Mercedes-Benz Australia/Pacific Pty Ltd

ABN 23 004 411 410

ANNUAL FINANCIAL REPORT
31 DECEMBER 2024

Mercedes-Benz Australia/Pacific Pty Ltd

Year ended 31 December 2024

Contents

The directors present their report together with the financial report of Mercedes-Benz Australia/Pacific Pty Ltd ("the Company") for the year ended 31 December 2024 and the auditor's report thereon.

Directors

Mr. Jamie Cohen CEO & Director since 1 April 2024
Mr. Florian Seidler CEO & Director since 1 January 2021 - 29 February 2024
Mr. Stephan Schmid CFO & Director since 1 July 2024
Mr. Volker Malzahn CFO & Director since 1 August 2018 - 30 June 2024
Ms. Diane Tarr Director since 1 January 2019
Mr. Steve McHutchon Director since 1 January 2019

Officers who were previously partners of the audit firm

There were no officers of the Company during the financial year who were previously partners of the current audit firm, PwC, at a time when PwC undertook an audit of the Company.

Principal activities

The principal activities of the Company during the course of the financial year were the importation, marketing and distribution of passenger and light commercial vehicles and their component parts.

Significant changes in the nature of the Company's activities during the year are noted below.

Operating and financial review

The Company delivered a profit, after income tax, for the year ended 31 December 2024 of $117.320 million (2023: $71.665 million). During the full year, the Company continued its focus on the Agency business model for the sale of its passenger cars which contributed to 84% share of total passenger cars sold. Additionally, the income tax expense reported by the Company for the 31 December 2024 year includes prior year adjustments in relation to the 2015 and 2016 income years that resulted in an income tax refund of $53.625 million from the Australian Taxation Office. This income tax refund was received from the Australian Taxation Office in March 2025.

The Company sold 20,929 new & demonstrator passenger cars (2023: 23,128) & 4,935 new light commercial vehicles (2023: 4,013). The Company maintained a strong year to date relative market share of 32.4% for new passenger cars (2023: 34.9%) and 10.4% for light commercial vehicles (2023: 12%).

The highest selling new passenger car product lines in 2024 were the GLA-Class selling 4,097 units, followed by the GLC-class selling 3,013 units, followed by the C-Class selling 2,460 units.

The highest selling new passenger car product lines in 2023 were the GLC-class selling 5,807 units, followed by the C-class selling 3,345 units, followed by the A-class (including the CLA) selling 3,342 units.

The highest selling new light commercial vehicle product lines in 2024 were the Sprinter selling 4,226 units (2023: 3,239 units) and the Vito van selling 409 units (2023: 1,206 units).

Many factors could directly or indirectly affect the Company's business, financial position, financial performance and cash flows. These factors include, but are not limited to, changes in economic and market conditions, climate change, interest rate risk, credit risk and currency risk.The Company considers these factors and associated potential impacts on consumer behaviour and supply chains when making future plans. Further to this, interruptions in global supply chains can delay vehicle shipment arrivals causing bottlenecks in the automotive industry. This has had a direct impact on the production and stock levels of the Company.

The systematically pursued digitisation strategy as well as the transition to the agency business model creates extensive changes in the existing information technology landscape and brings risks to business processes. However, the level of information technology risk is managed by the Company's internal framework for IT security which applies protective measures based on industry standards and good practice. The Company also continues to be exposed to legal and tax risks. Provisions are recognised in accordance with the relevant accounting standards for those risks if and insofar as they are likely to be utilised and the amounts of the obligations can be reasonably estimated.

Dividends - Mercedes-Benz Australia/Pacific Pty Ltd

Dividends totalling $91.696 million were declared and paid in February 2024 for the year ended 31 December 2022. Dividends totalling $71.665 million were declared and paid in December 2024 for the year ended 31 December 2023.

	Cents per share	Total amount $'000	Franked/ unfranked	Date of payment
Final 2022 ordinary dividend	$261.99	$91,696	Unfranked	28.02.2024
Final 2023 ordinary dividend	$204.76	$71,665	Unfranked	12.12.2024

Significant changes in the state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

Environmental regulation

The Company’s operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements that are material in nature as they apply to the Company.

Events subsequent to reporting date

There has not arisen a transaction or event of an unusual nature likely to affect significantly the operations of the business, the results of those operations or the state of affairs of the Company in future financial years from the end of the financial year to the date of this report.

Likely developments

Operations

The Company will continue to pursue its policy of increasing its key market share as well as maintaining its contribution to the Mercedes-Benz Group global organisation.

The Company’s financing activities for other related parties of the local Mercedes-Benz group are expected to continue depending on the requirements of these related parties.

Indemnification and insurance of officers and auditors

Indemnification

The Company has agreed to indemnify all directors and officers of the Company against all liabilities to another person (other than the Company or a related party) that may arise from their positions as directors or officers of the Company, except where the liability arises out of conduct involving a liability owed to the Company or a Related Body Corporate, a liability for a pecuniary penalty order under section 1317G, a compensation order under section 1317H of the Law, or a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including all costs and expenses as permitted by law.

The Company has not indemnified or made any agreements to indemnify any person for a liability who is or has been an auditor of the Company.

Indemnification and insurance of officers and auditors (continued)

Insurance premiums

For the period 1 April 2024 to 1 April 2025, the Company has paid insurance premiums of $11,086 (2023: $10,864) in respect of directors' and officers' liability and legal expenses insurance. This insurance was renewed in April 2023 to provide coverage until 1 April 2025.

The insurance contracts insure against certain liability (subject to specific exclusions) persons who are or have been directors or executive officers of the Company.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 10 and forms part of the Directors' report for the financial year ended 31 December 2024.

Rounding of amounts

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191* and in accordance with that, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors:

Signed by: Steven McHutchon
EMail: steve.mchutchon@mercedes-benz.com
Signing time: 29-04-2025 16:18:02 (+10:00)
IP address: 163.116.215.31

____
Mr. Steve McHutchon
Director

Melbourne

Signed by: Jaime Cohen
EMail: jaime.cohen@mercedes-benz.com
Signing time: 29-04-2025 16:06:07 (+10:00)
IP address: 163.116.215.39

____
Mr. Jaime Cohen
CEO and Director

Melbourne

Signed by: Stephan Schmid
EMail: stephan.schmid@mercedes-benz.com
Signing time: 29-04-2025 16:09:22 (+10:00)
IP address: 163.116.198.122

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Mr. Stephan Schmid
CFO and Director

Melbourne

Independent auditor's report

To the members of Mercedes-Benz Australia/Pacific Pty Ltd

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Mercedes-Benz Australia/Pacific Pty Ltd (the Company) is in accordance with the *Corporations Act 2001*, including:

1. giving a true and fair view of the Company's financial position as at 31 December 2024 and of its financial performance for the year then ended
2. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the statement of financial position as at 31 December 2024
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the statement of profit or loss and other comprehensive income for the year then ended
- the notes to the financial statements, including material accounting policy information and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Company, its accounting processes and controls and the industry in which it operates.

Audit Scope

- Our audit focused on where the Company made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	*How our audit addressed the key audit matter*
Valuation of provision for warranty claims *(Refer to note 21) $227.2m* The Company grants product warranties which guarantee the performance of a vehicle for a five year period. When a vehicle is sold, management recognises a provision for estimated future warranty costs. The valuation of the provision for warranty claims is a key audit matter due: • The financial significance of the balance. • The judgement exercised by management in estimating the cost of future warranty claims. This estimate is based on experience of past actual claims and expected future costs.	We performed the following procedures, amongst others: • Evaluated the Group's valuation methodology against the requirements of Australian Accounting Standards • Assessed the mathematical accuracy of key formulas in the valuation calculations • Compared the key inputs and assumptions, including actual claims and expected future costs, in the calculation on a sample basis to source data and other relevant evidence obtained throughout the course of the audit • Considered the reasonableness of associated disclosures in the financial report in light of the requirements of the Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf. This description forms part of our auditor's report.

Report on compliance with relevant requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format

Our opinion

We have checked the compliance of the accompanying financial statements of the Company as at 31 December 2024 with the relevant requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation") that are applicable to the accompanying financial statements of the Company.

For the Company, it relates to the requirement that:

- the accompanying financial statements are prepared in a valid XHTML format.

In our opinion, the accompanying financial statements of Mercedes-Benz Australia/Pacific Pty Ltd as at 31 December 2024, identified as MBAUP_Annual_Report_2025.xhtml, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Responsibilities of the directors

In addition to the responsibilities described above in the *Responsibilities of the directors for the financial report* section to our *Report on the audit of the financial report*, the directors are responsible for presenting the Company financial statements in compliance with the requirements set out in the ESEF Regulation.

Auditor’s responsibilities

In conjunction with our responsibilities described above in the *Auditor’s responsibilities for the audit of the financial report* section to our *Report on the audit of the financial report*, our responsibility is to assess whether the accompanying Company financial statements have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

PricewaterhouseCoopers

PricewaterhouseCoopers

Brad Peake
Partner

Melbourne
29 April 2025

Auditor's Independence Declaration

As lead auditor for the audit of Mercedes-Benz Australia/Pacific Pty Ltd for the year ended 31 December 2024, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

Brad Peake
Partner
PricewaterhouseCoopers

Melbourne
29 April 2025

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
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1. The directors of the Company certify to the best of their knowledge that:

   (a) the financial statements and notes set out on pages 12 to 70 are in accordance with the *Corporations Act 2001 (Cth)*, including:

      (i) giving a true and fair view of the Company’s financial position as at 31 December 2024 and of its performance for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

   (b) the Company directors' report (where necessary read together with the financial report and notes to the financial statements which accompany the directors' report) provides a fair review of the development and performance of the business and the position of the Company for the financial year ended 31 December 2024, together with a description of the principal opportunities and risks associated with the expected development of the Company; and

   (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors draw attention to Note 2(a) to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Signed by: Steven McHutchon
EMail: steve.mchutchon@mercedes-benz.com
Signing time: 29-04-2025 16:18:13 (+10:00)
IP address: 163.116.215.31

Mr. Steve McHutchon
Director

Melbourne

Signed by: Jaime Cohen
EMail: jaime.cohen@mercedes-benz.com
Signing time: 29-04-2025 16:06:17 (+10:00)
IP address: 163.116.215.39

Mr. Jaime Cohen
CEO and Director

Melbourne

Signed by: Stephan Schmid
EMail: stephan.schmid@mercedes-benz.com
Signing time: 29-04-2025 16:09:26 (+10:00)
IP address: 163.116.198.122

Mr. Stephan Schmid
CFO and Director

Melbourne

	Notes	2024 $'000	2023 $'000
Current assets			
Cash and cash equivalents	12	**126,406**	53,348
Trade and other receivables	13	**611,912**	1,195,556
Inventories	14	**1,294,869**	1,332,455
Total current assets		**2,033,187**	2,581,359
Non-current assets			
Trade and other receivables	13	**675,576**	545,635
Deferred tax assets	16	**139,097**	121,401
Intangible assets		**1**	24
Property, plant and equipment	15	**85,067**	93,206
Total non-current assets		**899,741**	760,266
Total assets		**2,932,928**	3,341,625
Liabilities			
Current liabilities			
Trade and other liabilities	17	**604,724**	680,014
Loans and borrowings	18	**600,878**	1,027,090
Employee benefits	20	**15,418**	17,588
Provisions	21	**101,006**	97,957
Deferred income	22	**1,114**	1,933
Total current liabilities		**1,323,140**	1,824,582
Non-current liabilities			
Trade and other liabilities	17	**41,831**	43,309
Loans and borrowings	18	**650,434**	550,409
Employee benefits	20	**908**	1,334
Provisions	21	**138,345**	98,015
Deferred income	22	**1,225**	890
Total non-current liabilities		**832,743**	693,957
Total liabilities		**2,155,883**	2,518,539
Net assets		**777,045**	823,086
Equity			
Share capital	23	**70,000**	70,000
Retained earnings		**707,045**	753,086
Total equity		**777,045**	823,086

The notes on pages 16 to 70 are an integral part of these financial statements.

	Notes	**2024** **$'000**	2023 $'000
Revenue	5	**2,698,215**	2,861,325
Cost of sales	8(a)	**(2,309,218)**	(2,441,023)
Gross Profit		**388,997**	420,302
Other income	6	**25,108**	28,901
Employee expenses	7	**(54,146)**	(54,463)
Amortisation		**(24)**	(136)
Depreciation expense	15	**(7,657)**	(9,930)
Other expenses	8(b)	**(257,093)**	(273,739)
Result from operating activities		**95,185**	110,935
Finance income	10	**59,196**	37,827
Finance costs	10	**(67,979)**	(47,659)
Net finance income / (cost)	10	**(8,783)**	(9,832)
Profit before income tax		**86,402**	101,103
Income Tax (Expense)/Benefit			
Income tax (expense)/benefit	11	**30,918**	(29,438)
Profit for the period		**117,320**	71,665
Other comprehensive income/(loss)			
Other comprehensive income/(loss) for the period, net of tax		**-**	-
Total comprehensive income/(loss) for the period		**117,320**	71,665

The notes on pages 16 to 70 are an integral part of these financial statements.

	Share capital $'000	Retained earnings $'000	Total $'000
Balance at 1 January 2023	70,000	681,421	751,421
Profit for the period	-	71,665	71,665
Total comprehensive income/(loss) for the period	-	71,665	71,665
Balance at 31 December 2023	**70,000**	**753,086**	**823,086**
Balance at 1 January 2024	70,000	753,086	823,086
Profit for the period	-	117,320	117,320
Total comprehensive income/(loss) for the period	-	**117,320**	**117,320**
Dividends to owners of the Company	-	(163,361)	(163,361)
Balance at 31 December 2024	**70,000**	**707,045**	**777,045**

The notes on pages 16 to 70 are an integral part of these financial statements.

Mercedes-Benz Australia/Pacific Pty Ltd
Statement of Cash Flows
For the year ended 31 December 2024

	Notes	2024 $'000	2023 $'000
Cash flows from operating activities			
Cash receipts from customers		**2,840,481**	3,175,189
Cash paid to suppliers and employees		**(2,809,121)**	(2,983,989)
Cash generated from operations		**31,360**	191,200
Interest received		**52,603**	24,565
Interest paid		**(55,082)**	(30,253)
Income taxes paid		**(55,628)**	(50,728)
Net cash (outflow)/inflow from operating activities	24(b)	**(26,747)**	134,784
Cash flows (used in)/from investing activities			
Payment for acquisition of intangibles and property, plant and equipment		**(1,372)**	(7,280)
Loans to other related entities		**(3,260,279)**	(3,608,988)
Loans repaid by other related entities		**3,899,945**	3,092,361
Net cash inflow (outflow) from investing activities		**638,294**	(523,907)
Cash flows (used in)/from financing activities			
Proceeds from borrowings		**4,458,050**	3,529,975
Repayment of borrowings		**(4,830,354)**	(3,265,461)
Proceeds from borrowings from other related entities		**675**	721
Repayment of borrowings from other related entities		**(721)**	(897)
Dividends paid		**(163,361)**	-
Payment of lease liabilities		**(2,778)**	(2,497)
Net cash (outflow) inflow from financing activities		**(538,489)**	261,841
Net (decrease)/increase in cash and cash equivalents		**73,058**	(127,282)
Cash and cash equivalents at the beginning of the year		**53,348**	180,630
Cash and cash equivalents at end of year		**126,406**	53,348

The notes on pages 16 to 70 are an integral part of these financial statements.

1 REPORTING ENTITY

Mercedes-Benz Australia/Pacific Pty Ltd ("the Company") is a for-profit company domiciled in Australia. The address of the Company's registered office is 44 Lexia Place, Mulgrave, Victoria 3170.

The Company is primarily involved in the importation, marketing and distribution of passenger and light commercial vehicles and their component parts.

2 BASIS OF PREPARATION

(a) Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements of the Company comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported profit of the Company.

The financial statements were authorised for issue by the Board of Directors on 29 April 2025.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

• derivative financial instruments are measured at fair value;

• liabilities for cash-settled share-based payment arrangements are measured at fair value.

• certain classes of property, plant and equipment and right-of-use assets are measured at historical cost less depreciation and impairment.

The methods used to measure fair value are discussed further in Note 4.

The financial report of the Company has been prepared on a going concern basis.

2 BASIS OF PREPARATION (CONTINUED)

(b) Basis of measurement (continued)

New and amended standards adopted by the Company
The Company has adopted all relevant new and amended standards and interpretations issued by the AASB and IASB which are effective for annual reporting periods beginning on 1 January 2024. The new standards and amendments did not have any impact on the amounts recognised in the current and prior periods.

New standards and interpretations not yet adopted
Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Company. AASB 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027) will replace AASB 101 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though AASB 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the consolidated statement of comprehensive income or loss and providing management-defined performance measures within the financial statements. Management is currently assessing the detailed implications of applying the new standard on the Company's financial statements.

(c) Functional and presentation currency

The financial statements are presented in Australian dollars which is the Company’s functional currency.

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/ Directors’ Reports) Instrument 2016/191* and in accordance with that, all financial information presented in Australian dollars has been rounded to the nearest thousand, unless otherwise stated.

2 BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 14 - Inventories
- Note 16 - Tax assets and liabilities
- Note 21 - Provisions
- Note 26 - Leases - Leases as lessor

3 STATEMENT OF MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Foreign currencies

Transactions

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to Australian dollars at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign exchange differences arising on retranslation are recognised in profit or loss except for qualifying cash flow hedges which are recognised directly in other comprehensive income to the extent the hedge is effective.

(b) Financial instruments

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments in the form of financial assets and financial liabilities are generally presented separately. Financial instruments are recognised as soon as the Company becomes a party to the contractual provisions of the financial instrument.

Upon initial recognition, financial assets are measured at fair value. For the purpose of subsequent measurement, financial assets are allocated to one of the categories mentioned in AASB 9 Financial Instruments (financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss). Transaction costs directly attributable to acquisition or issuance are considered by determining the carrying amount if the financial instruments are not measured at fair value through profit or loss.

3 STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments (continued)

Financial Instruments (continued)

Non-derivative financial assets

Financial assets primarily comprise trade receivables. A trade receivable without a significant financing component is initially measured at the transaction price. The classification of financial instruments is based on the business model in which these instruments are held and on their contractual cash flows. The determination of the business model is made at the portfolio level and is based on management's intention and past transaction patterns. Assessments of the contractual cash flows are made on an instrument by instrument basis.

Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets with contractual cash flows that consist solely of payments of principal and interest on the nominal amount outstanding and which are held with the aim of collecting the contractual cash flows, such as trade receivables or cash and cash equivalents. Cash and cash equivalents consist primarily of cash on hand, demand deposits at banks, as well as certificates of deposits with a remaining term when acquired of up to three months, which are not subject to any material value fluctuations. Cash and cash equivalents correspond with the classification in the Statement of Cash Flows.

Non-derivative financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company has the following non-derivative financial liabilities: loans and borrowings and trade and other liabilities. Loans, borrowings and other liabilities due within 12 months are classified as current. All other loans, borrowings and liabilities are classified as non-current.

Financial liabilities measured at amortised cost

The non-derivative financial liabilities are initially recognised at fair value less directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are stated at amortised cost using the effective interest rate method.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

3 STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009, the Company capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised gross within other income in profit or loss.

3 STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment (continued)

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives in the current and comparative periods are as follows:

Motor vehicles subject to operating leases, the Company as lessor	0-5 years
Office furniture, fittings, plant & equipment	3-23 years
Freehold land and improvements	12-25 years
Buildings	20-40 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(d) Leasing

Leases include all contracts that transfer the right to use a specified asset for a stated period of time in exchange for consideration, even if the right to use such asset is not explicitly described in the contract. The Company is a lessee mainly of real estate properties used for the purposes of parts warehousing, regional training offices and hospitality.

The Company as lessee

The Company as a lessee recognises for generally all lease contracts right-of-use assets as well as leasing liabilities for the outstanding lease payments.

Right-of-use assets, which are included under property, plant and equipment, are initially measured at cost. The cost of a right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received from the lessor, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset.

A right-of-use asset is subsequently measured at cost less any accumulated depreciation and, if necessary, any accumulated impairment. The right-of-use asset is depreciated to the end of the lease term.

3 STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Leasing (continued)

The lease liabilities include the following lease payments:

- fixed payments including de facto fixed payments, less lease incentives receivables from the lessor;
- variable lease payments linked to an index or interest rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, when exercise is estimated to be reasonably certain; and
- contractual penalties for the termination of a lease if the lease term reflects the exercise of a termination option.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Short-term leases and leases of low-value assets
The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment and office furniture. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company as lessor
Based on the risk and rewards associated with a leased asset, it is assessed whether economic ownership of the leased asset is transferred to the lessee (so-called finance leases) or remains with the lessor (so-called operating leases). Operating leases, i.e. by which the economic ownership of the vehicle remains with the Company, relate to vehicles that the Company acquires and leases to third parties. Additionally, sales of vehicles where the Company also has a repurchase obligation are accounted for as an operating lease:

- Sales of vehicles that include a forward (an entity’s obligation to repurchase the asset) or a call option (an entity’s right to repurchase the asset) are accounted for as operating leases.
- Sales of vehicles including a put option (an entity’s obligation to repurchase the asset at the customer’s request) are accounted for as operating leases if the customer has a significant economic incentive to exercise that right. Otherwise a sale with a right of return is reported. The Company considers several factors when assessing whether a customer has a significant economic incentive to exercise their right at contract inception. Amongst others these are the relationship between repurchase price and the expected future market value (at the time of repurchase) of the asset or historical return rates.

As part of the established residual-value management process, especially for operating lease contracts, certain assumptions are regularly made at local and corporate levels regarding the expected level of prices, based upon which the cars to be returned in the leasing business are evaluated. If changing market developments lead to a negative deviation from assumptions, there is a risk of lower residual values of used vehicles. Depending on the region and the current market situation, the measures taken generally include continuous market monitoring as well as, if required, price-setting strategies or sales-promotion measures designed to regulate vehicle inventories. The quality of market forecasts is verified by regular comparisons of internal and external sources, and, if required, the determination of residual values is adjusted and further developed with regard to methods, processes and systems.

3 STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Leasing (continued)

In the case of accounting as an operating lease, these vehicles are recorded at cost under property, plant and equipment and are depreciated over the contract term on a straight-line basis with consideration of the expected residual values. Changes in the expected residual values lead either to prospective adjustments of the scheduled depreciation or to an impairment loss if necessary.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(f) Impairment

As required under AASB 9, an annual assessment of the expected credit loss has been performed using the simplified method. This has been applied on the trade receivable balance to arrive at the bad debt provision created during the year. There has been no instance of credit loss on Intercompany balances in the past and hence no expected credit losses has been created on Intercompany balances.

(g) Employee benefits

Other long-term employee benefit obligations

The Company's net obligation in respect of long-term employee benefits, other than defined benefit plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted to its present value using the rates attached to the corporate bonds at the reporting date which have maturity dates approximating to the terms of the Company's obligations.

Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment transactions

The Performance Phantom Share Plan allows the Company to arrange the issue of shares or the equivalent value of shares of the ultimate parent, Mercedes-Benz Group AG, to employees of the Company.

In 2006, the former Daimler AG adopted the "Performance Phantom Share Plan" under which virtual shares (phantom shares) are granted to eligible employees entitling them to receive cash payment after four years of service.

3 STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Employee benefits (continued)

Share-based payment transactions (continued)

The fair value of the amounts payable to employees in respect of the Performance Phantom Share Plan, which are settled in cash, are recognised as an employee expense, with a corresponding increase in liabilities over the period in which the employees become unconditionally entitled to the payment. The liabilities are re-measured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as an employee expense in profit or loss.

Fair value is measured with reference to the quoted price of one ordinary share in Mercedes-Benz Group AG and the estimated target achievement grades as of reporting date.

(h) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.
Some claims are recoverable from the parent company, the provision represents the full amount and the corresponding receivable has been recognised.

Agent Remuneration

A provision is recognised for the future payments to Agents in connection with the sale of new vehicles. The provision is recognised at the time the vehicle is sold and is based on the fixed and variable rates per the Agent Agreement.

Legal

Provisions for legal costs are only recognised when the Company has or probable outflow or a legal obligation to pay a legal settlement and legal costs to parties subject to litigation. The provision is a best estimate of the present value of the expenditure required to settle these legal commitments at the reporting date.

(i) Revenue

Goods sold

Revenue from sales of vehicles, service parts and other related products is recognised when control of the goods is transferred to the customer. This generally occurs at the time the customer takes possession of the products. Generally, payment from sales of vehicles, service parts and other related products are made when the customer obtains control of these products.

The Company also enters into sale agreements which include a repurchase obligation in the form of a put option (an entity's obligation to repurchase the asset at the customer's request). Where the customer does not have a significant economic incentive to exercise that right, these arrangements are accounted for as a sale with a right of return. The Company considers several factors when assessing whether the customer has a significant economic incentive to exercise this right. Amongst others, these are the relationship between repurchase price and the expected future market value (at the time of repurchase) of the asset, or historical return rates.

3 STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Revenue (continued)

Goods sold (continued)

The Company uses a variety of sales promotion programs dependent on various market conditions as well as the respective product life cycles and product-related factors (such as amounts of discounts offered by competitors, excess industry production capacity, the intensity of market competition and consumer demand for the products). Revenue is recognised net of sales reductions such as cash discounts and sales incentives granted.

The Company offers extended, separately priced warranties for certain products as well as service and maintenance contracts. Revenue from these contracts is deferred insofar as a customer has made an advance payment and is generally recognised over the contract period in proportion to the costs expected to be incurred based on historical information. A loss on these contracts is recognised in the current period if the sum of the expected costs for services under the contract exceeds unearned revenue. Usually those contracts are paid in advance or in equal instalments over the contract term.

Rental income

Where the Company has agreed to provide residual value guarantees for operating leases entered into between Mercedes-Benz Financial Services Australia Pty Ltd and their external customers, rental income from these leases is recognised as other income on a straight-line basis over the term of the lease. Lease income prepaid by Mercedes-Benz Financial Services Australia Pty Ltd is classified as deferred income.

Services income

Where the Company has agreed to provide services to certain external and other related parties, income from these agreements is recognised over the period when the services are provided.

Income from these agreements is recognised as other income when the services are provided.

(j) Finance income and expenses

Finance income comprises interest income on funds invested, dividend income and changes in fair value of financial assets at fair value through profit or loss. Interest income is recognised in profit or loss as it accrues, using the effective interest rate method. Dividend income is recognised in profit or loss on the date the entity's right to receive payment is established.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets and losses on hedging instruments that are recognised in profit or loss. All borrowing costs that are not directly attributable to acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(k) Taxation

Tax Consolidation

The Company is a member of a multiple entry consolidated (MEC) Group, whereby the group of Australian entities (being the Company, Mercedes-Benz Group Australia/Pacific Pty Ltd, Mercedes-Benz Vans Australia/Pacific Pty Ltd, Mercedes-Benz Mobility Australia Pty Ltd and Mercedes-Benz Financial Services Australia Pty Ltd) are all wholly foreign owned by a common non-resident company, but do not have a common Australian resident parent company. As a result, these entities form part of a MEC Group that are consolidated and taxed as a single entity for Australian tax purposes. The provisional head entity of the Australian tax consolidated group is Mercedes-Benz Group Australia/Pacific Pty Ltd.

3 STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Taxation (continued)

Tax Consolidation (continued)

Current and deferred tax expense / income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the “separate taxpayer within group” approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the members of the tax-consolidated group are assumed by the provisional head entity and are recognised by the Company as amounts payable (receivable) to (from) the provisional head entity in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised as an equity contribution or distribution.

Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Nature of tax funding and sharing arrangements

The Company and the provisional head entity, in conjunction with other members of the tax-consolidated group, have entered into a tax funding agreement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to / (from) the provisional head entity equal to the current tax liability / (asset) and any tax-loss deferred tax asset assumed by the provisional head entity, resulting in the provisional head entity recognising an inter-entity receivable / (payable) equal in amount to the tax liability / (asset) assumed. The inter-entity payable / (receivable) is at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement, and reflect the timing of the provisional head entity’s obligation to make payments for tax liabilities to the relevant tax authorities.

The provisional head entity and other members of the tax-consolidated group have also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the provisional head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

3 STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Segment reporting

Determination and presentation of operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are regularly reviewed by the Company's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(m) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

4 DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in Note 4 or the notes specific to that asset or liability.

(a) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. These fair values are based on Level 2 inputs.

(b) Loans and borrowings

Fair value of loans and borrowings is determined for disclosure purposes (Note 18). The fair value of loans and borrowings that are readily traded are revalued at reporting date to market value using quoted market prices (Level 1 inputs) or, if not readily traded, are measured based on present value of future expected principal and interest cash flows, discounted at the market rate of interest at the reporting date (Level 2 inputs).

(c) Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a market rate of interest at the reporting date.

4 DETERMINATION OF FAIR VALUES (CONTINUED)

(c) Derivatives (continued)

The fair value of interest rate and cross currency swaps are based on market values which approximate estimated future cash flows based on the terms of maturity of each contract and using observable market interest and foreign exchange rates at the reporting date.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the entity and counterparty when appropriate. Refer to Note 19 for more information.

Fair values are based on level 2 inputs which requires inputs, other than quoted prices in active markets for identical assets and liabilities, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

5 REVENUE

Revenue disclosed in the Statement of Profit or Loss includes revenue from contracts with customers and other revenue not in the scope of AASB 15. Other revenue primarily comprises revenue from the rental and leasing business.

Revenue according to AASB 15 includes revenue that was deferred and included in contract liabilities at 31 December 2024 amounting to $33.749 million (2023: $33.675 million).

Revenue that is expected to be recognised within three years related to performance obligations that are unsatisfied (or partially unsatisfied) amounted to $75.199 million at 31 December 2024 (2023: $69.564 million) and revenue from performance obligations partially satisfied in previous periods amounted to $39.245 million (2023: $42.230 million). This revenue is mainly derived from long-term service and maintenance contracts and extended warranties. It does not include performance obligations from customer contracts that have initial expected durations of one year or less. Long-term performance obligations of minor importance to the overall contract value of a bundled contract are not considered in assessing the initial duration of the bundled contract. Contract liabilities are included as part of Note 17 - Trade and other liabilities.

The below table discloses revenue from contracts with customers and is disaggregated by major products and service lines. The table also includes a reconciliation of the disaggregated revenue with the Company's reportable segments.

2024	**Cars $'000**	**Vans $'000**	**Total $'000**
Timing of Revenue:			
At a point in time	2,254,321	394,119	**2,648,440**
Over time	45,826	3,949	49,775
Total revenue	**2,300,147**	**398,068**	**2,698,215**

2023	**Cars $'000**	**Vans $'000**	**Total $'000**
Timing of Revenue			
At a point in time	2,509,580	295,296	**2,804,877**
Over time	51,182	5,266	56,448
Total revenue	**2,560,762**	**300,562**	**2,861,325**

6 OTHER INCOME

	Notes	2024 $'000	2023 $'000
Rental income			
Employee lease program		**372**	1,125
Other			
From other related parties	31(b), 31(c), 31(d)	**8,919**	19,440
External parties		**15,817**	8,336
Total other income		**25,108**	28,901

Rental Income: The Company earns income from employees entering into lease arrangements with Mercedes-Benz Financial Services Australia Pty Ltd (a related party) for the Company's products under the employee vehicle lease program.

Other: The Company earns income from other related and external parties in relation to recharged costs for shared services including building rents, IT and warehouse costs.

7 EMPLOYEE EXPENSES

	2024 $'000	2023 $'000
Wages and salaries	**(38,614)**	(38,616)
Other associated personnel expenses	**(5,934)**	(6,558)
Contributions to defined contribution plans	**(4,440)**	(4,508)
Long service leave expense	**(2,766)**	(2,911)
Annual leave expense	**(1,025)**	(1,077)
Termination benefits	**(1,367)**	(793)
Total employee expenses	**(54,146)**	(54,463)

8 EXPENSES

(a) Cost of sales

	2024 **$'000**	2023 $'000
Total cost of sales	**(2,309,218)**	(2,441,023)

Cost of sales comprises the expenses of vehicles and parts sold such as the purchase costs and importation costs (including import duties, freight charges and insurance). Cost of sales also includes expenses relating to inland transport, storage, pre-delivery inspection costs, net write-down of inventories and sole distribution rights fee.

(b) Other expenses:

Vehicle related selling expenses	**(149,917)**	(180,070)
Marketing expenses	**(43,144)**	(37,738)
IT expenses	**(19,997)**	(17,200)
Other overheads	**(14,378)**	(14,709)
Miscellaneous other expenses & other selling costs	**(6,342)**	(602)
Demo vehicles & warehouse service costs	**(12,795)**	(15,984)
Roadside assistance	**(10,363)**	(7,395)
Loss on disposal of property, plant and equipment	**(157)**	(41)
Total other expenses	**(257,093)**	(273,739)

9 AUDITORS' REMUNERATION

	2024 **$**	2023 $
Audit services		
Auditors of the Company - PwC Australia (2023: KPMG Australia)		
Audit and review of financial statements	**(375,300)**	(428,415)
	(375,300)	(428,415)

10 NET FINANCING COSTS

	Notes	**2024 $'000**	2023 $'000
Recognised in profit or loss			
Interest income from:			
Related parties		**46,676**	32,573
External parties		**10,524**	3,226
Guarantee fee income from:			
Related parties		**1,652**	1,424
Net foreign exchange gain		**146**	-
Impairment reversals on trade receivables	13	**198**	604
Finance income		**59,196**	37,827
Interest expense from:			
Related parties		**(6,207)**	(5,511)
External parties		**(50,908)**	(32,701)
Guarantee fee expense from:			
Related parties		**(1,704)**	(1,959)
Net foreign exchange loss		**-**	(173)
Net unwind of discounting on provisions and employee benefits		**(9,086)**	(7,208)
Interest expense on lease liability		**(74)**	(107)
Finance cost		**(67,979)**	(47,659)
Net finance (costs)/income		**(8,783)**	(9,832)

11 INCOME TAX EXPENSE/(BENEFIT)

	2024 $'000	2023 $'000
Current tax benefit/(expense)		
Current year	**(41,971)**	(41,544)
Adjustments for prior years	**55,193**	(199)
	13,222	(41,743)
Deferred tax benefit/(expense)		
Origination and reversal of temporary differences	**16,494**	11,398
Adjustments for prior years	**1,202**	907
	17,696	12,305
Total income tax benefit/(expense)	**30,918**	(29,438)
Numerical reconciliation between tax expense and pre-tax net profit		
Profit for the period	**117,320**	71,665
Total income tax expense	**(30,918)**	29,438
Profit before income tax	**86,402**	101,103
Income tax expense using the Company's domestic tax rate of 30% (2023 - 30%)	**(25,921)**	(30,331)
(Increase)/decrease in income tax benefit/(expense) due to:		
Non-deductible expenses	**444**	185
Income tax over/(under) provided in prior year	**55,193**	(199)
Sundry items	**1,202**	907
Income tax expense on pre-tax net profit	**30,918**	(29,438)

The income tax expense reported by the Company for the 31 December 2024 year includes prior year adjustments in relation to the 2015 and 2016 income years that resulted in an income tax refund of $53.625 million from the Australian Taxation Office. This income tax refund was received from the Australian Taxation Office in March 2025.

12 CASH AND CASH EQUIVALENTS

	Notes	2024 $'000	2023 $'000
Bank balances			
Bank balances		**126,406**	53,348

The Company’s exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 19. Call deposits relate to funds with maturities of less than 3 months from inception.

13 TRADE AND OTHER RECEIVABLES

	Notes	**2024 $'000**	2023 $'000
Current			
Non-interest bearing			
Net trade receivables		**132,218**	74,102
Receivables due from ultimate parent entity	31(a)	**35,184**	20,216
Receivables due from intermediate parent entity	31(b)	**-**	3,609
Receivables due from immediate parent entity	31(c)	**64,115**	12,925
Receivables due from other related entities	31(d)	**45,413**	46,975
Prepayments and other assets		**1,540**	6,698
		278,470	164,525
Interest bearing			
Loans due from other related entities	31(d)	**333,442**	1,031,031
		333,442	1,031,031
		611,912	1,195,556
Non-current			
Non-interest bearing			
Receivables due from ultimate parent entity	31(a)	**27,500**	-
		27,500	-
Interest bearing			
Loans due from other related entities	31(d)	**648,076**	545,635
		648,076	545,635
		675,576	545,635

Trade receivables are shown net of impairments. Impairment reversal were recognised on trade receivables in the current year amounting to $0.198 million (2023: $0.604 million impairment loss) (refer Note 10).

The Company's exposure to credit risk for financial assets is disclosed in Note 19.

14 INVENTORIES

	2024 $'000	2023 $'000
Finished goods	**951,080**	794,704
Goods in transit	**343,789**	537,751
	1,294,869	1,332,455
Finished goods – at cost	**510,398**	577,033
Finished goods - at net realisable value		
Finished goods - at cost	**501,650**	251,921
Impairment loss	**(60,968)**	(34,250)
	440,682	217,671
Total finished goods	**951,080**	794,704
Goods in transit - at cost	**301,706**	509,644
Goods in transit - at net realisable value		
Goods in transit - at cost	**50,831**	31,945
Impairment loss	**(8,748)**	(3,838)
	42,083	28,107
Total goods in transit	**343,789**	537,751

Estimates and Judgements

The provision for impairment of inventories ("Impairment loss") assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account recent sales experience, the ageing of inventories, damaged, obsolete, slow moving inventories and other factors that affect inventory obsolescence.

15 PROPERTY, PLANT AND EQUIPMENT

	Land and improvements	Buildings	Plant and equipment		Assets under construction	Right-of-use assets	Total
			Assets subject to operating lease	*All others*			
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost							
Balance at 1 January 2023	2,101	35,714	78,482	8,974	5,005	14,312	**144,588**
Acquisitions	-	3,015	65,094	4,236	22	1,219	**73,586**
Transfers	-	3,093	-	1,911	(5,004)	-	**-**
Disposals	-	-	(82,673)	(103)	-	-	**(82,776)**
Balance at 31 December 2023	2,101	41,822	60,903	15,018	23	15,531	**135,398**
Balance at 1 January 2024	2,101	41,822	60,903	15,018	23	15,531	**135,398**
Acquisitions	-	286	54,800	1,093	-	-	**56,179**
Transfers	-	-	-	-	-	-	**-**
Disposals	-	-	(60,558)	(168)	-	-	**(60,726)**
Balance at 31 December 2024	2,101	42,108	55,145	15,943	23	15,531	**130,851**
Depreciation							
Balance at 1 January 2023	(87)	(21,779)	(3,142)	(5,568)	-	(5,423)	**(35,999)**
Depreciation charge for the year	-	(1,207)	(4,998)	(930)	-	(2,795)	**(9,930)**
Transfers	-	-	-	-	-	-	**-**
Disposals	-	-	3,657	63	-	-	**3,720**
Balance at 31 December 2023	(87)	(22,986)	(4,483)	(6,435)	-	(8,218)	**(42,210)**
Balance at 1 January 2024	(87)	(22,986)	(4,483)	(6,435)	-	(8,218)	**(42,209)**
Depreciation charge for the year	-	(1,277)	(2,341)	(1,246)	-	(2,793)	**(7,657)**
Disposals	-	-	4,075	7	-	-	**4,082**
Balance at 31 December 2024	(87)	(24,263)	(2,749)	(7,674)	-	(11,011)	**(45,783)**

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and improvements	Buildings	Plant and equipment		Assets under construction	Right-of-use assets	Total
			Assets subject to operating lease	*All others*			
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amounts							
Balance at 1 January 2023	2,014	13,935	75,340	3,406	5,005	8,889	**108,589**
Balance at 31 December 2023	2,014	18,837	56,438	8,582	22	7,313	**93,206**
Balance at 1 January 2024	2,014	18,837	56,438	8,582	22	7,313	**93,206**
Balance at 31 December 2024	2,014	17,845	52,396	8,269	23	4,520	**85,067**

16 TAX ASSETS AND LIABILITIES

Recognised deferred tax assets

Net deferred tax assets are attributable to the following:

	2024 $'000	2023 $'000
Recognised deferred tax assets		
Provisions and contract liabilities	**95,887**	97,256
Employee benefits	**4,513**	5,081
Payable to other related entities	**13,409**	15,098
Lease liabilities	**1,432**	2,266
Provision for impairment losses	**139**	210
Provision for inventory obsolesence	**20,986**	11,489
Depreciation timing differences	**4,903**	3,691
Other payables	**12,496**	3,811
Total deferred tax assets	**153,765**	138,902
Recognised deferred tax liabilities		
Vehicles subject to operating lease	**(12,444)**	(13,355)
Right-of-use assets	**(1,356)**	(2,194)
Prepayments	**61**	(748)
Profit deferral for tax purposes	**(929)**	(1,204)
Total deferred tax liabilities	**(14,668)**	(17,501)
Net deferred tax assets	**139,097**	121,401

16 TAX ASSETS AND LIABILITIES (CONTINUED)

Recognised deferred tax assets (continued)

In accordance with the tax consolidation legislation, Mercedes-Benz Group Australia/Pacific Pty Ltd (the provisional head company) has assumed the current tax liability or asset initially recognised by the Company which is a member of the tax consolidated group.

The Company is a member of a tax-consolidated group ('the Group') and is jointly and severally liable for the income tax of that group in the event that the provisional head entity defaults in its payment obligations to the Australian Tax Office. The provisional head entity has not been in default of its payment obligations and the directors are of the opinion that the probability of default is remote.

Under the tax funding arrangement the Company and the provisional head company recognise an inter-entity payable or receivable equal in amount to the current tax liability or asset assumed. The Company continues to recognise income tax expense or benefit even though it has derecognised its current tax liability or asset.

At 31 December 2024 the Company had an intercompany receivable of $50.25 million (2023: $1.804 million payable) relating to a current tax receivable assumed by the provisional head company which is included in Trade and other receivables (refer to Note 13) .

Estimates and Judgements

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. The calculation of income taxes has therefore been done with the best possible judgement based on past experiences, pending an assessment by the taxable authorities here in Australia.

16 TAX ASSETS AND LIABILITIES (CONTINUED)

Recognised deferred tax assets (continued)

Movement in temporary differences during the year

	2024		
	Balance at 1 January 2024 $'000	Recognised in income $'000	Balance at 31 December 2024 $'000
Deferred tax assets			
Provisions and contract liabilities	97,256	(1,369)	95,887
Employee benefits	5,081	(568)	4,513
Payable to other related entities	15,098	(1,689)	13,409
Lease liabilities	2,266	(834)	1,432
Provision for impairment losses	210	(71)	139
Provision for inventory obsolescence	11,489	9,497	20,986
Depreciation timing differences	3,691	1,212	4,903
Other payables	3,811	8,685	12,496
Total deferred tax assets	**138,902**	**14,863**	**153,765**
Deferred tax liabilities			
Vehicles subject to operating lease	(13,355)	911	(12,444)
Right-of-use assets	(2,194)	838	(1,356)
Prepayments	(748)	809	61
Profit deferral for tax purposes	(1,204)	275	(929)
Total deferred tax liabilities	**(17,501)**	**2,833**	**(14,668)**
Net deferred tax assets	**121,401**	**17,696**	**139,097**

16 TAX ASSETS AND LIABILITIES (CONTINUED)

Recognised deferred tax assets (continued)

Movement in temporary differences during the year (continued)

		2023	
	Balance at 1 January 2023 $'000	Recognised in income $'000	Balance at 31 December 2023 $'000
Deferred tax assets			
Provisions and contract liabilities	90,257	6,999	97,256
Employee benefits	4,938	143	5,081
Payable to other related entities	23,702	(8,604)	15,098
Lease liabilities	2,688	(422)	2,266
Provision for impairment losses	418	(208)	210
Provision for inventory obsolescence	10,382	1,107	11,489
Depreciation timing differences	2,773	918	3,691
Other payables	2,306	1,505	3,811
Total deferred tax assets	**137,464**	**1,438**	**138,902**
Deferred tax liabilities			
Vehicles subject to operating lease	(21,823)	8,468	(13,355)
Right-of-use assets	(2,666)	472	(2,194)
Prepayments	7	(755)	(748)
Profit deferral for tax purposes	(3,885)	2,681	(1,204)
Total deferred tax liabilities	**(28,367)**	**10,866**	**(17,501)**
Net deferred tax assets	**109,097**	**12,304**	**121,401**

17 TRADE AND OTHER LIABILITIES

	Notes	**2024 $'000**	2023 $'000
Current			
Trade payables		**59,029**	55,427
Payable to ultimate parent entity	31(a)	**1,945**	2,268
Payable to intermediate entity	31(b)	**242,979**	364,397
Payable to immediate parent entity	31(c)	**14,348**	8,295
Payable to other related entities	31(d)	**63,542**	68,457
Other payables		**99,980**	66,241
Contract liabilities	5	**122,901**	114,929
		604,724	680,014
Non-current			
Payable to other related entities	31(d)	**3,673**	6,221
Contract liabilities	5	**38,158**	37,088
		41,831	43,309

Trade and other liabilities are non-interest bearing and current trade and other liabilities are due and payable within 30 days from receipt of invoice.

The Company's exposure to liquidity and currency risks related to trade and other liabilities are disclosed in Note 19.

Contract liabilities

Contract liabilities primarily relate to prepaid service and maintenance contracts & the deferral of revenue from obligations from sales transactions in the scope of AASB 15.

18 LOANS AND BORROWINGS

	Notes	**2024 $'000**	2023 $'000
Current			
Bank loans (secured)	18(b)	**180,000**	-
Notes (secured)	18(c)	**100,626**	575,538
Commercial papers (secured)	18(d)	**175,588**	306,480
Loan from immediate parent entity	18(e), 31(c)	**141,573**	141,573
Loans from other related entity	18(f), 31(d)	**675**	721
Lease liabilities	18(g)	**2,416**	2,778
		600,878	1,027,090
Non-current			
Notes (secured)	18(c)	**648,076**	545,635
Lease liabilities	18(g)	**2,358**	4,774
		650,434	550,409

18 LOANS AND BORROWINGS (CONTINUED)

	Notes	2024 $'000	2023 $'000
The Company has access to the following lines of credit:			
Bank overdraft (unsecured)		**50,000**	50,000
Bank loans (secured)		**1,018,400**	640,758
Notes (secured)		**748,702**	1,121,173
Commercial papers (secured)		**175,588**	306,480
		1,992,690	2,118,411

	Notes	2024 $'000	2023 $'000
Facilities utilised at reporting date			
Notes (secured)		**748,702**	1,121,173
Bank loans (secured)		**180,000**	-
Commercial papers (secured)		**175,588**	306,480
		1,104,290	1,427,653

	2024 $'000	2023 $'000
Facilities not utilised at reporting date		
Bank overdraft (unsecured)	**50,000**	50,000
Bank loans (secured)	**838,400**	640,758
	888,400	690,758

The proceeds from interest bearing loans and borrowings have been used predominantly to finance the activities of related parties and to meet the Company's working capital needs. Interest payable on loans and borrowings and interest receivable from related parties have been included in profit or loss as finance costs and income respectively.

Current portion of notes, commercial papers and loans from the immediate parent and other related entities are payable within one year from the reporting date.

Non-current portion of Notes are payable on or before 20 January 2026, but after one year from the reporting date of these financial statements.

The Company's exposure to credit, liquidity and market rate risks and a sensitivity analysis for financial assets and liabilities are disclosed in Note 19.

(a) Bank overdraft (unsecured)

The Company's bank overdraft is denominated in AUD and is payable on demand and subject to annual review. Interest is charged at prevailing market rates.

(b) Bank loans (secured)

The Company's bank loans are denominated in AUD and are secured by the ultimate parent entity guarantee. The Company has access to credit facilities which are subject to annual renewal. Interest is charged at prevailing market rates. The Company has $180m bank loans (secured) outstanding balance as at 31 December 2024.

18 LOANS AND BORROWINGS (CONTINUED)

(c) Notes (secured)

The Company has authorised the following note issues outstanding at 31 December 2024 denominated in EUR and AUD which are guaranteed by the ultimate parent entity:

Currency	Value of Notes	Due Date	On-lending	Interest re-pricing
EUR	60,000,000	Jan-25	EUR	On Maturity
AUD	125,000,000	Jan-26	AUD	On Maturity
AUD	25,000,000	Jan-26	AUD	On Maturity
AUD	125,000,000	Jun-26	AUD	On maturity
AUD	50,000,000	Oct-26	AUD	On maturity
AUD	125,000,000	Sept-26	AUD	On maturity
AUD	200,000,000	Jan-27	AUD	On maturity

All issues are listed on the Luxembourg Stock Exchange and guaranteed by Mercedes-Benz Group AG. Interest rates on AUD fixed interest notes are agreed at the inception of the notes. Interest rates on EUR floating interest notes are agreed at the inception of the notes and re-priced on a quarterly or yearly basis. Average interest rates are set out in Note 19.

(d) Commercial papers (secured)

The Company's commercial papers are denominated in AUD and are secured by the ultimate parent entity guarantee. The Company has the following commercial papers (secured) outstanding balance as at 31 December 2024.

Currency	Value of Commercial Papers	Due Date	Interest re-pricing
AUD	46,000,000	Jan-25	On maturity
AUD	130,000,000	Jan-25	On maturity

Commercial papers that have matured since reporting date have been subsequently refinanced on similar terms.

(e) Loans from immediate parent entity

The Company has authorised the following loans outstanding at 31 December 2024 denominated in AUD from the immediate parent entity:

Currency	Value of Loan	Due Date
AUD	141,573,352	Jan-25

Loans from immediate parent entity are related to the cash pool balance outstanding as of 31 December 2024. Interest is charged at prevailing market rates.

(f) Loans from other related entity

The Company has authorised the following loans from other related entities outstanding at 31 December 2024 denominated in AUD:

Currency	Value of Loan	Due Date
AUD	675,457	Jan-25

Loans from other related entities is related to the cash pool balance with parties within the tax group under the cash pooling arrangements with the Company. Interest is charged at prevailing market rates.

18 LOANS AND BORROWINGS (CONTINUED)

(g) Lease liabilities

The Company has the below outstanding lease liabilities at 31 December 2024 denominated in AUD:

	2024 $'000	2023 $'000
Not later than one year	**2,416**	2,778
Later than one year but not later than five years	**2,358**	4,774
	4,774	7,552

19 FINANCIAL INSTRUMENTS

The Company has exposure to credit, liquidity and market risks from its use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are also included in this note and throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework and is also responsible for developing and monitoring risk management policies.

Risk management policies are established to identify and analyse the risks faced by the Company to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers and certain key suppliers. Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

Swap and foreign exchange contracts are subject to credit risk in relation to the relevant counterparties, which is principally Mercedes-Benz Group AG. At 31 December 2024 the long-term credit rating of Mercedes-Benz Group AG was as follows:

Standard & Poor's	A
Moody's	A2
DBRS	A

The Company's ultimate parent Mercedes-Benz Group AG determines which counterparties are contracted with. Typically this will only be with A rated external counterparties.

The maximum credit risk exposure on foreign currency contracts is the full amount of the foreign currency the Company pays when settlement occurs, should the counterparty fail to pay the amount which it is committed to pay the Company.

Exposure to credit risk

The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the reporting date was:

	Notes	**2024 $'000**	2023 $'000
Trade and other receivables		**1,285,948**	1,734,493
Cash and cash equivalents	12	**126,406**	53,348
		1,412,354	1,787,841

19 FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk (continued)

Exposure to credit risk (continued)

The Company minimises concentration of credit risk by undertaking transactions with a large number of customers and counterparties, and is not materially exposed to any individual third party customer as at the reporting date.

At reporting date 88% (2023: 92%) of trade and other receivables related to a related party, Mercedes-Benz Financial Services Australia Pty Ltd. Other than this, there were no significant concentrations of credit risk relating to the Company's trade and other receivables.

The Company's maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was:

	2024	2023
	$'000	$'000
Australia	**1,187,173**	1,724,070
Europe	**3,386**	18,192
New Zealand	**2,281**	2,437
Asia	**3**	19
	1,192,843	1,744,718

The Company's maximum exposure to credit risk for trade and other receivables at the reporting date by type of customer was:

	2024	2023
	$'000	$'000
Wholesale customers	**1,155,816**	1,715,486
Retail customers	**37,027**	29,232
	1,192,843	1,744,718

Impairment losses

The provision relates to lifetime expected credit losses on short term trade receivables.

The movement in the allowance for impairment in respect of the trade and other receivables during the year was:

	2024	2023
	$'000	$'000
Balance at 1 January	**701**	1,393
Impairment losses recognised / (reversed)	**(198)**	604
Allowance (utilised) / amount recovered	**(39)**	(1,296)
Balance at 31 December	**464**	701

Impairment losses recognised in respect of trade and other receivables for the reporting period primarily related to a high probability of not collecting debts from external customers (refer Note 13).

19 FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk (continued)

Impairment losses (continued)

The ageing of the Company's trade and other receivables at the reporting date was:

	2024		2023	
	Gross $'000	Impairment $'000	Gross $'000	Impairment $'000
Not past due	**1,605,968**	**(166)**	**1,679,166**	**(103)**
Past due 1-30 days	**49,081**	**(147)**	**49,339**	**(148)**
Past due 30-60 days	**2,246**	**(56)**	**2,358**	**(59)**
Past due 60-90 days	**1,145**	**(34)**	**1,390**	**(42)**
Past due 90-120 days	**2,088**	**(115)**	**979**	**(54)**
Past due 120+ days	**521**	**55**	**1,961**	**(295)**
	1,661,049	**(463)**	**1,735,193**	**(701)**

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company monitors cash flow requirements to ensure that it has sufficient cash on demand to meet expected operational expenses on an on-going basis.

Mercedes-Benz Group AG applies a cash concentration method for cash and asset management throughout the global Mercedes-Benz group. The overriding principle of cash management is to concentrate cash at the highest possible level to maximise investment returns and to minimise borrowing costs.

Mercedes-Benz Group AG Group treasury develops proposals concerning the allocation of financial assets on the basis of the global Mercedes-Benz group's liquidity planning; they also determine the final asset allocation.

19 FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk (continued)

The following are the contractual maturities of financial assets and liabilities, including estimated interest receipts or payments:

2024 **$'000**	Notes	**Carrying amount $'000**	**Contractual cash flows $'000**	**1 year or less $'000**	**1 to 2 years $'000**	**2 to 5 years $'000**	**More than 5 years $'000**
Non derivative financial assets							
Trade and other receivables		**1,233,439**	**1,178,529**	**528,529**	**450,000**	**200,000**	**-**
Non derivative financial liabilities							
Bank loans (secured)	18	**(180,000)**	**(180,000)**	**(180,000)**	**-**	**-**	**-**
Notes issued (secured)	18	**(748,702)**	**(750,609)**	**(100,609)**	**(450,000)**	**(200,000)**	**-**
Commercial papers (secured)	18	**(175,588)**	**(176,000)**	**(176,000)**	**-**	**-**	**-**
Loans from immediate parent entity	18	**(141,573)**	**(141,573)**	**(141,573)**	**-**	**-**	**-**
Loans from other related entities	18	**(675)**	**(675)**	**(675)**	**-**	**-**	**-**
Lease liabilities	18	**(4,774)**	**(4,820)**	**(2,451)**	**(2,369)**	**-**	**-**
Trade and other liabilities	17	**(452,193)**	**(452,194)**	**(448,521)**	**(3,673)**	**-**	**-**
		(1,703,505)	**(1,705,871)**	**(1,049,829)**	**(456,042)**	**(200,000)**	**-**

19 FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk (continued)

2023 **$'000**	Notes	Carrying amount $'000	Contractual cash flows $'000	1 year or less $'000	1 to 2 years $'000	2-5 years $'000	More than 5 years $'000
Non derivative financial assets							
Trade and other receivables		1,734,493	1,662,542	1,114,976	97,565	450,000	-
Non derivative financial liabilities							
Notes issued (secured)	18	(1,121,173)	(1,122,857)	(575,291)	(97,565)	(450,000)	-
Commercial papers (secured)	18	(306,480)	(307,500)	(307,500)	-	-	-
Loans from immediate parent entity*	18	(141,573)	(141,573)	(141,573)	-	-	-
Loans from other related entities	18	(721)	(721)	(721)	-	-	-
Lease liabilities	18	(7,552)	(14,956)	(3,713)	(3,620)	(7,623)	-
Trade and other liabilities	17	(537,447)	(537,448)	(531,226)	(6,221)	-	-
		(2,114,946)	(2,125,055)	(1,560,024)	(107,406)	(457,623)	-

19 FINANCIAL INSTRUMENTS (CONTINUED)

Currency risk

The Company is exposed to foreign currency risk on purchases and funding transactions that are denominated in a currency other than AUD. The currencies giving rise to this risk are EUR (loans and borrowings, spare parts and vehicle purchases or specific contracts).

The Company's exposure to foreign currency risk at reporting date was based on notional amounts as set out in the tables below. Note the only material net currency exposure is with EUR and SGD. As mentioned above these exposures are taken to hedge against foreign currency firm purchase commitments. The effect of movements in foreign exchange rates on the Company's net currency exposure is disclosed in the Sensitivity Analysis below.

			2024		
	AUD $'000	**EURO €'000**	**USD $'000**	**SGD $'000**	**NZD $'000**
Non derivative financial assets					
Cash and cash equivalents	**126,406**	**-**	**-**	**-**	**-**
Trade receivables	**132,222**	**-**	**-**	**-**	**-**
Receivables due from ultimate parent entity	**7,449**	**140**	**-**	**-**	**-**
Receivables due from immediate parent entity	**16,355**	**-**	**-**	**-**	**-**
Loans and other receivables due from other related entities	**976,552**	**-**	**-**	**-**	**-**
	1,258,984	**140**	**-**	**-**	**-**
Non derivative financial liabilities					
Bank loans (secured)	**(180,000)**	**-**	**-**	**-**	**-**
Notes issued (secured)	**(648,076)**	**(60,000)**	**-**	**-**	**-**
Commercial papers (secured)	**(175,588)**	**-**	**-**	**-**	**-**
Loans from immediate parent entity	**(141,573)**	**-**	**-**	**-**	**-**
Loans from other related parties	**(675)**	**-**	**-**	**-**	**-**
Lease liabilities	**(4,774)**	**-**	**-**	**-**	**-**
Trade and other liabilities	**(448,665)**	**(1,531)**	**(27)**	**(773)**	**1**
	(1,599,351)	**(61,531)**	**(27)**	**(773)**	**1**
Net Currency Exposure	**(340,367)**	**(61,391)**	**(27)**	**(773)**	**1**

19 FINANCIAL INSTRUMENTS (CONTINUED)

Currency risk (continued)

	2023				
	AUD $'000	EURO €'000	USD $'000	SGD $'000	NZD $'000
Non derivative financial assets					
Cash and cash equivalents	53,348	-	-	-	-
Trade receivables	74,102	-	-	-	-
Receivables due from ultimate parent entity	14,376	123	-	-	-
Receivables due from intermediate parent entity	3,609	-	-	-	-
Receivables due from immediate parent entity	12,925	-	-	-	-
Loans and other receivables due from other related entities	1,200,601	60,000	-	-	-
	1,358,961	60,123	-	-	-
Non derivative financial liabilities					
Notes issued (secured)	(698,133)	(60,000)	-	-	-
Commercial papers (secured)	(306,480)	-	-	-	-
Loans from immediate parent entity	(141,573)	-	-	-	-
Loans from other related parties	(721)	-	-	-	-
Lease liabilities	(7,552)	-	-	-	-
Trade and other liabilities	(535,522)	(32)	(27)	(491)	1
	(1,689,981)	(60,032)	(27)	(491)	1
Net Currency Exposure	(331,020)	91	(27)	(491)	1

The following significant exchange rates were applied during and at the end of the year:

	Average rate		Reporting date spot rate	
	2024	2023	**2024**	2023
AUD:EURO	**0.615**	0.614	**0.596**	0.615
AUD:NZD	**1.090**	1.082	**1.105**	1.076
AUD:USD	**0.660**	0.664	**0.619**	0.679
AUD:SGD	**0.882**	0.892	**0.845**	0.897

Sensitivity analysis

A 10 percent strengthening or weakening of the Australian dollar against the following currencies at 31 December 2024 would have increased / (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2023.

19 FINANCIAL INSTRUMENTS (CONTINUED)

Currency risk (continued)

Sensitivity analysis (continued)

	2024		2023	
	Profit or loss		**Profit or loss**	
	$'000	**$'000**	$'000	$'000
	10% increase	**10% decrease**	10% increase	10% decrease
AUD:EURO	**9,080**	**(11,098)**	(13)	16
AUD:USD	**4**	**(5)**	4	(5)
AUD:SGD	**80**	**(97)**	50	(61)

Interest Rate Risk

Interest sensitivity analysis

As part of its risk management control systems, Mercedes-Benz Group AG (the new ultimate parent entity) employs value-at-risk analysis as recommended by the Bank for International Settlements. In performing these analyses, the market risk exposure to changes in foreign currency exchange rates, interest rates and equity prices are quantified on a continuous basis by predicting the maximum loss over a target time horizon (holding period) and confidence level. The value-at-risk calculations employed express potential losses in fair values, and are based on the variance-covariance approach, assuming a 99% confidence level and a holding period of five days.

The value-at-risk calculation is performed by Mercedes-Benz Group AG for the Company. When the value-at-risk of the Company's portfolio of financial instruments is calculated, the current fair value of these financial instruments is first computed. Then, the sensitivity of the Company's portfolio value to changes in relevant market risk factors is quantified. Based on expected volatilities and correlations of these market risk factors (obtained from the RiskMetricsTM dataset), potential changes of the portfolio value are computed by applying the variance-covariance approach. The variance-covariance approach is a statistical method used to quantify the total impact of all relevant major risk factors on the portfolio's present value. Through these calculations and by assuming a 99% confidence level and the five day holding period, the Company's value-at-risk is obtained. The 99% confidence level and the five day holding period indicate that there is only a 1% statistical probability that the value-at-risk will be exceeded by losses at the end of the five day holding period.

The following table shows the period-end high, low and average value-at-risk ("VaR") figures for the 2024 and 2023 portfolio of interest rate sensitive financial instruments. VaR numbers reflect the quantified net fair value movements on the hedged loan payables balances. Average exposure has been computed on an end of quarter basis:

	Period-end	**High**	**Low**	**Average**
	$'000	**$'000**	**$'000**	**$'000**
Interest rate risk				
2024	**2,413**	**3,776**	**2,413**	**2,935**
2023	3,148	4,149	2,694	3,444

Cash flow exposures arising from significant portions of the loans payable to related parties are economically hedged by amounts receivable from other related parties.

19 FINANCIAL INSTRUMENTS (CONTINUED)

Hedging

The Company hedges at least 90% of all receivables and payables denominated in foreign currency.

The Company uses foreign currency loan receivable instrument to hedge its foreign currency risk. Most of these contracts have maturities that are on the same dates as the loans are due for repayment.

In regard to the Company's EUR denominated notes and loans, the Company classifies related hedge contracts as fair value hedges.

Gains and losses on revaluation of fair value hedges and their related notes or receivables are recorded in profit or loss as part of net financing costs (Note 10).

Changes in the fair value of hedge contracts, that economically hedge forecasted transactions in foreign currencies, and for which no hedge accounting is applied, are recognised in profit or loss. Both the changes in fair value of these hedge contracts and the foreign exchange gains and losses relating to the monetary items are recognised as part of net financing costs (Note 10).

The Company has EUR denominated notes and loans (Note 18). The Company has fully hedged the principal amounts using foreign currency deposits (Loans and other receivables due from other related entities) that mature on the same dates as the loans are due for repayment.

Fair values

Fair value versus carrying amounts

Except for derivative financial assets and liabilities which are carried at fair values, all other monetary assets and liabilities are carried at amortised cost. The carrying values of foreign currency borrowings are determined by translating them into AUD using exchange rates prevailing at reporting date. For receivables and payables expected to be recovered or settled no more than twelve months after the reporting date, the carrying value is deemed to reflect the fair value.

All financial assets and liabilities carried at fair value are based on level 2 inputs which requires inputs, other than quoted prices in active markets for identical assets and liabilities, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Interest rates used for determining fair value

The entity uses the implied zero coupon yield curve as of 31 December 2024 to discount financial instruments. The interest rates used have been consistently applied using rates between 3.79% and 4.42% (2023: between 3.79% and 4.34%).

19 FINANCIAL INSTRUMENTS (CONTINUED)

Fair values (continued)

Interest rates used for determining fair value (continued)

	2024		2023	
	Carrying amount $'000	**Fair value $'000**	Carrying amount $'000	Fair value $'000
Non derivative financial assets				
Loans due from other related entities	**981,519**	**983,838**	1,576,666	1,579,369
Non derivative financial liabilities				
Bank loans (secured)	**(180,000)**	**(180,000)**	-	-
Notes (secured)	**(748,702)**	**(750,609)**	(1,121,173)	(1,122,857)
Commercial papers (secured)	**(175,588)**	**(176,000)**	(306,480)	(307,500)
Loans from immediate parent entity	**(141,573)**	**(141,573)**	(141,573)	(141,573)
Loans from other related entity	**(675)**	**(675)**	(721)	(721)
Lease liabilities	**(4,774)**	**(4,774)**	(9,202)	(9,202)

The basis of determining fair values is disclosed in Note 4.

Capital management

The Company's policy is to maintain a strong capital base so as to sustain future development of the business. The Board of Management actively monitor the financial performance of the Company to ensure adequate financial returns are generated. The Board of Management also monitors the level of dividends to ordinary shareholders.

The Board of Management seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company's debt-to-adjusted capital ratio at the end of the reporting period was as follows:

	2024 $'000	2023 $'000
Total liabilities	**2,155,883**	2,518,539
Less: cash and cash equivalents	**(126,406)**	(53,348)
Net debt	**2,029,477**	2,465,191
Total equity	**777,045**	823,088
Adjusted capital	**777,045**	823,088
Debt-to-adjusted capital ratio	**2.6**	3.00

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to any externally imposed capital requirements.

20 EMPLOYEE BENEFITS

	2024	2023
	$'000	$'000
Current		
Liability for annual leave	**3,119**	3,261
Liability for long service leave	**6,355**	6,534
Cash settled share-based payment liability	**569**	1,339
Short term employee benefits	**5,375**	6,454
	15,418	17,588
Non-current		
Liability for long service leave	**420**	515
Cash settled share-based payment liability	**488**	819
	908	1,334

Share based payments

Performance Phantom Share Plan

In 2006 the former Daimler AG adopted the “2005-2007 Performance Phantom Share Plan” under which virtual shares (phantom shares) are granted to eligible employees entitling them to receive cash payment after four years of service. Total cash payments made to entitled employees in 2024 was NIL (2023: $0.639m). The amount of cash paid to eligible employees is based on the number of phantom shares that vest (determined over a three year performance period) times the quoted price of Ordinary Shares of Mercedes-Benz Group AG (determined as an average price over a specified period at the end of the four-year service). The number of phantom shares that vest will depend on the achievement of Mercedes-Benz Group AG performance goals as compared with competitive and internal benchmarks (return on net assets and return on sales). Mercedes-Benz Group AG will no longer issue any common shares in connection with the Performance Phantom Share Plan.

As at 31 December 2024, the carrying amount of the liability recognised for the entitlements granted is $1.057m (2023: $2.158m).

The number of phantom shares on-issue by Mercedes-Benz Group AG to key management personnel of the Company as at 31 December 2024 was 28,284 (2023: 26,428).

21 PROVISIONS

	Warranty $'000	Legal $'000	Other $'000	Total $'000
Balance at 1 January 2024	169,722	211	26,039	195,972
Adjustment*	55,000			55,000
Provisions made during the year	59,780	42	9,608	69,430
Provisions used during the year	(64,475)	(6)	(24,464)	(88,945)
Provisions reversed during the year	-	-	(463)	(463)
Net unwind of discount	7,188	9	1,159	8,356
Balance at 31 December 2024	227,215	256	11,879	239,351
Current	88,870	256	11,879	101,005
Non-current	138,345	-		138,345
Total	227,215	256	11,879	239,350

Warranties

The Company issues various types of product warranties, under which it generally guarantees the performance of products delivered and services rendered for a certain period. The provision for warranties relates primarily to vehicles sold during the five years to 31 December 2024. The provision is based on estimates made from historical warranty data associated with similar products and services. The provision for these warranties covers expected costs for contractual warranty claims as well as expected costs for goodwill concessions and recall campaigns. The Company expects to pay out the liability over the next five years. During the year, $4.683 million was recognised as an expense in cost of sales (2023: $3.895 million) (refer to Note 8).

* Some claims are recoverable from the parent company, the provision represents the full amount and the corresponding receivable from the ultimate parent has been recognised. The opening balance includes an uplift to reflect the portion of the provision which is funded by the ultimate parent entity.

Legal

The legal provision comprises costs for various legal proceedings, claims and governmental investigations which can lead to lengthy and costly investigations, legal proceedings and/or penalties. Litigation and government investigations often involve complex legal issues and are connected with a high degree of uncertainty. Accordingly, the assessment of whether an obligation exists on the reporting date as a result of an event in the past, and whether a future cash outflow is likely and the obligation can be reliably estimated largely depends on the estimations by management. The Company regularly evaluates the current stage of legal proceedings, also with the involvement of in-house and external legal counsel. The provisions for litigations will as such be reassessed periodically and adjusted based on the evaluations made by management.

Other provisions

Other provisions as at 31 December 2024 includes $10.5 million of sales expense provisions to cover the estimated outstanding variable future payments to Agents in connection to the sale of new vehicles. Other provisions are calculated based on assessments by management of the likely future costs to be incurred in relation to the past event giving rise to the other provisions.

22 DEFERRED INCOME

	Notes	**2024 $'000**	2023 $'000
Current			
Deferred income attributable to other related entities	31(d)	**1,071**	1,811
Other deferred income		**43**	122
		1,114	1,933
Non-current			
Deferred income attributable to other related entities	31(d)	**893**	691
Other deferred income		**332**	199
		1,225	890

23 CAPITAL AND RESERVES

Share capital

	2024 $'000	2023 $'000
Issued and paid-up share capital 35,000,000 fully paid ordinary shares of $2 par value each (2023: 35,000,000 ordinary shares of $2 par value each)	**70,000**	70,000

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of winding up of the Company, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

Dividends

As the Company is a wholly-owned subsidiary in a tax-consolidated group, the franking credits reside with the provisional head entity in the tax-consolidated group in accordance with the tax funding and sharing agreements. Hence, the dividends recognised are unfranked.

Dividends totalling $91.696 million were declared and paid in February 2024 for the year ended 31 December 2022. Dividends totalling $71.665 million were declared and paid in December 2024 for the year ended 31 December 2023. Of the total dividend disclosed, $163.361 million was a cash distribution to its immediate parent.

	Cents per share	**Total amount $'000**	**Franked/ unfranked**	**Date of payment**
Final 2022 ordinary dividend	$261.99	$91,696	Unfranked	28.02.2024
Final 2023 ordinary dividend	$204.76	$71,665	Unfranked	12.12.2024

24 NOTES TO THE STATEMENT OF CASHFLOWS

(a) Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:

	Notes	**2024 $'000**	2023 $'000
Cash and cash equivalents	12	**126,406**	53,348

(b) Reconciliation of cash flows from operating activities

	Notes	**2024 $'000**	2023 $'000
Profit for the period		**117,320**	71,665
Adjustments for			
(Gain)/loss on sale of property, plant and equipment	6, 8(b)	**157**	41
Amortisation		**24**	135
Depreciation expenses	15	**7,657**	9,930
Impairment loss/(reversal)	8, 10	**-**	3,038
Foreign exchange (gains)/losses	10	**(146)**	173
Income tax expense	11	**(30,918)**	29,438
Operating profit before changes in working capital		**94,094**	114,420
Change in assets and liabilities during the financial year			
(Increase)/decrease in trade and other receivables		**(134,853)**	214
(Increase)/decrease in inventories		**37,585**	100,637
Increase/(decrease) in trade and other liabilities		**(6,253)**	(51,735)
Increase/(decrease) in provisions		**40,783**	27,664
Net cash/(used in) from operating activities		**31,356**	191,200
Net interest paid		**(2,477)**	(5,688)
Income taxes received / (paid)		**(55,626)**	(50,728)
Net cash inflow/(outflow) from operating activities		**(26,747)**	134,784

25 SEGMENT INFORMATION

The Company comprises the following main business segments:

- Passenger Cars: The importation, marketing and distribution of passenger motor vehicles and their components.
- Vans: The importation, marketing and distribution of light commercial motor vehicles and their components.
- Corporate Items: Includes functions and services not allocated to the business segments (Passenger Cars & Vans).

The principal activities of the Company are based in Australia.

Segment information is presented in respect of the Company's business segments which are based on the Company's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

2024	**Passenger cars $'000**	**Vans $'000**	**Corporate items $'000**	**Total $'000**
Revenue	**2,295,765**	**397,957**	**-**	**2,693,722**
Other income	**4,382**	**110**	**-**	**4,492**
Total revenue and other income	**2,300,147**	**398,067**	**-**	**2,698,214**
Gross Profit	**340,625**	**48,372**	**-**	**388,997**
Depreciation & amortisation	**(7,215)**	**(466)**	**-**	**(7,681)**
Reportable segment profit/(loss) before tax	**66,997**	**11,952**	**7,453**	**86,402**
Reportable segment assets	**1,328,805**	**216,677**	**1,332,446**	**2,877,928**
Reportable segment liabilities	**1,042,567**	**249,684**	**808,632**	**2,100,883**
Capital expenditure	**(1,372)**	**-**	**-**	**(1,372)**
Income tax (expense)/benefit	**-**	**-**	**30,918**	**30,918**

25 SEGMENT INFORMATION (CONTINUED)

2023	Passenger cars $'000	Vans $'000	Corporate items $'000	Total $'000
Revenue	2,553,786	300,495	-	2,854,281
Other income	6,976	67	-	7,043
Total revenue and other income	2,560,762	300,562	-	2,861,324
Gross Profit	388,136	32,166	-	420,302
Depreciation & amortisation	(9,625)	(440)	-	(10,065)
Reportable segment profit/(loss) before tax	94,069	7,034	-	101,103
Reportable segment assets	1,377,007	181,265	1,783,354	3,341,626
Reportable segment liabilities	1,025,732	142,425	1,350,381	2,518,538
Capital expenditure	(7,280)	-	-	(7,280)
Income tax (expense)/benefit	-	-	(29,438)	(29,438)

26 LEASES

Leases as lessee

The Company leases a number of sites for the purposes of parts warehousing & training offices. The leases typically run for a period of five years, with an option to renew the lease after that date. The leases do not include any contingent or variable rental.

Leases of property generally provide the Company with the right of renewal at which time all terms are renegotiated.

Information about the leases for which the Company is a lessee is presented below.

(a) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	2024 $'000	2023 $'000
Right-of-use assets*		
Balance at January 1	**7,313**	8,889
Lease modification	**-**	1,220
Depreciation charge for the year	**(2,793)**	(2,795)
Balance at 31 December	**4,520**	7,314

26 LEASES (CONTINUED)

(a) Amounts recognised in the statement of financial position (continued)

Judgements and Estimates:

The application of AASB16 requires the Company to make judgements that affect the valuation of lease liabilities and the valuation of right-of-use assets. These include determining the contracts in scope of AASB16, determining the contract term and determining the interest rate used for discounting of future cash flows. The lease term determined by the Company comprises non-cancellable period of lease contracts, periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain to not exercise that option.

	Notes	**2024 $'000**	2023 $'000
Lease liabilities			
Current	18	**2,416**	2,778
Non-current	18	**2,358**	4,774
		4,774	7,552

(b) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2024 $'000	2023 $'000
Leases under AASB 16		
Interest on lease liabilities	**74**	107
Depreciation charge of right-of-use assets	**2,793**	2,795
Expenses relating to leases of low-value assets (included in other expenses)	**2,886**	2,391
Total impact on profit or loss	**5,753**	5,293

(c) Amounts recognised in the statement of cash flows

The statement of cash flows shows the following amounts relating to leases:

	2024 $'000	2023 $'000
Cash flow under AASB 16		
Cash outflow from operating activities	**(74)**	(107)
Cash outflow from financing activities	**(2,778)**	(2,496)
Total cash outflow for leases	**(2,852)**	(2,603)

26 LEASES (CONTINUED)

Leases as lessor

Operating lease transactions

Vehicles that are subject to operating leases between a related party, Mercedes-Benz Financial Services Australia Pty Ltd ("MBFSAu") and their external customers for passenger vehicles and light commercial vehicles, and where the Company has agreed to provide residual value guarantees, are accounted for as Plant and equipment and presented in the Property, plant and equipment note disclosure as "Assets subject to operating lease" and depreciated over a straight-line basis. Additions for these plant & equipment are reflected as non-cash acquisitions as prior to the operating lease arrangements being entered into, these vehicles have been purchased as inventory as part of the normal operating activities of the Company. Upon expiry of the operating lease arrangements, these vehicles are transferred to inventory of the Company. These disposals are reflected as non-cash disposals. These operating leases have an average term of three years.

Residual value guarantees for operating leases

The Company agreed to provide residual value guarantees to MBFSAu, for the operating leases entered into between MBFSAu and their external customers described above.

The Company regularly reviews the factors determining the values of its leased vehicles. In particular, it is necessary to estimate the residual values of vehicles at the end of their leases, which constitute a substantial part of the expected future cash flows from leased assets. In this context, assumptions are made regarding major influencing factors, such as expected number of returned vehicles, and the latest remarketing results. Those assumptions are determined either by qualified estimates (based on external data) or publications provided by expert third parties.

Current and non-current liabilities for residual value guarantees have been recorded by the Company consistent with the provision of the guarantees at the end of the lease terms.

Deferred income, representing the excess of the amount financed over the amount guaranteed, is recorded by the Company and amortised over a straight line basis over the term of the leases.

(a) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	2024 **$'000**	2023 $'000
Liabilities for residual value guarantee*		
Current	**39,060**	41,602
Non-current	**3,673**	6,221
	42,733	47,823

* Included in "Payable to other related entities" in Note 17.

26 LEASES (CONTINUED)

Leases as lessor (continued)

(a) Amounts recognised in the statement of financial position (continued)

	2024 **$'000**	2023 $'000
Deferred income*		
Current	**1,071**	1,811
Non-current	**893**	691
	1,964	2,502

* Included in "Deferred income attributable to other related entities" in Note 22.

26 LEASES (CONTINUED)

Leases as lessor (continued)

(b) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to operating lease:

	2024 $'000	2023 $'000
Operating leases		
Depreciation charge of assets subject to operating lease	**3,109**	4,964
Income attributable to operating leases	**(2,288)**	(5,343)
Total impact on profit or loss	**821**	(379)

27 CONTINGENCIES

(a) The Company has arranged for its bankers to guarantee its obligation to third parties. The used portion of the guarantee is $0.246 million (2023: $0.246 million) and the maximum amount of the guarantee available is $0.246 million (2023: $0.246 million). The Company has also arranged for its ultimate parent entity to guarantee its obligation to certain customers to a maximum of $7.8 million (2023: $7.8 million). This facility is fully available and not used at the reporting date (2023: nil).

(b) The Company is involved in a number of legal actions relating to product liability and other contractual matters in the ordinary course of business. These are being contested and where it is probable that a liability will arise, a provision has been made in these accounts for estimated legal costs and settlements of potential claims.

(c) In October 2021 a number of Australian Mercedes-Benz dealers lodged a claim against the Company with the Federal Court of Australia. They alleged that the Company 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 sought reinstatement of the dealership model or, alternatively, compensation for the damage they allegedly incurred. In August 2023, the Federal Court of Australia found in favour of the company. In January 2024, certain dealers filed an appeal with the Full Court of the Federal Court of Australia. As legal proceedings are actively under way, no further details can be disclosed in the Company's financial statements so as not to prejudice the Company's legal position on this matter. Please refer to Note 21.

28 PARENT ENTITY

As at, and throughout, the financial year ended 31 December 2024 the immediate parent entity of the Company is Mercedes-Benz Group Australia/Pacific Pty Ltd, a company incorporated in Australia. The ultimate parent entity of the Company is Mercedes-Benz Group AG. The immediate parent entity of Mercedes-Benz Group Australia/Pacific Pty Ltd is Mercedes-Benz AG (incorporated in the Federal Republic of Germany) wholly owned by Mercedes-Benz Group AG. This entity is reported as the intermediate parent entity of the Company.

29 ECONOMIC DEPENDENCY

The Company is economically dependent on the ultimate parent entity for the supply of passenger vehicle and light commercial vehicle stock for resale and financial guarantees.

30 KEY MANAGEMENT PERSONNEL

The names of each person holding the position of director of the Company during the financial year are Mr J. Cohen, Mr S. Schmid, Mr F. Seidler, Mr V. Malzahn, Mr S. McHutchon & Ms D. Tarr. Apart from the Company's directors, the Company's key management personnel during the year include Mr P. Grogan, Director of Human Resources and Mr S. Trakilovic, General Counsel & Company Secretary. For the period 29th February 2024 - 31 March 2024, Mr J Nomikos acted as CEO.

In addition to their salaries, the Company provides non-cash benefits to key management personnel and share-based payment benefits. The key management personnel compensation included in employee expenses (refer Note 7) are as follows:

	2024	2023
	$	$
Short-term employee benefits	**2,979,759**	2,980,304
Other long-term benefits	**22,373**	21,031
Post-employment benefits	**219,465**	186,650
Share-based payments	**215,199**	135,133
	3,436,796	3,323,118

31 OTHER RELATED PARTY TRANSACTIONS

The Company transacts with its ultimate parent entity, its intermediate parent entity, its immediate parent entity and other related parties as disclosed below. All of the transactions are in the normal course of business and on normal terms and conditions.

(a) Transactions with ultimate parent entity

The aggregate amount due and receivable from and payable to the ultimate parent entity by the Company at reporting date:

	Notes	**2024**	2023
		$'000	$'000
Current assets			
Trade and other receivables	13	**35,184**	20,216
Total current assets		**35,184**	20,216
Non-current assets			
Trade and other receivables	13	**27,500**	-
Total non-current assets		**27,500**	-
Total assets		**62,684**	20,216
Current liabilities			
Trade and other liabilities	17	**1,945**	2,268
Total current liabilities		**1,945**	2,268
Total liabilities		**1,945**	2,268

31 OTHER RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with ultimate parent entity (continued)

	Notes	2024 $'000	2023 $'000
Net interest income/(expense)	10	**529**	29
Net guarantee fee expense	10	**(1,704)**	(1,959)

The ultimate parent entity provides guarantees on Euro Medium-Term Notes issued by Mercedes-Benz Australia/Pacific Pty Ltd. The face value of these guarantees as at 31 December 2024 was $650 million and €60 million (2023: $700 million and €260 million).

The ultimate parent entity also provides guarantees on Commercial Papers issued by Mercedes-Benz Australia/Pacific Pty Ltd. The face value of these guarantees as at 31 December 2024 was $176 million (2023: $308 million).

(b) Transactions with intermediate parent entity

The aggregate amount due and receivable from and payable to the intermediate parent entity by the Company at reporting date:

	Notes	2024 $'000	2023 $'000
Current assets			
Trade and other receivables	13	**-**	3,609
Total current assets		**-**	3,609
Current liabilities			
Trade and other liabilities	17	**242,979**	364,397
Total current liabilities		**242,979**	364,397
Total liabilities		**242,979**	364,397
Warranty recoveries		**1,252**	1,164

The Company also acquires inventory from the intermediate parent entity. The cost of inventory sold during the year that was purchased from the intermediate parent entity totalled $1,637 million (2023: $1,862 million).

(c) Transactions with immediate parent entity

The aggregate amount due and receivable from and payable to the immediate parent entity by the Company at reporting date:

	Notes	2024 $'000	2023 $'000
Current assets			
Trade and other receivables	13	**64,115**	12,925
Total current assets		**64,115**	12,925

31 OTHER RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Transactions with immediate parent entity (continued)

	Notes	2024 $'000	2023 $'000
Total assets		**64,115**	12,925
Current liabilities			
Trade and other liabilities	17	**14,348**	8,295
Loans and borrowings	18	**141,573**	141,573
Total current liabilities		**155,921**	149,868
Total liabilities		**155,921**	149,868
Net interest income/(expense)	10	**(6,053)**	(5,277)
Other income	6	**82**	133

The Company is a wholly-owned subsidiary in a tax-consolidated group with its immediate parent entity, Mercedes-Benz Group Australia/Pacific Pty Ltd, as the provisional head entity. The Company, in conjunction with other members of the tax-consolidated group, has entered into a tax funding agreement that sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The Company, in conjunction with other members of the tax-consolidated group, has also entered into a tax funding and sharing agreement.

At 31 December 2024 the Company had an intercompany receivable of $50.25 million (2023: $1.804 million payable) relating to current tax receivable assumed by the provisional head entity of the tax consolidated group.

For further details regarding tax consolidation and the nature of the tax funding and sharing agreements, refer to accounting policy Note 3 and Note 16.

(d) Transactions with other related parties

The aggregate amount due and receivable from and payable to other related parties by the Company at reporting date:

	Notes	2024 $'000	2023 $'000
Current assets			
Trade and other receivables	13	**45,413**	46,975
Loans due from other related entities		**333,442**	1,031,031
Total current assets		**378,855**	1,078,006
Non-current assets			
Loans due from other related entities	13	**648,076**	545,635
Total non-current assets		**648,076**	545,635
Total assets		**1,026,931**	1,623,641

31 OTHER RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Transactions with other related parties (continued)

	Notes	2024 $'000	2023 $'000
Current liabilities			
Trade and other liabilities	17	**63,542**	68,457
Loans and borrowings	18	**675**	721
Deferred income	22	**1,071**	1,811
Total current liabilities		**65,288**	70,989
Non-current liabilities			
Trade and other liabilities	17	**3,673**	6,221
Deferred income	22	**893**	691
Total non-current liabilities		**4,566**	6,912
Total liabilities		**69,854**	77,901

	Notes	2024 $'000	2023 $'000
Net interest income	10	**46,139**	32,310
Net guarantee fee income	10	**1,652**	1,425
Other revenue	5	**2,288**	5,343
Other income	6	**8,837**	19,307
Depreciation on leased assets with related parties	15	**(2,341)**	(4,998)

Other related parties are deemed to be other companies within the ultimate parent's wholly owned group or under the significant influence of the ultimate parent entity. The Company transacts with other related parties in the normal course of business including the activities described further below.

The Company also acquires inventory from other related parties. The cost of inventory sold during the year that was purchased from other related entities totalled $187 million (2023: $296 million).

The Company undertakes borrowings from external parties and on-lends the proceeds to other related parties. Interest is charged to the related parties at rates consistent with bank rates in the countries of the currencies transacted.

The Company has agreed to provide residual value guarantees for operating leases entered into between Mercedes-Benz Financial Services Australia Pty Ltd and their external customers. Rental income from these leases is recognised on a straight line basis over the term of the lease. Lease income prepaid by Mercedes-Benz Financial Services Australia Pty Ltd is classified as a financial liability, in deferred income and liabilities for residual value guarantees are recognised in trade and other liabilities. Vehicles subject to operating leases where the Company has provided a residual value guarantee are accounted for by the Company as plant and equipment and depreciated over a straight-line basis.

The Company has agreed to provide services to certain other related parties, income from these agreements is recognised on a straight-line basis over the term of the agreement. The Company has also agreed to pay for services provided by external parties that is shared between the Company and other related parties. Income from these agreements is recognised as other income when the services are provided and are recharged to the other related parties.

32 EVENTS OCCURRING AFTER THE REPORTING PERIOD

The following occurred subsequent to 31 December 2024:

• The income tax expense reported by the Company for the 31 December 2024 year includes prior year adjustments in relation to the 2015 and 2016 income years that resulted in an income tax refund of $53.625 million from the Australian Taxation Office. This income tax refund was received from the Australian Taxation Office in March 2025.

Other than what is noted above, there has not arisen a transaction or event of an unusual nature likely to affect significantly the operations of the business, the results of those operations or the state of affairs of the Company in future financial years from the end of the financial year to the date of this report.