments in and disposals of shareholdings	396	-96	178	-110	218	14
Acquisitions and sales of marketable debt securities and similar investments	162	476	194	220	-32	256
Other	524	267	473	257	51	10
Cash used for/provided by investing activities	-4,181	-5,320	-4,316	-5,522	135	202
Change in financing liabilities	-12,831	-4,486	-9,778	-7,513	-3,053	3,027
Dividends paid	-1,736	-1,218	-1,718	-1,209	-18	-9
Other transactions with shareholders	-49	1	-49	-12	-	13
Internal equity and financing transactions	-	-	5,199	11,111	-5,199	-11,111
Cash used for/provided by financing activities	-14,616	-5,703	-6,346	2,377	-8,270	-8,080
Effect of foreign exchange-rate changes on cash and cash equivalents	632	-630	571	-522	61	-108
Cash and cash equivalents at end of period	25,355	24,498	21,674	21,899	3,681	2,599

¹ In the consolidated statement of cash flows, the consolidated cash flows from continuing and discontinued operations are presented. The cash flows from continuing and discontinued operations are shown in Note 2 to the interim consolidated financial statements. A reconciliation from continuing and discontinued operations to profit/loss before income taxes is also included in Note 2 to the consolidated financial statements.

B.09**Free cash flow of the industrial business**

In millions of euros	Q1-3 2021	Q1-3 2020	Change
Cash provided by operating activities	11,421	9,414	+2,007
Cash used for investing activities	-4,316	-5,522	+1,206
Change in marketable debt securities and similar investments	-194	-220	+26
Right-of-use assets	-320	-239	-81
Other adjustments	54	75	-21
Free cash flow of the industrial business	6,645	3,508	+3,137
Legal proceedings (and related measures)	1,486	452	+1,034
Restructuring measures	731	301	+430
M&A transactions	-247	-	-247
Free cash flow of the industrial business adjusted	8,615	4,261	+4,354

Cash used for investing activities of continuing and discontinued operations ↗ **B.08** amounted to €4.2 billion (Q1-3 2020: €5.3 billion). The decrease resulted in particular from the cash inflow of €0.6 billion in connection with the partial sale of shares in Daimler Truck Fuel Cell GmbH & Co. KG (DTFC) to the Volvo Group. The proceeds from sale, which were received in March 2021, are for the purposes of segment reporting divided between the Mercedes-Benz Cars & Vans and Daimler Trucks & Buses segments. Further positive effects resulted from decreased investments in property, plant and equipment and intangible assets.

Cash used for financing activities of continuing and discontinued operations ↗ **B.08** amounted to €14.6 billion (Q1-3 2020: €5.7 billion). The change is primarily due to lower net cash outflows from financing liabilities, mainly in connection with the refinancing of the leasing and sales-financing business. Furthermore, the higher dividend payment made to the shareholders of Daimler AG in comparison to the prior year had a negative effect.

Cash and cash equivalents increased compared with 31 December 2020 by €2.3 billion, after taking currency translation into account. Total liquidity, which also includes marketable debt securities and similar investments, increased by €2.2 billion to €31.6 billion.

The parameter used by Daimler to measure the financial capability of the Group's industrial business is the **free cash flow of the industrial business** ↗ **B.09**, which is derived from the reported cash flows from operating and investing activities. The cash flows from sales and purchases of marketable debt securities and similar investments included in cash flows from investing activities are deducted, as those securities are allocated to liquidity and changes in them are thus not a part of the free cash flow. On the other hand, effects in connection with the recognition and measurement of right-of-use assets, which result from lessee accounting and are largely non-cash items, are included in the free cash flow of the industrial business.

Other adjustments relate to effects from the financing of the Group's own dealerships and effects from internal deposits within the Group. In addition, the calculation of the free cash flow includes the cash flows to be shown under cash used for /

provided by financing activities in connection with the acquisition or disposal of interests in subsidiaries without loss of control.

In the first nine months of 2021, the **free cash flow of the industrial business from continuing and discontinued operations** amounted to a cash inflow of €6.6 billion (Q1-3 2020: €3.5 billion). Compared to the prior-year period, which was strongly affected by the worldwide consequences of the covid-19 pandemic, the first nine months of 2021 showed a significant improvement in the overall business performance. Further positive effects resulted from decreased investments in property, plant and equipment and intangible assets, as well as from the cash inflow of €0.6 billion in connection with the partial sale of shares in Daimler Truck Fuel Cell GmbH & Co. KG (DTFC) to the Volvo Group.

Negative effects resulted from the development of working capital, particularly due to the increase in inventory levels as a result of shortages of semiconductor components. Furthermore, income taxes paid increased in comparison to the prior-year period, due to the substantial improvement in the overall business performance. Additional opposing effects resulted from payments made in March of €0.9 billion resulting from the settlement in the previous year of civil and environmental claims made by several US authorities in connection with emission-control systems used in certain diesel vehicles. Payments were made during the reporting period as part of the personnel-cost-optimisation programme resulting from the agreed measures to reduce costs and the number of employees in a socially acceptable manner. In contrast, the cash flow in the prior-year period was adversely affected by payments made in the context of reviewing and prioritising the product portfolio for the planned discontinuation of X-Class production during Q1 2020. Furthermore, the lower dividend payment received from Beijing Benz Automotive Co., Ltd in comparison to the prior-year period had a lower positive effect on cash provided by operating activities.

In the interest of greater transparency in reporting on the ongoing business, we also report an **adjusted free cash flow of the industrial business from continuing and discontinued operations** ↗ **B.09**. The adjustments for legal proceedings include payments by the automotive segments in connection with ongoing governmental and legal proceedings and related measures taken with regard to Mercedes-Benz diesel vehicles. This relates in particular to payments made in March 2021 resulting from the settlement in the previous year of civil and environmental claims made by several US authorities in connection with emission-control systems used in certain diesel vehicles. The adjustments for restructuring measures include payments made in connection with the personnel-cost-optimisation programme in the reporting period and for the product portfolio review and prioritisation in the prior-year quarter. The adjustments for M&A transactions include payments received from Volvo Group for the partial sale of shares in DTFC and payments made for the purchase of British electric motors specialist YASA Ltd. The adjusted free cash flow of the industrial business amounted to a cash inflow of €8.6 billion (Q1-3 2020: €4.3 billion).

In the first nine months of 2021, the **free cash flow from continuing and discontinued operations of the Daimler Group** resulted in a cash inflow of €15.7 billion (Q1-3 2020: €11.3 billion). Besides the effects of the free cash flow of the industrial business, the free cash flow of the Daimler Group is mainly affected by the leasing and sales-financing business of Daimler Mobility.

As well as being calculated on the basis of the disclosed cash flows from operating and investing activities, **the free cash flow of the industrial business** can also be calculated on the basis of the cash flows before interest and taxes (CFBIT) of the automotive segments. The reconciliation from the CFBIT of Mercedes-Benz Cars & Vans and Daimler Trucks & Buses to the free cash flow of the industrial business also includes payments of interest and taxes. The other reconciliation items

primarily comprise eliminations between the segments and items that are allocated to the industrial business but for which the automotive segments are not responsible. Table [7 B.10](#) shows the reconciliation of the CFBIT of the automotive segments to the free cash flow of the industrial business.

The **CFBIT of the automotive segments** is derived from EBIT and the change in net assets, and also includes additions to right-of-use assets. Tables [7 B.11](#) and [7 B.12](#) show the composition of CFBIT for Mercedes-Benz Cars & Vans and Daimler Trucks & Buses for the third quarter and the nine months period of 2021 compared with the prior-year period. Tables [7 B.13](#) and [7 B.14](#) show the reconciliation from CFBIT to **adjusted CFBIT** and the **adjusted cash conversion rate** for Mercedes-Benz Cars & Vans and Daimler Trucks & Buses.

B.10

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

	Q3 2021	Q3 2020	Q1-3 2021	Q1-3 2020
In millions of euros				
CFBIT Mercedes-Benz Cars & Vans	3,652	4,617	8,122	3,318
CFBIT Daimler Trucks & Buses	-576	1,142	712	936
Income taxes paid/refunded	-613	-24	-1,692	-184
Interest paid/received	-251	-133	-313	-82
Other reconciling items	37	-463	-184	-480
Free cash flow of the industrial business	2,249	5,139	6,645	3,508

B.11

CFBIT for the third quarter

	Mercedes-Benz Cars & Vans		Daimler Trucks & Buses	
	Q3 2021	Q3 2020	Q3 2021	Q3 2020
In millions of euros				
EBIT	2,004	2,118	482	541
Change in working capital	1,170	435	-1,128	184
Net financial investments	-228	-58	-45	-35
Net investments in property, plant and equipment and intangible assets	-1,360	-1,603	-151	-131
Depreciation and amortisation/impairments ¹	1,580	1,745	97	332
Other	486	1,980	169	251
CFBIT	3,652	4,617	-576	1,142

¹ Scheduled depreciation for Daimler Trucks & Buses is shown until 30 July 2021. Depreciation after this date amounting to €180 Mio. are shown in the line item Other.

B.12**CFBIT for the nine month period ending 30 September**

	Mercedes-Benz Cars & Vans		Daimler Trucks & Buses	
	Q1-3 2021	Q1-3 2020	Q1-3 2021	Q1-3 2020
In millions of euros				
EBIT	9,520	1,503	2,342	32
Change in working capital	1,835	1,528	-1,408	361
Net financial investments	-51	-6	267	-72
Net investments in property, plant and equipment and intangible assets	-4,534	-5,323	-457	-518
Depreciation and amortisation/impairments ¹	4,624	5,449	658	1,004
Other	-3,272	167	-690	129
CFBIT	8,122	3,318	712	936

¹ Scheduled depreciation for Daimler Trucks & Buses is shown until 30 July 2021. Depreciation after this date amounting to €180 Mio. are shown in the line item Other.

B.13**Reconciliation to CFBIT adjusted for the third quarter**

	Mercedes-Benz Cars & Vans		Daimler Trucks & Buses	
	Q3 2021	Q3 2020	Q3 2021	Q3 2020
In millions of euros				
CFBIT	3,652	4,617	-576	1,142
Legal proceedings (and related measures)	215	204	-	-
Restructuring measures	40	-	9	-
M&A transactions	220	-	40	-
CFBIT adjusted	4,127	4,821	-527	1,142
EBIT adjusted	2,175	2,417	489	603
Cash conversion rate adjusted¹	1.9	2.0	-1.1	1.9

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

B.14**Reconciliation to CFBIT adjusted for the nine month period ending 30 September**

	Mercedes-Benz Cars & Vans		Daimler Trucks & Buses	
	Q1-3 2021	Q1-3 2020	Q1-3 2021	Q1-3 2020
In millions of euros				
CFBIT	8,122	3,318	712	936
Legal proceedings (and related measures)	1,484	443	-	-
Restructuring measures	545	301	130	-
M&A transactions	-90	-	-241	-
CFBIT adjusted	10,061	4,062	601	936
EBIT adjusted	9,620	2,736	1,838	103
Cash conversion rate adjusted¹	1.0	1.5	0.3	9.1

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

The **net liquidity of the industrial business** **7 B.15** is calculated as the total amount as shown in the statement of financial position of cash, cash equivalents and marketable debt securities and similar investments included in liquidity management, less the currency-hedged nominal amounts of financing liabilities.

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

Compared with 31 December, 2020, the net liquidity of the industrial business increased by €5.6 billion to €23.5 billion. The increase is mainly due to the positive free cash flow of the industrial business, as well as positive exchange-rate effects, and was partially offset by the dividend payment to the shareholders of Daimler AG.

Net debt at Group level, which primarily results from refinancing the leasing and sales-financing business, decreased compared with 31 December 2020 by €11.0 billion to €104.2 billion. **➤ B.16** The Daimler Group once again utilised attractive conditions in the international money and capital markets for **refinancing** in the third quarter of 2021.

In the third quarter of 2021, Daimler had a cash inflow of €0.8 billion from the **issuance** of bonds (Q3 2020: €2.4 billion). The redemption of bonds resulted in cash outflows of €5.9 billion (Q3 2020: €2.3 billion). Benchmark bonds (bonds with high nominal volumes) issued in the first nine months of 2021 are shown in table **➤ B.17**. In addition to the issuances shown in the table, multiple smaller issuances were undertaken in various countries.

In the third quarter of 2021 three **asset-backed securities (ABS) transactions** were conducted. Two transactions in the United States generated a volume of USD 5.25 billion. In China, an ABS bond was issued with a volume of RMB 8.63 billion.

In addition, since July 2018, Daimler has had a syndicated **credit line** of €11 billion, which had not been utilised at 30 September 2021. Furthermore, financial flexibility in the context of the spin-off of Daimler's commercial vehicle business has been secured with an additional credit line of €18 billion. The credit line of Daimler Truck AG consists of a revolving credit line of €5 billion with a term until 2026, including two extension options of one year each, as well as a loan facility of €13 billion, which can be drawn in a period of 12 months and has two extension options of six months each.

B.15

Net liquidity of the industrial business

In millions of euros	30 Sept. 2021	31 Dec. 2020	Change
Cash and cash equivalents	21,675	20,344	+1,331
Marketable debt securities and similar investments	5,299	5,468	-169
Liquidity	26,974	25,812	+1,162
Financing liabilities ¹	-4,139	-9,168	+5,029
Market valuation and currency hedges for financing liabilities	623	1,211	-588
Financing liabilities (nominal)	-3,516	-7,957	+4,441
Net liquidity	23,458	17,855	+5,603

¹ As at 30 September 2021, financing liabilities include liabilities from refinancing of internal dealerships.

B.16

Net debt of the Daimler Group

In millions of euros	30 Sept. 2021	31 Dec. 2020	Change
Cash and cash equivalents	25,356	23,048	+2,308
Marketable debt securities and similar investments	6,261	6,397	-136
Liquidity	31,617	29,445	+2,172
Financing liabilities	-136,454	-145,842	+9,388
Market valuation and currency hedges for financing liabilities	664	1,224	-560
Financing liabilities (nominal)	-135,790	-144,618	+8,828
Net debt	-104,173	-115,173	+11,000

B.17

Benchmark issuances

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

Financial position

The structure of the consolidated statement of financial position at 30 September 2021 is significantly affected by the spin-off announced on 30 July 2021 of substantial parts of the former Daimler Trucks & Buses segment, including the related financial services business (Daimler commercial vehicles business). Until the spin-off takes effect, the assets and liabilities of these operations are to be presented as assets held for distribution or sale and liabilities held for distribution or sale respectively, in separate lines of the statement of financial position. The reclassified carrying amounts of these assets at 30 September 2021 were €52.5 billion and the related liabilities were €23.8 billion and are shown in table [B.18](#). The consolidated statement of financial position at 31 December 2020 remains unchanged.

The **balance-sheet total** increased compared with 31 December 2020 from €285.7 billion to €289.6 billion. The increase includes positive effects from currency translation of €6.1 billion; adjusted for these exchange-rate effects, there was a decrease of €2.2 billion. Daimler Mobility accounts for 159.1 billion (31 December 2020: 161.3 billion) of the balance-sheet total; equivalent to 55% of the Daimler Group's total assets (31 December 2020: 56%). [B.19](#)

In addition to the effects resulting from the reclassifications as assets and liabilities held for distribution or sale, the following significant changes were made to the respective items of the statement of financial position:

Equipment on operating leases and receivables from financial services decreased compared to previous year. This is due, among other things, to the lower of new business in the third quarter caused by production-related supply bottlenecks, so that after the corona-related slump in 2020 the contract volume for passenger cars of the previous year was not reached.

Equity-method investments increased compared to year-end level, primarily due to the proportionate earnings of Beijing Benz Automotive Co., Ltd.

Inventories at the Mercedes-Benz Cars & Vans segment increased in particular for raw materials and manufacturing supplies by €0.9 billion and work in progress by €3.3 billion, while finished goods, parts and products held for resale were €3.0 billion below previous year-level. The differing development is mainly due to bottlenecks for semiconductors.

The Group's equity increased significantly from €62.2 billion to €75.3 billion compared with 31 December 2020. The effects of currency translation were €1.6 billion. The increase of €11.5 billion (adjusted for currency translation) resulted primarily from the net profit of €10.7 billion and gains of €2.7 billion in connection with pension provisions recognised in other comprehensive income. On the other hand, there were the dividend of €1.4 billion paid out to the shareholders of Daimler AG, and losses of €0.4 billion on the remeasurement of derivative financial instruments recognised in other comprehensive income. Equity attributable to the shareholders of Daimler AG increased accordingly to 73.7 billion (31 December 2020: €60.7 billion).

Equity adjusted for the dividend paid for the year 2020 increased at a higher rate than the increase in the balance-sheet total of 1% compared with year-end 2020. The Group's equity ratio of 26.0 % was therefore significantly above the level of the previous year (31 December 2020: 21.3%); the equity ratio for the industrial business was 44.9% (31 December 2020: 37.3%).

Provisions comprise provisions for pensions and similar obligations as well as other provisions and decreased compared to 31 December 2020. In the provisions for pensions and similar obligations, the increase in discount factors led to a decrease in the present value of the pension obligations, while the fair value of the plan assets remains largely unchanged. In the other provisions, provisions for liability and litigation risks decreased in particular due to payments made in March 2021 resulting from the settlement in the previous year of civil and environmental claims made by several US authorities in connection with emission-control systems used in certain diesel vehicles.

The decrease in **financing liabilities** primarily relates to the lower refinancing requirement of the leasing and sales-financing business.

Trade payables of Mercedes-Benz Cars & Vans were €1.7 billion above the prior-year level. The increase related in particular to higher inventories.

Table [B.20](#) shows the derivation of net assets for the automotive segments. They relate to the operating assets and liabilities for which the divisions are responsible.

Further information on the assets presented in the statement of financial position and on the Group's equity and liabilities is provided in the Consolidated Statement of Financial Position [C.05](#), the Consolidated Statement of Changes in Equity [C.07](#) and the related disclosure in the Notes to the Interim Consolidated Financial Statements.

B.18**Assets and liabilities held for distribution or sale of Daimler's commercial vehicles business**

	At 30 September 2021		
	Held for distribution	Held for sale	Total
In millions of euros			
Goodwill	656	9	665
Other intangible assets	1,075	1	1,076
Property, plant and equipment	7,626	22	7,648
Equipment on operating leases	3,698	303	4,001
Receivables from financial services	15,178	1,883	17,061
Equity-method investments	1,390	–	1,390
Inventories	8,487	68	8,555
Trade receivables	3,211	36	3,247
Cash and cash equivalents	5,392	9	5,401
Debt securities and similar investments	141	–	141
Other financial assets	1,003	16	1,019
Other assets	2,283	34	2,317
	50,140	2,381	52,521
Provisions for pensions and similar obligations	2,843	–	2,843
Provisions for other risks	4,480	12	4,492
Financing liabilities	5,687	54	5,741
Trade liabilities	3,436	9	3,445
Other financial liabilities	2,575	17	2,592
Contract and refund liabilities	3,178	32	3,210
Other liabilities	1,414	20	1,434
	23,613	144	23,757

B.19**Condensed statement of financial position**

	Daimler Group		Industrial Business		Daimler Mobility	
	30 Sept. 2021	31 Dec. 2020	30 Sept. 2021	31 Dec. 2020	30 Sept. 2021	31 Dec. 2020
In millions of euros						
Assets						
Intangible assets	14,874	16,399	14,253	15,686	621	713
Property, plant and equipment	27,828	35,246	27,435	34,904	393	342
Equipment on operating leases	43,528	47,552	14,226	17,949	29,302	29,603
Receivables from financial services	77,745	96,185	-92	-83	77,837	96,268
Equity-method investments	5,283	5,189	4,739	4,443	544	746
Inventories	20,699	26,444	20,326	25,298	373	1,146
Trade receivables	6,568	10,649	5,951	9,929	617	720
Cash and cash equivalents	19,955	23,048	16,328	20,344	3,627	2,704
Marketable debt securities and similar investments	6,121	6,397	5,198	5,468	923	929
thereof current	5,230	5,356	4,894	5,165	336	191
thereof non-current	891	1,041	304	303	587	738
Other financial assets	6,062	6,924	-10,092	-10,862	16,154	17,786
Other assets	8,431	11,704	-1,737	1,396	10,168	10,308
Assets held for distribution or sale	52,521	-	34,029	-	18,492	-
Total assets	289,615	285,737	130,564	124,472	159,051	161,265
Equity and liabilities						
Equity	75,270	62,248	58,651	47,933	16,619	14,315
Provisions	21,779	32,520	20,687	31,323	1,092	1,197
Financing liabilities	130,713	145,842	2,680	9,168	128,033	136,674
thereof current	53,684	59,303	-19,363	-18,717	73,047	78,020
thereof non-current	77,029	86,539	22,043	27,885	54,986	58,654
Trade payables	11,339	12,378	10,592	11,605	747	773
Other financial liabilities	6,623	8,598	4,177	5,532	2,446	3,066
Contract and refund liabilities	9,763	12,956	9,402	12,598	361	358
Other liabilities	10,371	11,195	5,360	6,313	5,011	4,882
Liabilities held for distribution or sale	23,757	-	19,015	-	4,742	-
Total equity and liabilities	289,615	285,737	130,564	124,472	159,051	161,265

B.20**Net assets of the automotive segments**

	Mercedes-Benz Cars & Vans		Daimler Trucks & Buses	
	30 Sept. 2021	31 Dec. 2020	30 Sept. 2021	31 Dec. 2020
In millions of euros				
Intangible assets	14,203	13,991	1,683	1,681
Property, plant and equipment	27,434	26,661	7,480	7,905
Inventories	20,353	19,117	8,528	6,307
Trade receivables	5,915	6,839	3,059	3,090
Other segment assets	25,863	24,752	7,063	5,847
Segment assets	93,768	91,360	27,813	24,830
thereof Assets held for distribution or sale	232	-	27,125	-
Trade payables	10,491	8,752	3,508	2,824
Other segment liabilities	49,806	51,416	14,601	14,176
Segment liabilities	60,297	60,168	18,109	17,000
thereof Liabilities held for distribution or sale	95	-	17,844	-
Net assets	33,471	31,192	9,704	7,830

Risk and opportunity report

The risks and opportunities that can have a significant influence on the profitability, cash flows and financial position of the Daimler Group, as well as detailed information on our risk and opportunity management system, are presented on pages 114 to 129 of our Annual Report 2020.

Risks for Daimler resulting from the disruption of global supply chains and in particular from the supply bottlenecks for electronic components and for other key components increased for the fourth quarter. Furthermore, there are increasing risks from the inflationary tendencies currently to be observed, especially the sharp rise in energy prices. This development could affect private households' consumption behaviour as well as companies' investment activities, thus reducing demand for cars and commercial vehicles. Increased pressure on the cost side could be another consequence for Daimler. Finally, the economic risks in China from the ongoing consolidation of the real-estate sector have also increased. If the current developments develop into a deep crisis for the real-estate sector and a subsequent financial crisis, this could have significant negative consequences for economic growth and Chinese demand for cars and commercial vehicles.

In addition, we refer to the notes on forward-looking statements provided at the end of this Interim Management Report. Changes in risks and opportunities are continuously monitored, evaluated and, if appropriate, taken into account in planning during the year.

As previously reported, we expect the spin-off of Daimler's commercial vehicle business to be completed in December 2021. As described in the Outlook section of this interim report, we anticipate a significant positive impact on Group EBIT from the deconsolidation of Daimler's commercial vehicle business.

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

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

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

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

As part of these settlements, Daimler denies the allegations by the authorities and does not admit liability, but has agreed to, among other things, pay civil penalties, conduct an emission modification programme for affected vehicles and take certain other measures. The failure to meet certain of those obligations may trigger additional stipulated penalties. In the first quarter of 2021, Daimler paid the civil penalties.

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

In Germany, the Stuttgart public prosecutor's office issued a fine notice against Daimler in September 2019 based on a negligent violation of supervisory duties, which has become legally binding, thereby concluding the related administrative offense proceedings against Daimler. The Stuttgart public prosecutor's office is still conducting criminal investigation proceedings against Daimler employees on the suspicion of, amongst others, fraud. In June 2021, the Stuttgart public prosecutor's office applied for penal orders against three Daimler employees with the local court of Böblingen based on, amongst others, fraud, which the court issued and which have become final.

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

In the course of its formal investigation into possible collusion on clean emission technology, the European Commission sent a statement of objections to Daimler and other automobile manufacturers in April 2019. In this context, Daimler filed an application for immunity from fines (leniency application) with the European Commission some time ago. On 8 July 2021, the proceedings were closed by way of a settlement with the European Commission. During the entire proceedings, Daimler AG cooperated closely with the European Commission, and the European Commission has granted the company complete immunity from fines.

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

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

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

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

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

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

In a consolidated consumer class action against Daimler AG and MBUSA before the U.S. District Court for New Jersey, plaintiffs alleged that Daimler AG and MBUSA used devices that impermissibly impair the effectiveness of emission control systems in reducing nitrogen-oxide (NO_x) emissions and which cause excessive emissions from vehicles with diesel engines. In addition, plaintiffs alleged that consumers were deliberately deceived in connection with the advertising of Mercedes-Benz diesel vehicles.

In the third quarter of 2020, Daimler AG and MBUSA reached a settlement with plaintiffs' counsel of this consumer class action. As part of the settlement, Daimler AG and MBUSA deny the material factual allegations and legal claims asserted by the class action plaintiffs, but have agreed to provide payments to certain current and former diesel vehicle owners and lessees. The relevant court has granted final approval of the settlement and issued a final judgment in the case. Appeals against the final judgment have not been submitted at this time. The estimated cost of the settlement is approximately USD 700 million. In addition, Daimler estimates further expenses of a mid-three-digit-million euro amount to fulfil requirements of this settlement and the aforementioned settlements with the US authorities.

A consumer class action making similar allegations and seeking similar remedies as to vehicles sold or leased in Canada was filed against Daimler AG and other Group companies in Ontario in April 2016. In June 2017, the court granted a procedural motion to certify certain issues for class treatment. Litigation is still ongoing.

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

In Germany, a large number of customers of diesel vehicles have filed lawsuits for damages or rescission of sales contracts. They assert that the vehicles contained illegal defeat devices and/or showed impermissibly high levels of emissions or fuel consumption. They refer to, in particular, the German Federal Motor Transport Authority's recall orders mentioned above. Given the current development of case numbers, we expect a continued high number of lawsuits to be filed in this respect. In this context, the Federation of German Consumer Organisations (Verbraucherzentrale Bundesverband e.V.) filed a model declaratory action (Musterfeststellungsklage) against Daimler AG with the Stuttgart Higher Regional Court on 7 July 2021, which has not yet been published in the German register for model declaratory actions. Such action seeks a ruling that certain preconditions of alleged consumer claims are met. Daimler AG will defend itself against the federation's allegations.

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

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

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

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

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

Risks from other legal proceedings

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

On 21 September 2021, individual persons associated with Deutsche Umwelthilfe e.V. ("DUH") filed a lawsuit before the Stuttgart Regional Court against Mercedes-Benz AG. According to public statements by DUH, they claim injunctive relief, demanding that Mercedes-Benz AG refrains from distributing passenger cars with combustion engines after November 2030 and reduces its respective sales prior to this point in time. Mercedes-Benz has not yet been served with the lawsuit and will defend itself against the plaintiffs' allegations.

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

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

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

Further information on legal proceedings is provided in [Note 30](#) of the Notes to the Consolidated Financial Statements as at 31 December 2020.

Outlook

The economic conditions for worldwide demand for cars are likely to remain favourable during the rest of the year. One must assume, however, that strained supply chains and bottlenecks for key components will continue to have a considerable impact on worldwide vehicle production in the fourth quarter. On the sales side, this means that we now expect only slight growth in the **global car market** in 2021.

The European market is unlikely to surpass its volume of the previous year, which was already very weak due to the covid-19 crisis. Demand in the US market for cars and light trucks is now expected to increase only slightly. The Chinese car market, which performed better than most other major sales markets in 2020, should remain only at its prior-year level.

An ongoing difficult situation on the supply side is also expected for the **van market**. In the EU30 region (European Union, United Kingdom, Switzerland and Norway), however, significant growth is expected in the combined market segment of mid-size and large vans. On the other hand, we anticipate a market volume for small vans only at the level of 2020. Demand for large vans in the United States is likely to be at about the same level as last year. In Brazil, we anticipate slight market growth in the large-van segment. In China, we expect demand for mid-size vans to increase significantly.

The favourable economic development should also result in improved demand in the major **truck markets** in full-year 2021, but production bottlenecks are still likely to have an impact in some regions. In North America, however, we assume that the market for heavy-duty trucks (class 8) will significantly surpass the prior-year volume. Significant growth in sales of heavy-duty trucks is expected also in the EU30 region. Likewise, we anticipate significant expansion for the Brazilian market, while the market volume in Japan is likely to be similar to that in 2020.

We assume that the worldwide shortage of supply of semiconductor components will affect our business also in the fourth quarter of the year, but we expect the situation to improve compared with the third quarter. It remains difficult to deliver a forecast on how the supply situation will continue to develop.

In order to establish comparability with our previous forecasts for the Group and its divisions, we first present our expectations for full-year 2021 under the assumption that Daimler's commercial vehicle business remains within the Group for the entire financial year. It is thereby assumed that scheduled depreciation and amortisation and the measurement of equity-method investments take place unchanged for the full year for Daimler's commercial vehicle business and also from the Group's perspective.

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

Mercedes-Benz Cars now anticipates slightly lower unit sales in full-year 2021 than in the previous year. The current semiconductor situation is likely to reduce our sales also during the rest of the year. The product portfolio is being further rejuvenated with new or revised models and is being expanded in particular with electrified models such as the EQS. We continue to expect positive impetus from the very popular SUV models, the new C-Class and the ongoing electrification of new model series.

Mercedes-Benz Vans now expects its unit sales in 2021 to be at the prior-year level. We assume that our deliveries in 2021 will be adversely affected by the existing global supply bottlenecks for certain semiconductor components.

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

In full-year 2021, **Daimler Mobility** now anticipates slightly lower new business and contract volume due to production-related supply bottlenecks. Our ongoing aim is to utilise new market potential in the used-car market as well as through more flexible leasing and rental products, especially for electric vehicles. With the continuous expansion of our online sales channels, we intend to take advantage of additional market opportunities and to increase customer satisfaction.

We expect the **revenue of the Daimler Group** in full-year 2021 to be significantly above the level of the previous year. Our expectations are confirmed that the two automotive divisions Mercedes-Benz Cars & Vans and Daimler Trucks & Buses should post revenues significantly above their prior-year levels. The Daimler Mobility division continues to expect its revenue to be at the level of 2020.

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

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

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

Mercedes-Benz Cars & Vans: adjusted return on sales of 10-12%.

Daimler Trucks and Buses: adjusted return on sales of 6-8%.

Daimler Mobility: adjusted return on equity of 20-22%.

The calculation of the adjusted return on equity of the Daimler Mobility segment does not include any impact on segment EBIT from the deconsolidation of parts of the financial services business.

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

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

We now anticipate **investment in property, plant and equipment** in 2021 at slightly below the magnitude of the previous year.

A major area of **capital expenditure** at Mercedes-Benz Cars & Vans will be for the product ramp-ups of the new generation of the C-Class and the battery-electric vehicles on the EVA2 platform. In addition, we will push ahead with the development of alternative drive systems. Investment in property, plant and equipment at Mercedes-Benz Cars & Vans is now expected to be significantly below the prior-year level. The focus of investment at Daimler Trucks & Buses will be mainly on the areas of electric mobility, emissions standards and the fuel efficiency of our conventional engines. Other key areas include the completion of the Freightliner vocational product portfolio and infrastructure optimisation. For full-year 2021, Daimler Trucks & Buses expects significantly increased investment in property, plant and equipment.

With our research and development activities, our goal is to continue strengthening Daimler's competitive position against the backdrop of upcoming technological challenges. We now expect our research and development expenditure in 2021 to be slightly above the prior-year level. This applies both to the Group and to Mercedes-Benz Cars & Vans. A large proportion of the **research and development expenditure** at Mercedes-Benz Cars & Vans will be on the renewal of the product portfolio. Research and development expenditure at Daimler Trucks & Buses is also likely to increase only slightly compared with the previous year.

We expect the average CO₂ emissions of our fleet of new cars in Europe (European Union, Norway and Iceland) to decrease again significantly in 2021 compared with the comparable figure for the previous year calculated according to WLTP (probably between 130 to 140 g/km, based on preliminary figures for fuel consumption in 2020 and taking into account the statutory regulations of 2021).

Following the resolution of the Extraordinary General Meeting of Daimler AG on 1 October 2021 to spin-off Daimler's commercial vehicle business, our outlook for the key performance indicators of the Daimler Group (including the Daimler Trucks & Buses division) includes the contributions of these activities only until the spin-off takes effect. The transaction is expected to be concluded in December 2021. After conclusion of the transaction, the shares in Daimler Truck Holding AG will be included in the consolidated financial statements using the equity method.

As already stated, our comments above on our expectations for the year 2021 are solely for the purpose of comparing with the forecasts we have made so far in the course of the year. Taking into account the spin-off of Daimler's commercial vehicles business changes the forecasts for individual key figures, which we name and explain in our further comments.

The outlook for the Group's key figures takes into account the effects of discontinuing scheduled depreciation and amortisation and the equity-method measurement of non-current assets classified as held for distribution or sale. The expected transaction costs in connection with the spin-off are also included in the outlook. With the completion of the spin-off in the fourth quarter, we expect considerable positive effects on Group EBIT, which, however, cannot yet be reliably quantified and are therefore not included in the outlook.

With the equity-method inclusion of the shares in Daimler Truck Holding AG from the time when the spin-off takes effect, Daimler's commercial vehicle business will be presented in the reconciliation.

Taking into account the spin-off of Daimler's commercial vehicle business, we assume that **total unit sales** will be slightly below the prior-year level. Daimler Trucks & Buses continues to anticipate a significant increase.

Group revenue is likely to be significantly higher than in 2020. However, we expect Daimler Trucks & Buses' revenue to remain at the prior-year level until the spin-off of Daimler's commercial vehicle business takes effect.

Group EBIT should continue to be significantly above the prior-year level, also taking into account the spin-off of Daimler's commercial vehicle business. Daimler Trucks & Buses' **adjusted return on sales** for this period should be 6-8%.

We expect the **free cash flow of the industrial business** to be slightly lower than in 2020. For Daimler Trucks & Buses, we anticipate an **adjusted cash conversion rate** of 0.6 to 0.8 until the spin-off of Daimler's commercial vehicle business takes effect.

With consideration of the spin-off of Daimler's commercial vehicle business, the Group expects **investment in property, plant and equipment** to be significantly below the magnitude of the previous year. Daimler Trucks & Buses also anticipates significantly lower capital expenditure until that date.

We assume that the Group's **research and development expenditure** in 2021 will be slightly higher than the volume of the previous year. Daimler Trucks & Buses expects its research and development spending to remain at the prior-year level until the spin-off of Daimler's commercial vehicles business takes effect.

With consideration of the spin-off of Daimler's commercial vehicle business, **Daimler Mobility** anticipates slightly lower new business and significantly lower contract volume in 2021.

Forward-looking statements:

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

Consolidated Statement of Income Q3

C.01

	Q3 2021	Q3 2020
In millions of euros		
Revenue	31,647	31,620
Cost of sales	-24,933	-25,729
Gross profit	6,714	5,891
Selling expenses	-2,199	-1,899
General administrative expenses	-707	-643
Research and non-capitalised development costs	-1,351	-1,244
Other operating income	562	485
Other operating expense	-244	-79
Gains on equity-method investments, net	196	140
Other financial expense, net	-72	-140
Earnings before interest and taxes (EBIT)	2,899	2,511
Interest income	80	58
Interest expense	-100	-68
Profit of continuing operations, before taxes	2,879	2,501
Income taxes	-855	-690
Net profit of continuing operations	2,024	1,811
Net profit of discontinued operations, after taxes	549	347
Net profit	2,573	2,158
thereof profit attributable to non-controlling interests	103	109
thereof profit attributable to shareholders of Daimler AG	2,470	2,049
thereof continuing operations	1,929	1,700
thereof discontinued operations	541	349
Earnings per share (in euros)		
for profit attributable to shareholders of Daimler AG		
Basic	2.31	1.91
thereof continuing operations	1.81	1.59
thereof discontinued operations	0.50	0.32
Diluted	2.31	1.91
thereof continuing operations	1.81	1.59
thereof discontinued operations	0.50	0.32

Consolidated Statement of Income Q1-3

C.02

	Q1-3 2021	Q1-3 2020
In millions of euros		
Revenue	98,653	85,094
Cost of sales	-76,651	-72,645
Gross profit	22,002	12,449
Selling expenses	-6,659	-6,236
General administrative expenses	-2,037	-1,884
Research and non-capitalised development costs	-4,351	-3,852
Other operating income	2,194	1,726
Other operating expense	-583	-350
Gains on equity-method investments, net	1,109	344
Other financial income/expense, net	307	-272
Earnings before interest and taxes (EBIT)	11,982	1,925
Interest income	186	189
Interest expense	-318	-278
Profit of continuing operations, before taxes	11,850	1,836
Income taxes	-3,208	-1,119
Net profit of continuing operations	8,642	717
Net profit/loss of discontinued operations, after taxes	2,008	-297
Net profit	10,650	420
thereof profit attributable to non-controlling interests	292	278
thereof profit attributable to shareholders of Daimler AG	10,358	142
thereof continuing operations	8,376	439
thereof discontinued operations	1,982	-297
Earnings/loss per share (in euros)		
for profit/loss attributable to shareholders of Daimler AG		
Basic	9.68	0.13
thereof continuing operations	7.83	0.41
thereof discontinued operations	1.85	-0.28
Diluted	9.68	0.13
thereof continuing operations	7.83	0.41
thereof discontinued operations	1.85	-0.28

Consolidated Statement of Comprehensive Income Q3

C.03

	Q3 2021	Q3 2020
In millions of euros		
Net profit/loss	2,573	2,158
Gains/losses on currency translation	604	-933
Gains/losses on debt instruments	-2	3
Gains/losses on derivative financial instruments	-146	370
Items that may be reclassified to profit/loss	456	-560
Actuarial gains/losses from pensions and similar obligations	80	-855
Gains/losses on equity instruments	20	23
Items that will not be reclassified to profit/loss	100	-832
Other comprehensive income/loss, after taxes	556	-1,392
thereof income/loss attributable to non-controlling interests, after taxes	23	-24
thereof income/loss attributable to shareholders of Daimler AG, after taxes	533	-1,368
Total comprehensive income/loss	3,129	766
thereof income/loss attributable to non-controlling interests	126	85
thereof income/loss attributable to shareholders of Daimler AG	3,003	681

Consolidated Statement of Comprehensive Income/Loss Q1-3

C.04

	Q1-3 2021	Q1-3 2020
In millions of euros		
Net profit/loss	10,650	420
Gains/losses on currency translation	1,567	-1,944
Gains/losses on debt instruments	-3	2
Gains/losses on derivative financial instruments	-355	719
Items that may be reclassified to profit/loss	1,209	-1,223
Actuarial gains/losses from pensions and similar obligations	2,706	-2,188
Gains/losses on equity instruments	112	32
Items that will not be reclassified to profit/loss	2,818	-2,156
Other comprehensive income/loss, after taxes	4,027	-3,379
thereof income/loss attributable to non-controlling interests, after taxes	48	-43
thereof income/loss attributable to shareholders of Daimler AG, after taxes	3,979	-3,336
Total comprehensive income/loss	14,677	-2,959
thereof income/loss attributable to non-controlling interests	340	235
thereof income/loss attributable to shareholders of Daimler AG	14,337	-3,194

Consolidated Statement of Financial Position

C.05

	30 Sept. 2021	31 Dec. 2020
In millions of euros		
Assets		
Intangible assets	14,874	16,399
Property, plant and equipment	27,828	35,246
Equipment on operating leases	43,528	47,552
Equity-method investments	5,283	5,189
Receivables from financial services	45,815	53,709
Marketable debt securities and similar investments	891	1,041
Other financial assets	3,380	4,167
Deferred tax assets	3,304	6,259
Other assets	1,057	911
Total non-current assets	145,960	170,473
Inventories	20,699	26,444
Trade receivables	6,568	10,649
Receivables from financial services	31,930	42,476
Cash and cash equivalents	19,955	23,048
Marketable debt securities and similar investments	5,230	5,356
Other financial assets	2,682	2,757
Other assets	4,070	4,534
Assets held for distribution or sale	52,521	–
Total current assets	143,655	115,264
Total assets	289,615	285,737
Equity and liabilities		
Share capital	3,070	3,070
Capital reserves	11,545	11,551
Retained earnings	58,873	47,111
Other reserves	192	-1,041
Equity attributable to shareholders of Daimler AG	73,680	60,691
Non-controlling interests	1,590	1,557
Total equity	75,270	62,248
Provisions for pensions and similar obligations	5,858	12,070
Provisions for other risks	8,782	11,116
Financing liabilities	77,029	86,539
Other financial liabilities	1,319	1,971
Deferred tax liabilities	4,390	3,649
Deferred income	1,125	1,567
Contract and refund liabilities	4,024	5,787
Other liabilities	953	981
Total non-current liabilities	103,480	123,680
Trade payables	11,339	12,378
Provisions for other risks	7,139	9,334
Financing liabilities	53,684	59,303
Other financial liabilities	5,304	6,627
Deferred income	1,398	1,594
Contract and refund liabilities	5,739	7,169
Other liabilities	2,505	3,404
Liabilities held for distribution or sale	23,757	–
Total current liabilities	110,865	99,809
Total equity and liabilities	289,615	285,737

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

Consolidated Statement of Cash Flows

C.06

	Q1-3 2021	Q1-3 2020
In millions of euros		
Profit before income taxes of continuing and discontinued operations	14,312	1,830
Depreciation and amortisation/impairments	5,381	6,668
Other non-cash expense and income	-1,853	-458
Gains (-)/losses (+) on disposals of assets	-800	35
Change in operating assets and liabilities		
Inventories	-2,491	-933
Trade receivables	963	1,287
Trade payables	2,305	2,106
Receivables from financial services	4,608	4,277
Vehicles on operating leases	1,003	2,393
Other operating assets and liabilities	-1,327	-163
Dividends received from equity-method investments	833	1,234
Income taxes paid	-2,462	-1,008
Cash provided by operating activities	20,472	17,268
Additions to property, plant and equipment	-3,340	-3,830
Additions to intangible assets	-1,923	-2,137
Proceeds from disposals of property, plant and equipment and intangible assets	593	279
Investments in shareholdings	-382	-323
Proceed from the disposal of shares in Daimler Truck Fuel Cell GmbH & Co. KG	634	-
Proceeds from disposals of shareholdings	144	227
Acquisition of marketable debt securities and similar investments	-3,141	-2,985
Proceeds from sales of marketable debt securities and similar investments	3,303	3,461
Other	-69	-12
Cash used for investing activities	-4,181	-5,320
Change in financing liabilities	-12,831	-4,486
Dividend paid to shareholders of Daimler AG	-1,444	-963
Dividends paid to non-controlling interests	-292	-255
Proceeds from the issue of shares	36	31
Acquisition of treasury shares	-48	-30
Acquisition of non-controlling interests in subsidiaries	-37	-
Cash used for financing activities	-14,616	-5,703
Effect of foreign exchange-rate changes on cash and cash equivalents	632	-630
Net increase in cash and cash equivalents	2,307	5,615
Cash and cash equivalents at beginning of period	23,048	18,883
Cash and cash equivalents at end of period	25,355	24,498

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

Consolidated Statement of Changes in Equity

C.07

	Share capital	Capital reserves	Retained earnings	Other reserves	
				Items that may be reclassified to profit/loss	Equity instruments/ debt instruments
In millions of euros				Currency translation	
Balance at 1 January 2020	3,070	11,552	46,329	909	30
Net profit	-	-	142	-	-
Other comprehensive income/loss before taxes	-	-	-2,582	-1,900	43
Deferred taxes on other comprehensive income/loss	-	-	393	-	-9
Total comprehensive income/loss	-	-	-2,047	-1,900	34
Dividends	-	-	-963	-	-
Changes in consolidated group	-	-	-83	-	-
Capital increase/Issue of new shares	-	-	-	-	-
Acquisition of treasury shares	-	-	-	-	-
Issue and disposal of treasury shares	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-1	-	-	-
Other	-	-	37	-	-
Balance at 30 September 2020	3,070	11,551	43,273	-991	64
Balance at 1 January 2021	3,070	11,551	47,111	-1,516	206
Net profit	-	-	10,358	-	-
Other comprehensive income/loss before taxes	-	-	4,084	1,519	146
Deferred taxes on other comprehensive income/loss	-	-	-1,378	-	-37
Total comprehensive income/loss	-	-	13,064	1,519	109
Dividends	-	-	-1,444	-	-
Acquisition of treasury shares	-	-	-	-	-
Issue and disposal of treasury shares	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-6	-	-	-
Other	-	-	142	-	-
Balance at 30 September 2021	3,070	11,545	58,873	3	315

Derivative financial instruments	Treasury shares	Equity attributable to shareholders of Daimler AG	Non- controlling interests	Total equity	
In millions of euros					
-546	-	61,344	1,497	62,841	Balance at 1 January 2020
-	-	142	278	420	Net profit
1,031	-	-3,408	-43	-3,451	Other comprehensive income/loss before taxes
-312	-	72	-	72	Deferred taxes on other comprehensive income/loss
719	-	-3,194	235	-2,959	Total comprehensive income/loss
-	-	-963	-261	-1,224	Dividends
-	-	-83	2	-81	Changes in consolidated group
-	-	-	13	13	Capital increase/Issue of new shares
-	-30	-30	-	-30	Acquisition of treasury shares
-	30	30	-	30	Issue and disposal of treasury shares
-	-	-1	-	-1	Changes in ownership interests in subsidiaries
-	-	37	-3	34	Other
173	-	57,140	1,483	58,623	Balance at 30 September 2020
269	-	60,691	1,557	62,248	Balance at 1 January 2021
-	-	10,358	292	10,650	Net profit
-499	-	5,250	48	5,298	Other comprehensive income/loss before taxes
144	-	-1,271	-	-1,271	Deferred taxes on other comprehensive income/loss
-355	-	14,337	340	14,677	Total comprehensive income/loss
-	-	-1,444	-323	-1,767	Dividends
-	-48	-48	-	-48	Acquisition of treasury shares
-	48	48	-	48	Issue and disposal of treasury shares
-	-	-6	19	13	Changes in ownership interests in subsidiaries
-40	-	102	-3	99	Other
-126	-	73,680	1,590	75,270	Balance at 30 September 2021

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

Notes to the Interim Consolidated Financial Statements

1. Presentation of the Interim Consolidated Financial Statements

General

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

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

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

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

The Board of Management authorised the Interim Consolidated Financial Statements for publication on 28 October 2021. These Interim Consolidated Financial Statements have been reviewed by the Daimler Group's auditors.

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

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

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

This change in estimates has been applied from 1 January 2021 and leads to a positive impact on earnings before interest and taxes (EBIT) of €173 million in the third quarter of 2021 and €616 million in the nine-month period ended 30 September 2021. The income is mainly included in the cost of sales and is mainly attributable to the Mercedes-Benz Cars & Vans segment.

The expected full-year effects are €0.8 billion in 2021 and €0.3 billion in 2022.

2. Spin-off of Daimler's commercial vehicles business

On 30 July 2021, the Board of Management of Daimler AG, with the approval of the Supervisory Board, decided on the spin-off of substantial parts of the Daimler Trucks & Buses segment, including the related financial services business (Daimler commercial vehicles business). The majority of the shareholders of Daimler AG approved the spin-off agreement at the Extraordinary General Meeting on 1 October 2021.

With the planned completion by the end of the year of the spin-off of Daimler's commercial vehicle business, the shareholders of Daimler AG will receive 65% of the shares in the newly founded Daimler Truck Holding AG, which will then be listed on the stock exchange as an independent company.

It is planned that Daimler will hold a minority interest of 35% in Daimler Truck Holding AG as of 31 December 2021. On the basis of the contracts concluded in connection with the transaction, Daimler AG will no longer have a controlling influence on that company from the date of entry of the spin-off in the Commercial Register. The shares will be included in the consolidated financial statements using the equity method and will be presented as an equity investment not allocated to the segments in the reconciliation of the reportable segments to the Group.

In 2022, it is intended to transfer 5% of the shares of Daimler Truck Holding AG to Daimler Pension Trust e.V. and to contribute them to the pension-plan assets.

Effects of the spin-off on reporting

The criteria for classification as assets and liabilities held for distribution or sale and as discontinued operations have been met since 30 July 2021.

In the consolidated statement of financial position, assets and liabilities of Daimler's commercial vehicles business as of 30 September 2021 are presented as assets and liabilities held for distribution or sale. The amounts in the statement of financial position of the previous year are shown in line with the previous method of presentation, in accordance with IFRS.

Continuing operations are presented in the consolidated statement of income; the profit or loss after tax of discontinued operations is shown in a separate line. The previous year's figures have been adjusted accordingly. Unless otherwise indicated, the information on the statement of income in the notes to the consolidated financial statements relates to continuing operations. In line with the internal management and reporting structure, the Daimler Trucks & Buses segment is included unchanged in the segment reporting.

In the consolidated statement of cash flows, consolidated cash flows from continuing and discontinued operations are presented for the reporting period and the prior-year period.

Assets and liabilities held for distribution or sale

Assets and liabilities held for distribution

For substantial parts of the Daimler Trucks & Buses segment, its equity investments or business operations are already legally assigned to Daimler Truck AG until the spin-off takes effect. As part of the spin-off, the financial services business will also be split up. A substantial part of the financial services business that is to be included in the Daimler commercial vehicle business will also be transferred before the spin-off takes effect (Daimler Mobility phase 1). All items transferred before the spin-off takes effect are classified – aggregated in a so-called disposal group in accordance with IFRS 5 – as assets and liabilities held for distribution from 30 July 2021 onwards. The disposal group contains most of the assets and liabilities of the current Daimler Trucks & Buses segment, parts of the Daimler Mobility segment and, to a very small extent, parts of the Mercedes-Benz Cars & Vans segment.

Assets and liabilities held for sale

In some countries, investments in operating entities or business operations of the previous Daimler Trucks & Buses segment will only be transferred to Daimler Truck Holding AG or its subsidiaries or sold to external third parties after the spin-off takes effect (so-called leftovers). Furthermore, parts of the financial services business in connection with the commercial vehicle business will also be transferred after the effective date (Daimler Mobility phase 2). These business operations are reported as assets and liabilities held for sale from 30 July 2021 onwards, provided that for each transaction the criteria of IFRS 5 are met. The vehicles leased out that are classified as held for distribution also include vehicles that are accounted for by Daimler Trucks & Buses due to retained controls.

As a result, the scheduled depreciation and amortisation and the equity-method measurement of the non-current assets classified as held for distribution or sale is discontinued as of this date. In order to ensure that the EBIT of Daimler Trucks & Buses and Daimler Mobility can be compared with the previous year, these measurement effects are shown in the reconciliation.

The non-recurring fair-value measurement of the disposal groups held for sale was assigned to level 3 based on the input factors of the discounted cash flow measurement method used.

Overview of assets and liabilities held for distribution or sale

The assets and liabilities held for distribution or sale are presented in table [C.08](#).

The **goodwill** allocated to the assets held for distribution or sale comprises the goodwill of the cash-generating units Daimler Trucks and Daimler Buses. In addition, parts of the goodwill of the cash-generating unit Daimler Mobility are allocated, which have been determined on the basis of the relative amounts of the operations disposed of and remaining. Before being classified as held for distribution or sale, all assets and liabilities were measured in accordance with the applicable IFRS. This also included an impairment test for the cash-generating units Daimler Trucks and Daimler Buses, which did not result in any need for impairment.

Scheduled **depreciation and amortisation** and the equity-method measurement of the non-current assets classified as held for distribution or sale are no longer recognised from 30 July 2021 onwards.

Other reserves in shareholders' equity currently include cumulative expenses in connection with assets and liabilities classified as held for distribution (€377 million) or held for sale (€36 million).

C.08**Assets and liabilities held for distribution or sale of Daimler's commercial vehicles business**

	At 30 September 2021		
	Held for distribution	Held for sale	Total
In millions of euros			
Goodwill	656	9	665
Other intangible assets	1,075	1	1,076
Property, plant and equipment	7,626	22	7,648
Equipment on operating leases	3,698	303	4,001
Receivables from financial services	15,178	1,883	17,061
Equity-method investments	1,390	–	1,390
Inventories	8,487	68	8,555
Trade receivables	3,211	36	3,247
Cash and cash equivalents	5,392	9	5,401
Debt securities and similar investments	141	–	141
Other financial assets	1,003	16	1,019
Other assets	2,283	34	2,317
	50,140	2,381	52,521
Provisions for pensions and similar obligations	2,843	–	2,843
Provisions for other risks	4,480	12	4,492
Financing liabilities	5,687	54	5,741
Trade liabilities	3,436	9	3,445
Other financial liabilities	2,575	17	2,592
Contract and refund liabilities	3,178	32	3,210
Other liabilities	1,414	20	1,434
	23,613	144	23,757

The **deferred taxes** attributable to the assets and liabilities held for sale have been classified as held for sale if disposal of the assets and liabilities is to take place in connection with a sale or disposal of shares in a company. Prior to reclassification, the deferred tax assets were tested for impairment and, if necessary, written down. If the assets and liabilities are to be disposed of in connection with a sale of individual assets and liabilities, the deferred taxes attributable to the assets and liabilities held for sale continue to be recognised in the consolidated statement of financial position as deferred tax assets and liabilities.

Assets classified as held for distribution include **cash and cash equivalents** of €3.8 billion, which are based on the contractual arrangements to strengthen the liquidity and equity capital of Daimler's commercial vehicle business that is to be spun off, and take particular account of payments of €5.4 billion in the context of a capital increase at Daimler Truck AG. On the other hand, they include intra-Group payments to be made before the spin-off by companies of the future Daimler Truck Group for the acquisition and development of the financial services business related to commercial vehicles and for the acquisition of further operations and assets of the future commercial vehicle business, which may be subject to purchase-price adjustments until the date of the spin-off. The cash flows of the discontinued operations presented in Table [7 C.11](#) do not include these cash and cash equivalents of €3.8 billion. With the spin-off of Daimler's commercial vehicle business, further payments will be made by the Daimler Group in connection with the settlement of intra-Group clearing accounts. At 30 September 2021, the balance of these accounts amounted to €2.2 billion; this amount is not included in cash and cash equivalents classified as held for distribution.

In connection with the spin-off of Daimler's commercial vehicle business, additional credit lines totalling €18 billion were agreed in the third quarter of 2021.

Profit/loss of discontinued operations

Profit/loss after taxes of discontinued operations comprises the profit/loss of the ongoing business of the discontinued operations and the measurement of the discontinued operations. Table [7 C.09](#) shows the composition of profit/loss of discontinued operations, after taxes.

Profit/loss of the ongoing business of discontinued operations includes income and expenses in connection with the assets and liabilities of the Daimler Trucks & Buses segment that are classified as held for distribution or sale. No amounts of other segments are included – in particular of Daimler Mobility – as these operations do not constitute a separate significant business unit. Eliminations from transactions between continuing and discontinued operations are allocated in full to discontinued operations. Income taxes are allocated to the taxable entity or in accordance with the applicable tax apportionment system.

Profit/loss from the measurement of discontinued operations includes transaction costs of €41 million (before taxes) arising in connection with the discontinued operations. The non-recurring other expenses of €35 million (before taxes) in connection with the spin-off (e.g. IT expenses) are included in the profit/loss of the ongoing business of discontinued operations.

The **functional cost areas of the discontinued operations** included expenses of €116 million from personnel-cost optimisation programmes in connection with the measures for cost reductions and socially responsible workforce reductions agreed with the Daimler AG General Works Council in December 2019. In addition, functional costs include costs related to the spin-off of €76 million.

As already described, eliminations from transactions between continuing and discontinued operations are allocated in full to discontinued operations. Expenses from the elimination of income from the recharging of costs, in particular by Daimler AG to companies of the future Daimler Truck Group, are reported in the **other operating income of discontinued operations**. On the other hand, there is income from eliminations, especially in functional costs. The increase in the other operating income of discontinued operations results from the gain on the remeasurement of the shares in Daimler Truck Fuel Cell GmbH & Co. KG (€611 million), which is allocated to the Daimler Trucks & Buses segment. The equity-method carrying amount and the equity-method profit/loss have been allocated to the Daimler Trucks & Buses segment since March 2021.

Gains on equity-method investments include the reversal of the impairment of the joint venture Beijing Foton Daimler Automotive Co., Ltd (BFDA) as well as the revaluation of the shares in DAIMLER KAMAZ RUS OOO.

Income taxes of the ongoing business of discontinued operations essentially comprise the tax expenses on the pre-tax earnings of the foreign companies. Due to the applicable income tax group, the domestic companies largely do not include any tax expense or income. The effective tax rate is 18.4% (Q1-3 2020: -4,850%). Due to the low and negative pre-tax earnings in the previous year, the effective tax rate in the previous year is not representative.

Consolidated statement of cash flows

The consolidated statement of cash flows for the first nine months of 2021 shows the total from continuing and discontinued operations. The cash flows from discontinued operations are calculated as the difference between the consolidated cash flows from continuing and discontinued operations and the consolidated cash flows from continuing operations taking into account all elimination entries between continuing and discontinued operations in the discontinued operations. In this respect, the presentation does not take into consideration the intra-Group supply of goods and services after the spin-off.

Table [7 C.08](#) shows the cash and cash equivalents held for distribution or sale at the end of the period.

Table [7 C.10](#) shows the reconciliation of profit/loss before income taxes of continuing operations in the consolidated statement of income to profit before income taxes of continuing and discontinued operations in the consolidated statement of cash flows.

The individual cash flows are presented in table [7 C.11](#).

C.09

Profit/loss of discontinued operations, after taxes

	Q1-3 2021	Q1-3 2020
In millions of euros		
Revenue	25,929	22,594
Cost of sales	-20,495	-19,060
Gross profit	5,434	3,534
Selling expenses	-1,577	-1,479
General administrative expenses	-872	-732
Research and non-capitalised development costs	-923	-968
Other operating income	342	-265
Other operating expense	-118	-43
Gains on equity-method investments, net	188	37
Other financial income/expense, net	56	-4
Earnings before interest and taxes (EBIT)	2,530	80
Interest income/expense	-68	-86
Profit/loss of discontinued operations, before income taxes	2,462	-6
Income taxes	-454	-291
Profit/loss of discontinued operations, after income taxes	2,008	-297
Thereof profit/loss of the ongoing business of discontinued operations, before taxes	2,503	-6
Income taxes	-447	-291
Thereof profit/loss of the ongoing business of discontinued operations, after income taxes	2,056	-297
Thereof profit/loss from the measurement of discontinued operations, before taxes	-41	-
Income taxes	-7	-
Thereof profit/loss from the measurement of discontinued operations at fair value, after taxes	-48	-

C.10

Reconciliation to profit/loss before income taxes of continuing and discontinued operations

	Q1-3 2021	Q1-3 2020
In millions of euros		
Profit/loss before income taxes of continuing operations	11,850	1,836
Profit/loss of discontinued operations, before income taxes	2,462	-6
Profit/loss before income taxes of continuing and discontinued operations	14,312	1,830

C.11**Cash Flows of continuing and discontinued operations**

			Q1-3 2021			Q1-3 2020
	Cash Flow of discontinued operations	Cash Flow of continuing operations	Cash Flow total	Cash Flow of discontinued operations	Cash Flow of continuing operations	Cash Flow total
In millions of euros						
Cash used for / provided by operating activities	66	20,406	20,472	648	16,620	17,268
Cash used for / provided by investing activities	680	-4,861	-4,181	-427	-4,893	-5,320
Cash used for / provided by financing activities	-918	-13,698	-14,616	87	-5,790	-5,703

3. Other significant acquisitions and disposals of investments

Foundation of the fuel-cell joint venture cellcentric

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

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

After completion of the transaction, the equity-method investment and the equity-method profit/loss are allocated to the Daimler Trucks & Buses segment. They are thus part of discontinued operations and assets held for sale. For further information, see [Note 2](#).

Sale of interests in Mercedes-Benz Grand Prix Ltd.

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

At 30 September 2021, Mercedes-Benz Grand Prix Ltd. is classified as held for sale. Due to its minor importance for the financial position of the Daimler Group, the assets (€0.3 billion) and liabilities (€0.2 billion) held for sale are not presented separately in the Consolidated Statement of Financial Position. The assets held for sale mainly consist of property, plant and equipment.

4. Revenue

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

Revenue from contracts with customers (revenue according to IFRS 15) is disaggregated by the two categories – type of products and services and geographical regions – and presented in

table [C.12](#) and table [C.13](#). The category type of products and services corresponds to the reportable segments.

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

C.12

Revenue for the three-month periods ended 30 September

	Mercedes-Benz Cars & Vans	Daimler Mobility	Others ¹	Daimler Group
In millions of euros				
Q3 2021				
Europe	9,758	1,103	-134	10,727
North America	4,905	1,540	6	6,451
Asia	9,147	50	2	9,199
Other markets	1,054	34	31	1,119
Revenue according to IFRS 15	24,864	2,727	-95	27,496
Other revenue	739	4,128	-716	4,151
Total revenue	25,603	6,855	-811	31,647

	Mercedes-Benz Cars & Vans	Daimler Mobility	Others ¹	Daimler Group
In millions of euros				
Q3 2020				
Europe	12,081	1,163	-320	12,924
North America	3,924	1,524	-68	5,380
Asia	7,990	46	-8	8,028
Other markets	895	41	41	977
Revenue according to IFRS 15	24,890	2,774	-355	27,309
Other revenue	928	4,103	-720	4,311
Total revenue	25,818	6,877	-1,075	31,620

¹ Others includes eliminations and the parts of the Daimler Trucks & Buses segment remaining after its spin-off from the Daimler Group, which are not presented under discontinued operation. Revenue according to IFRS 15 includes €160 million (Q3 2020: €79 million) for the parts of the Daimler Trucks & Buses segment remaining in the Daimler Group.

C.13**Revenue for the nine-months periods ended 30 September**

	Mercedes-Benz Cars & Vans	Daimler Mobility	Others ¹	Daimler Group
In millions of euros				
Q1-3 2021				
Europe	32,398	3,518	-681	35,235
North America	14,763	4,690	-	19,453
Asia	27,929	143	-7	28,065
Other markets	3,247	82	100	3,429
Revenue according to IFRS 15	78,337	8,433	-588	86,182
Other revenue	2,304	12,262	-2,095	12,471
Total revenue	80,641	20,695	-2,683	98,653

	Mercedes-Benz Cars & Vans	Daimler Mobility	Others ¹	Daimler Group
In millions of euros				
Q1-3 2020				
Europe	29,276	3,221	-791	31,706
North America	11,896	4,272	-486	15,682
Asia	21,887	129	-8	22,008
Other markets	2,665	100	142	2,907
Revenue according to IFRS 15	65,724	7,722	-1,143	72,303
Other revenue	2,239	12,706	-2,154	12,791
Total revenue	67,963	20,428	-3,297	85,094

¹ Others includes eliminations and the parts of the Daimler Trucks & Buses segment remaining after its spin-off from the Daimler Group, which are not presented under discontinued operation. Revenue according to IFRS 15 includes €314 million (Q1-3 2020: €287 million) for the parts of the Daimler Trucks & Buses segment remaining in the Daimler Group.

5. Functional costs

Cost of sales

Cost of sales amounted to €24,933 million in the third quarter of 2021 (Q3 2020: €25,729 million) and €76,651 million in the nine-month period ended 30 September 2021 (Q1-3 2020: €72,645 million). It primarily comprises the expenses of goods sold.

Selling expenses

In the third quarter of 2021, selling expenses amounted to €2,199 million (Q3 2020: €1,899 million) and in the nine-month period ended 30 September 2021, they amounted to €6,659 million (Q1-3 2020: €6,236 million). Selling expenses consist of direct selling costs as well as selling overhead expenses and comprise personnel expenses, material costs and other selling costs.

General administrative expenses

General administrative expenses amounted to €707 million in the third quarter of 2021 (Q3 2020: €643 million) and €2,037 million in the nine-month period ended 30 September 2021 (Q1-3 2020: €1,884 million). They consist of expenses which are not attributable to production, sales or research and development functions, and comprise personnel expenses, depreciation and amortisation of fixed and intangible assets, and other administrative costs.

Research and non-capitalised development costs

Research and non-capitalised development costs amounted to €1,351 million in the third quarter of 2021 (Q3 2020: €1,244 million) and €4,351 million in the first nine months of 2021 (Q1-3 2020: €3,852 million). They primarily comprise personnel expenses and material costs.

In all functional cost areas, there were expenses from personnel-cost optimisation programmes in connection with the measures agreed with the General Works Council of Daimler AG in December 2019 to cut costs and reduce jobs in a socially responsible manner. The expenses were mainly attributable to the Mercedes-Benz Cars & Vans segment. In this segment, expenses were incurred of €97 million in the third quarter of 2021 (Q3 2020: €229 million) and of €448 million in the first nine months of 2021 (Q1-3 2020: €330 million).

6. Other operating income and expense

Other operating income amounted to €562 million in the third quarter of 2021 (Q3 2020: €485 million) and €2,194 million in the nine-month period ended 30 September 2021 (Q1-3 2020: €1,726 million). In March 2021, income from the fuel-cell joint venture cellcentric GmbH & Co. KG (cellcentric) had a positive effect on earnings of €604 million at the Mercedes-Benz Cars & Vans segment. For further information, see [Note 3](#). A positive impact on income of €154 million resulted from the contribution of the smart brand to the joint venture smart Automobile Co., Ltd. in the first quarter of 2020.

Other operating expense was €244 million in the third quarter of 2021 (Q3 2020: €79 million) and €583 million in the nine-month period ended 30 September 2021 (Q1-3 2020: €350 million). In the third quarter of 2021, an expense of €102 million is included which resulted from the fair-value measurement less transaction costs of the Daimler Mobility disposal groups held for sale.

7. Other financial income/expense

Table [7 C.14](#) shows the components of other financial income/expense, net.

In the nine-month period ended 30 September 2021, miscellaneous other financial income/expense includes income in connection with the IPO of the charging-infrastructure operator Chargepoint, Inc. and its resulting remeasurement at fair value. In the third quarter of 2021 the remeasurement at fair value resulted in an expense.

C.14

Other financial income/expense, net

	Q3 2021	Q3 2020	Q1-3 2021	Q1-3 2020
In millions of euros				
Income and expense from compounding and effects from changes in discount rates of provisions for other risks	13	-55	75	-92
Miscellaneous other financial income/expense, net	-85	-85	232	-180
	-72	-140	307	-272

C.15

Interest income and interest expense

	Q3 2021	Q3 2020	Q1-3 2021	Q1-3 2020
In millions of euros				
Interest income				
Net interest income on the net assets of defined-benefit pension plans	1	1	3	3
Interest and similar income	79	57	183	186
	80	58	186	189
Interest expense				
Net interest expense on the net obligation from defined-benefit pension plans	-14	-20	-40	-68
Interest and similar expense	-86	-48	-278	-210
	-100	-68	-318	-278

C.16

Income Taxes

	Q3 2021	Q3 2020	Q1-3 2021	Q1-3 2020
In millions of euros				
Income before income taxes	2,879	2,501	11,850	1,836
Income taxes	-855	-690	-3,208	-1,119
Tax rate	29.7%	27.6%	27.1%	60.9%

8. Interest income and interest expense

The composition of interest income and interest expense is shown in table [7 C.15](#).

9. Income taxes

Table [7 C.16](#) shows income before income taxes, income taxes and the derived effective tax rate.

The income taxes recognised in the first nine months of 2020 were significantly impacted by the non-recognition of deferred tax assets on losses incurred in Germany in the first half of 2020.

C.17**Intangible assets**

	30 Sept. 2021	Dec. 31, 2020
In millions of euros		
Goodwill	755	1,221
Development costs	12,511	13,107
Other intangible assets	1,608	2,071
	14,874	16,399

As reported, in the consolidated statement of financial position, assets and liabilities of Daimler's commercial vehicles business as of 30 September 2021 are presented as assets and liabilities held for distribution or sale. The amounts in the statement of financial position of the previous year are shown in line with the previous method of presentation, in accordance with IFRS. The decrease in the individual items of the statement of financial position is therefore due in particular to the separate presentation of the assets held for distribution or sale of Daimler's commercial vehicles business.

C.18**Property, plant and equipment (excluding right-of-use assets)**

	30 Sept. 2021	31 Dec. 2020
In millions of euros		
Land, leasehold improvements and buildings including buildings on land owned by others	8,109	10,321
Technical equipment and machinery	8,388	10,074
Other equipment, factory and office equipment	6,091	7,458
Advance payments relating to plant and equipment and construction in progress	2,552	3,683
	25,140	31,536

10. Intangible assets

The composition of intangible assets is shown in table [C.17](#).

In the third quarter of 2021, Daimler acquired the UK-based electric-motor company YASA Ltd. for a price of €220 million. The transaction results in goodwill in the amount of €166 million, which is represented in the intangible assets of the Mercedes-Benz Cars segment.

C.19**Right-of-use assets**

	30 Sept. 2021	31 Dec. 2020
In millions of euros		
Land, leasehold improvements and buildings	2,288	3,449
Technical equipment and machinery	361	193
Other equipment, factory and office equipment	39	68
	2,688	3,710

11. Property, plant and equipment

Property, plant and equipment as presented in the Statement of Financial Position with a carrying amount of €27,828 million (31 December 2020: €35,246 million) also includes right-of-use assets related to lessee accounting.

Table [C.18](#) shows property, plant and equipment excluding right-of-use assets.

Table [C.19](#) shows the right-of-use assets.

12. Equipment on operating leases

At 30 September, 2021, the carrying amount of equipment on operating leases was €43,528 million (31 December, 2020: €47,552 million). In the nine-month period ended 30 September, 2021, additions and disposals amounted to €15,336 million and €10,266 million respectively (Q1-3 2020: €15,408 million and €10,709 million). Depreciation for the nine-month period ended 30 September, 2021 was €6,182 million (Q1-3 2020: €7,141 million).

13. Equity-method investments

Table 7 C.20 shows the carrying amounts and gains/losses on equity-method investments.

Table 7 C.21 presents key figures on interests in associated companies accounted for using the equity method in the Group's Consolidated Financial Statements.

Table 7 C.22 presents key figures on interests in joint ventures accounted for using the equity method in the Group's Consolidated Financial Statements.

C.20

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

	Associated companies	Joint ventures	Joint operations	Total
In millions of euros				
At 30 September 2021				
Equity investment ¹	4,338	945	–	5,283
Equity result (Q3 2021) ¹	286	-90	–	196
Equity result (Q1-3 2021) ¹	1,264	-155	–	1,109
At 31 December 2020				
Equity investment ¹	3,757	1,419	13	5,189
Equity result (Q3 2020) ¹	190	-50	–	140
Equity result (Q1-3 2020) ¹	685	-341	–	344

1 Including investor-level adjustments.

C.21

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

	BBAC	BAIC Motor ²	THBV (HERE)	Others	Total
In millions of euros					
At 30 September 2021					
Equity interest (in %)	49.0	9.6	29.7		
Equity investment ¹	2,967	407	324	640	4,338
Equity result (Q3 2021) ¹	209	10	-19	86	286
Equity result (Q1-3 2021) ¹	1,083	33	-33	181	1,264
At 31 December 2020					
Equity interest (in %)	49.0	9.6	29.7		
Equity investment ¹	2,431	331	361	634	3,757
Equity result (Q3 2020) ¹	363	-168	-6	1	190
Equity result (Q1-3 2020) ¹	949	-312	62	-14	685

1 Including investor-level adjustments.

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

C.22**Key figures on interests in joint ventures accounted for using the equity method**

	YOUR NOW ²	Others	Total
In millions of euros			
At 30 September 2021			
Equity interest (in %)	50.0		
Equity investment ¹	418	527	945
Equity result (Q3 2021) ¹	-21	-69	-90
Equity result (Q1-3 2021) ¹	-126	-29	-155
At 31 December 2020			
Equity interest (in %)	50.0		
Equity investment ¹	544	875	1,419
Equity result (Q3 2020) ¹	-37	-13	-50
Equity result (Q1-3 2020) ¹	-285	-56	-341

¹ Including investor-level adjustments.

² Earnings of YOUR NOW Holding GmbH (YOUR NOW) are included in Daimler's Consolidated Financial Statements with a one-month time lag.

BBAC

In the third quarter of 2021, the shareholders of BBAC approved the payout of a dividend for the second half of the 2020 financial year. The amount of €732 million attributable to Daimler reduced the carrying amount of the investment accordingly. The dividend was paid in the third quarter of 2021 and led to a cash inflow in the same amount. Daimler plans to contribute additional equity of in total €0.1 billion in accordance with its shareholding ratio in the years 2022 and 2023.

BAIC Motor

In the first quarter of 2020, due to a reassessment of the business development in light of the covid-19 pandemic, the Group recognised an impairment loss of €150 million with respect to its investment in BAIC Motor Corporation Ltd. (BAIC Motor). In the third quarter of 2020, an additional impairment loss of €180 million was recognized. The losses are included in the line item profit/loss on equity-method investments, net.

YOUR NOW

In the second quarter of 2020, the profit/loss on equity-method investments, net of YOUR NOW Holding GmbH (YOUR NOW) included an impairment loss of €105 million.

Other joint ventures accounted for using the equity method

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

In 2022, Daimler plans to contribute additional equity of in total €0.1 billion to its investment in **Shenzhen DENZA New Energy Automotive Co. Ltd.** in accordance with its shareholding. The company is allocated to the Mercedes-Benz Cars & Vans segment.

14. Receivables from financial services

Receivables from financial services are shown in the following table:

C.23

Receivables from financial services

	30 Sept. 2021			31 December 2020		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Sales financing with customers	18,367	31,846	50,213	20,853	37,133	57,986
Sales financing with dealers	7,021	2,122	9,143	13,701	3,171	16,872
Finance lease contracts	6,918	12,414	19,332	8,606	14,319	22,925
Gross carrying amount	32,306	46,382	78,688	43,160	54,623	97,783
Loss allowances	-376	-567	-943	-684	-914	-1,598
Net carrying amount	31,930	45,815	77,745	42,476	53,709	96,185

15. Inventories

Inventories are comprised as follows:

C.24

Inventories

	30 Sept. 2021	31 Dec. 2020
In millions of euros		
Raw materials and manufacturing supplies	2,815	3,010
Work in progress	5,446	3,629
Finished goods, spare parts and products held for resale	12,336	19,675
Advance payments to suppliers	102	130
	20,699	26,444

16. Equity

Approved capital

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

Approved Capital 2018 has not yet been exercised.

Conditional capital

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

In order to fulfil the conditions of the above-mentioned authorisation, the Annual General Meeting on 8 July 2020 also resolved to increase the share capital conditionally by an amount of up to €500 million (Conditional Capital 2020). The authorisation to issue convertible and/or warrant bonds has not yet been exercised.

Treasury shares

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

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

Employee share purchase plan

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

Dividend

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

17. Pensions and similar obligations

Development of funded status

The funded status of pension obligations is shown in table [C.25](#). The decrease in the present value of defined benefit obligations resulted from the significant increase in discount rates and from the spin-off of Daimler's commercial vehicles business.

Pension cost

The components of pension cost included in the Consolidated Statement of Income are shown in table [C.26](#) and table [C.27](#).

Contributions to pension plan assets

In the third quarter and the first nine months of 2021, contributions by Daimler to the Group's pension plan assets amounted to €8 million and €197 million respectively (2020: €16 million and €136 million).

C.25

Development of funded status

	30 Sept. 2021	31 Dec. 2020
In millions of euros		
Present value of the defined benefit obligation	-28,576	-39,846
Fair value of plan assets	23,422	28,870
Funded status	-5,154	-10,976
actuarial loss due to asset ceiling	-3	-3
Net defined benefit liability	-5,157	-10,979
thereof recognised in other assets	258	68
thereof recognised in provisions for pensions and similar obligations	-5,415	-11,047

C.26

Pension cost for the three-month-periods ended 30 September

	Q3 2021			Q3 2020		
	Total	German plans	Non-German plans	Total	German plans	Non-German plans
In millions of euros						
Current service cost	-152	-147	-5	-143	-133	-10
Past service cost	-	-	-	105	-	105
Net interest expense	-10	-7	-3	-17	-15	-2
Net interest income	1	-	1	1	-	1
	-161	-154	-7	-54	-148	94

C.27

Pension cost for the nine-month-periods ended 30 September

	Q1-3 2021			Q1-3 2020		
	Total	German plans	Non-German plans	Total	German plans	Non-German plans
In millions of euros						
Current service cost	-455	-439	-16	-436	-399	-37
Past service cost	-10	-	-10	105	-	105
Net interest expense	-30	-24	-6	-53	-43	-10
Net interest income	3	-	3	3	-	3
	-492	-463	-29	-381	-442	61

18. Provisions for other risks

Provisions for other risks are comprised as shown in table [C.28](#).

C.28

Provisions for other risks

	30 Sept. 2021			31 Dec. 2020		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Product warranties	3,146	3,551	6,697	3,995	4,481	8,476
Personnel and social costs	1,720	2,449	4,169	1,624	3,014	4,638
Litigation risks and regulatory proceedings	422	2,248	2,670	1,578	3,047	4,625
Other	1,851	534	2,385	2,137	574	2,711
	7,139	8,782	15,921	9,334	11,116	20,450

19. Financing liabilities

Financing liabilities are comprised as follows:

C.29

Financing liabilities

	30 Sept. 2021			31 Dec. 2020		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Notes/bonds	17,297	52,167	69,464	17,806	58,857	76,663
Commercial paper	666	–	666	664	–	664
Liabilities to financial institutions	14,828	9,800	24,628	19,703	12,688	32,391
Deposits in the direct banking business	11,445	2,286	13,731	10,868	3,648	14,516
Liabilities from ABS transactions	8,396	10,386	18,782	8,819	7,748	16,567
Lease liabilities	502	1,991	2,493	678	3,069	3,747
Loans, other financing liabilities	550	399	949	765	529	1,294
	53,684	77,029	130,713	59,303	86,539	145,842

20. Legal proceedings

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

Diesel emission behaviour: governmental proceedings

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

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

As part of these settlements, Daimler denies the allegations by the authorities and does not admit liability, but has agreed to, among other things, pay civil penalties, conduct an emission modification programme for affected vehicles and take certain other measures. The failure to meet certain of those obligations may trigger additional stipulated penalties. In the first quarter of 2021, Daimler paid the civil penalties, provisions have been recognised for the emission modification programme and other measures.

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

In Germany, the Stuttgart public prosecutor's office issued a fine notice against Daimler in September 2019 based on a negligent violation of supervisory duties, which has become legally binding, thereby concluding the related administrative offense proceedings against Daimler. The Stuttgart public prosecutor's office is still conducting criminal investigation proceedings against Daimler employees on the suspicion of, amongst others, fraud. In June 2021, the Stuttgart public prosecutor's office applied for penal orders against three Daimler employees with the local court of Böblingen based on, amongst others, fraud, which the court issued and which have become final.

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

In the course of its formal investigation into possible collusion on clean emission technology, the European Commission sent a statement of objections to Daimler and other automobile manufacturers in April 2019. In this context, Daimler filed an application for immunity from fines (leniency application) with the European Commission some time ago. On 8 July 2021, the proceedings were closed by way of a settlement with the European Commission. During the entire proceedings, Daimler AG cooperated closely with the European Commission, and the European Commission has granted the company complete immunity from fines.

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

Daimler continues to fully cooperate with the authorities and institutions.

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

In a consolidated class action against Daimler AG and MBUSA before the US District Court for New Jersey, plaintiffs alleged that Daimler AG and MBUSA used devices that impermissibly impair the effectiveness of emission control systems in reducing nitrogen-oxide (NO_x) emissions and which cause excessive emissions from vehicles with diesel engines. In addition, plaintiffs alleged that consumers were deliberately deceived in connection with the advertising of Mercedes-Benz diesel vehicles.

In the third quarter of 2020, Daimler AG and MBUSA reached a settlement with plaintiffs' counsel of this consumer class action. As part of the settlement, Daimler AG and MBUSA deny the material factual allegations and legal claims asserted by the class action plaintiffs, but have agreed to provide payments to certain current and former diesel vehicle owners and lessees. The relevant court has granted final approval of the settlement and issued a final judgment in the case. Appeals against the final judgment have not been submitted at this time. The estimated cost of the settlement is approximately USD 700 million. In addition, Daimler estimates further expenses of a mid-three-digit-million euro amount to fulfil the requirements of this settlement and the aforementioned settlements with the US authorities. Provisions have been recognised accordingly.

A consumer class action making similar allegations and seeking similar remedies as to vehicles sold or leased in Canada was filed against Daimler AG and other Group companies in Ontario in April 2016. In June 2017, the court granted a procedural motion to certify certain issues for class treatment. Litigation is still ongoing.

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

In Germany, a large number of customers of diesel vehicles have filed lawsuits for damages or rescission of sales contracts. They assert that the vehicles contained illegal defeat devices and/or showed impermissibly high emission or consumption values. They refer to, in particular, the German Federal Motor Transport Authority's recall orders (see above). Given the current development of case numbers, we expect a continued high number of lawsuits to be filed in this respect. In this context, the Federation of German Consumer Organisations (Verbraucherzentrale Bundesverband e.V.) filed a model declaratory action (Musterfeststellungsklage) against Daimler AG with the Stuttgart Higher Regional Court on 7 July 2021, which has not yet been published in the German register for model declaratory actions. Such action seeks a ruling that certain preconditions of alleged consumer claims are met. Daimler AG will defend itself against the federation's allegations.

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

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

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

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

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

Antitrust law proceedings (including actions for damages)

Starting in July 2017, a number of class actions were filed in the United States and Canada against Daimler AG and other manufacturers of automobiles as well as various of their North American subsidiaries. Plaintiffs allege to have suffered damages because defendants engaged in anticompetitive behaviour relating to vehicle technology, costs, suppliers, markets, and other competitive attributes, including diesel emissions control technology, since the 1990s. All pending US class actions were centralised in one proceeding by the Judicial Panel on multidistrict litigation and transferred to the U.S. District Court for the Northern District of California. In 2018, plaintiffs in the US antitrust class action amended and consolidated their complaints into two pleadings, one on behalf of consumers and the other on behalf of dealers. On 23 October 2020, the court granted motions to dismiss the complaints in their entirety, with prejudice, ending the litigation in the US district court. On 30 August 2021, the consumer plaintiffs withdrew the appeal they had filed, ending their case. On 26 October 2021, the US Court of Appeals for the Ninth Circuit affirmed the dismissal of the dealer plaintiffs' claims. Daimler AG and MBUSA regard the US and Canadian lawsuits as being without merit, and will continue to defend against the claims. This contingent liability cannot currently be measured.

In the course of its formal investigation into possible collusion on clean emission technology, the European Commission sent a statement of objections to Daimler and other automobile manufacturers in April 2019. In this context, Daimler filed a leniency application with the European Commission some time ago. On 8 July 2021, the proceedings were closed by way of a settlement with the European Commission. During the entire proceedings, Daimler AG cooperated closely with the European Commission, and the European Commission has granted the company complete immunity from fines.

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

Other legal proceedings

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

On 18 October 2021 a number of Australian Mercedes-Benz dealers lodged a claim against Mercedes-Benz Australia/Pacific Pty Ltd ("MBAuP") with a Federal Court in Australia. They allege that MBAuP forced the dealers to accept a change in their business model from a dealership model to an agency model and thus deprived them of the goodwill they created through their investments in the Australian Mercedes-Benz dealership network. They seek reinstatement of the dealership model or, alternatively, compensation for the damage they allegedly incurred. MBAuP considers those claims to be without merit and will defend itself against the claims.

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

C.30**Carrying amounts and fair values of financial instruments**

	30 Sept. 2021		31 Dec. 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
In millions of euros				
Financial assets				
Receivables from financial services	94,805	96,505	96,185	98,115
Trade receivables	9,814	9,814	10,649	10,649
Cash and cash equivalents	25,356	25,356	23,048	23,048
Marketable debt securities and similar investments	6,262	6,262	6,397	6,397
Recognised at fair value through other comprehensive income	2,655	2,655	3,314	3,314
Recognised at fair value through profit or loss	3,421	3,421	2,657	2,657
Measured at cost	186	186	426	426
Other financial assets				
Equity instruments and debt instruments	1,732	1,732	1,311	1,311
Recognised at fair value through other comprehensive income	1,102	1,102	942	942
Recognised at fair value through profit or loss	630	630	369	369
Other financial assets recognised at fair value through profit or loss	82	82	74	74
Derivative financial instruments used in hedge accounting	1,406	1,406	2,145	2,145
Other receivables and financial assets	3,434	3,434	2,942	2,942
	142,891	144,591	142,751	144,681
Financial liabilities				
Financing liabilities	132,859	135,448	142,095	144,972
Trade payables	14,784	14,784	12,378	12,378
Other financial liabilities				
Financial liabilities recognised at fair value through profit or loss	97	97	40	40
Derivative financial instruments used in hedge accounting	755	755	367	367
Miscellaneous other financial liabilities	8,284	8,284	8,065	8,065
Contract and refund liabilities				
Obligations from sales transactions	4,115	4,115	4,627	4,627
	160,894	163,483	167,572	170,449

21. Financial instruments

Table [7 C.30](#) shows the carrying amounts and fair values of the continuing and discontinued operations of the Group's financial instruments.

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

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

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

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

Equity instruments are recognised at fair value through other comprehensive income or at fair value through profit or loss. Daimler does not generally intend to sell its equity instruments which are presented at 30 September 2021.

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

C.31**Measurement hierarchy of financial assets and liabilities recognised at fair value**

	30 Sept. 2021				31 Dec. 2020			
	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 recognised at fair value								
Marketable debt securities	6,076	4,955	1,121	–	5,971	4,243	1,728	–
Recognised at fair value through other comprehensive income	2,655	1,552	1,103	–	3,314	1,590	1,724	–
Recognised at fair value through profit or loss	3,421	3,403	18	–	2,657	2,653	4	–
Equity instruments and debt instruments	1,732	1,096	170	466	1,311	736	276	299
Recognised at fair value through other comprehensive income	1,102	710	132	260	942	665	156	121
Recognised at fair value through profit or loss	630	386	38	206	369	71	120	178
Other financial assets recognised at fair value through profit or loss	82	–	81	1	74	–	73	1
Derivative financial instruments used in hedge accounting	1,406	–	1,406	–	2,145	–	2,145	–
	9,296	6,051	2,778	467	9,501	4,979	4,222	300
Financial liabilities recognised at fair value								
Financial liabilities recognised at fair value through profit or loss	97	–	97	–	40	–	40	–
Derivative financial instruments used in hedge accounting	755	–	755	–	367	–	367	–
	852	–	852	–	407	–	407	–

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

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

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

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

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

Contract and refund liabilities

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

Table 7 C.31 provides an overview of the classification into measurement hierarchies of financial assets and liabilities recognised at fair value (according to IFRS 13) of the continuing and discontinued operations. At the end of each reporting period, Daimler reviews the necessity for reclassification between the fair-value hierarchies.

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

22. Segment reporting

Segment reporting is presented in accordance with the internal management and reporting system that is still in use. After the spin-off, the Daimler Truck business will be shown in the reconciliation.

Segment information for the aggregate of continuing and discontinued operations for the three-month periods ended 30 September 2021 and 30 September 2020 is as follows:

C.32

Segment reporting for the three-month periods ended 30 September

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Total segments	Recon- ciliation	Daimler Group
In millions of euros						
Q3 2021						
External revenue	24,841	8,640	6,602	40,083	–	40,083
Intersegment revenue	762	250	253	1,265	-1,265	–
Total revenue	25,603	8,890	6,855	41,348	-1,265	40,083
Segment profit/loss (EBIT)	2,004	482	943	3,429	150	3,579
	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Total segments	Recon- ciliation	Daimler Group
In millions of euros						
Q3 2020						
External revenue	24,976	8,845	6,460	40,281	–	40,281
Intersegment revenue	842	385	417	1,644	-1,644	–
Total revenue	25,818	9,230	6,877	41,925	-1,644	40,281
Segment profit/loss (EBIT)	2,118	541	589	3,248	-178	3,070

Segment information for the aggregate of continuing and discontinued operations for the nine-month periods ended 30 September 2021 and 30 September 2020 is as follows:

C.33

Segment reporting for the nine-months periods ended 30 September

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Total segments	Recon- ciliation	Daimler Group
In millions of euros						
Q1-3 2021						
External revenue	78,223	26,510	19,849	124,582	–	124,582
Intersegment revenue	2,418	1,057	846	4,321	-4,321	–
Total revenue	80,641	27,567	20,695	128,903	-4,321	124,582
Segment profit/loss (EBIT)	9,520	2,342	2,611	14,473	39	14,512
	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Total segments	Recon- ciliation	Daimler Group
In millions of euros						
Q1-3 2020						
External revenue	65,523	23,139	19,026	107,688	–	107,688
Intersegment revenue	2,440	1,035	1,402	4,877	-4,877	–
Total revenue	67,963	24,174	20,428	112,565	-4,877	107,688
Segment profit/loss (EBIT)	1,503	32	852	2,387	-382	2,005

C.34**Reconciliation of revenue to Group figures**

	Q3 2021	Q3 2020	Q1-3 2021	Q1-3 2020
In millions of euros				
Revenue as shown in segment reporting	40,083	40,281	124,582	107,688
less revenue from discontinued operations	8,436	8,661	25,929	22,594
Total revenue as shown in the consolidated statement of income	31,647	31,620	98,653	85,094

C.35**Reconciliation of EBIT to Group figures**

	Q3 2021	Q3 2020	Q1-3 2021	Q1-3 2020
In millions of euros				
Total of segments' profit/loss (EBIT)	3,429	3,248	14,473	2,387
Profit/loss on equity-method investments ¹	18	-169	42	-312
Other corporate items	101	-53	-52	-211
Eliminations	31	44	49	141
EBIT as shown in segment reporting	3,579	3,070	14,512	2,005
less EBIT from discontinued operations	680	559	2,530	80
EBIT as shown in the consolidated statement of income	2,899	2,511	11,982	1,925

¹ In the first quarter of 2020, the impairment of €150 million of Daimler's equity-method investment in BAIC Motor is included.

Table [C.34](#) and [C.35](#) show the reconciliations of revenue and EBIT in line with the segment reporting to the consolidated statement of income.

Table [C.35](#) also contains the reconciliation of the total segment earnings (EBIT) to the EBIT of the consolidated statement of income.

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

As described in [Note 2](#), scheduled depreciation and amortisation and the equity-method measurement of non-current assets classified as held for distribution or sale are no longer recognised from 30 July 2021 onwards. In order to ensure comparability with the EBIT of Daimler Trucks & Buses and Daimler Mobility in the previous year, this income (totalling €320 million) is recognised in the reconciliation under other corporate items. On the other hand, the expenses of €102 million from the measurement of the Daimler Mobility disposal groups held for sale at fair value less costs to sell are presented in the reconciliation. In addition, all costs related to the spin-off from continuing and discontinued operations of €68 million for the third quarter of 2021 and of €119 million for the first nine months of 2021 are presented in the line item other corporate items.

23. Transactions with related parties

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

Related companies

Business transactions with related companies are generally carried out at market terms. Most of the goods and services supplied between the Group and related companies comprise transactions with associated companies and joint ventures and are shown in table [7 C.36](#). Transactions with related parties will not be affected by the spin-off of Daimler's commercial vehicle business until the spin-off takes effect.

Associated companies

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

Joint ventures

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

 **Note 13** provides further details of the significant associated companies and joint ventures.

C.36

Related party relationships

In millions of euros	Sales of goods and services and other income				Purchases of goods and services and other expenses			
	Q3 2021	Q3 2020	Q1-3 2021	Q1-3 2020	Q3 2021	Q3 2020	Q1-3 2021	Q1-3 2020
Associated companies	3,478	3,484	11,565	9,582	188	175	633	593
thereof LSHAI	1,985	1,646	6,451	4,783	124	106	411	377
thereof BBAC	1,375	1,726	4,836	4,530	61	66	212	205
Joint ventures	337	320	1,106	923	233	104	681	274

In millions of euros	Receivables ¹		Payables ²	
	30 Sept. 2021	31 Dec. 2020	30 Sept. 2021	31 Dec. 2020
Associated companies	2,397	2,946	82	101
thereof LSHAI	576	713	13	17
thereof BBAC	1,646	2,178	68	76
Joint ventures	425	273	140	131

1 After write-downs totalling €62 million (31 December 2020: €70 million).

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

Auditor's Review Report

To Daimler Aktiengesellschaft, Stuttgart

We have reviewed the condensed interim consolidated financial statements of Daimler AG – comprising consolidated statement of income/loss, consolidated statement of comprehensive income/loss, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and selected, explanatory notes – together with the interim group management report of the Daimler AG, for the period from 1 January to 30 September 2021, that are part of the quarterly financial report according to § 115 WpHG (“Wertpapierhandelsgesetz”: “German Securities Trading Act”). The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 “Interim Financial Reporting” as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company’s management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

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

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

Stuttgart, 28 October 2021

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Further Information

Information on the Internet

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

 daimler.com/en

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

 daimler.com/investors

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

 daimler.com/investors/reports-news

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Concept and contents

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