

Mercedes-Benz Australia/Pacific Pty Ltd

ABN 23 004 411 410

**ANNUAL FINANCIAL REPORT
31 DECEMBER 2025**

Mercedes-Benz Australia/Pacific Pty Ltd

Year ended 31 December 2025

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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 2025 and the auditor's report thereon.

Directors

Mr. Homero Becerra CEO & Director since 1 November 2025
Mr. Jaime Cohen CEO & Director since 1 April 2024 - 9 September 2025
Mr. Stephan Schmid CFO & Director since 1 July 2024
Ms. Diane Tarr Director since 1 January 2019
Mr. Steven 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 2025 of \$65.695 million (2024: \$117.320 million). During the full year, the Company continued its focus on the Agency business model for the sale of its passenger cars and light commercial vehicles, which contributed to 86% share of total passenger cars sold and 48% share of total light commercial vehicles sold. Additionally, the income tax benefit 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 23,060 new & demonstrator passenger cars (2024: 20,929) & 4,524 new light commercial vehicles (2024: 4,935). The Company maintained a strong year to date relative market share of 35.1% (2024: 32.4%) and 10.9% (2024: 10.4%), in their respective market segments.

The highest selling new passenger car product lines in 2025 were the GLA-Class selling 4,153 units, followed by the GLC-class selling 4,041 units, followed by the GLE selling 3,159 units.

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 light commercial vehicle product lines in 2025 were the Sprinter selling 3,540 units (2024: 4,226 units) and the Vito van selling 665 units (2024: 409 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.

Dividends - Mercedes-Benz Australia/Pacific Pty Ltd

Dividends totalling \$117.320 million were declared and paid in December 2025 for the year ended 31 December 2024.

	Cents per share	Total amount \$'000	Franked/unfranked	Date of payment
Final 2024 ordinary dividend	\$335.20	\$117,320	Franked	10.12.2025

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 operates in an industry subject to environmental regulation under relevant Commonwealth and State legislation. The Company forms part of a consolidated group whose parent entity has prepared climate-related financial disclosures in accordance with Australian Accounting Standards. Climate-related risks and opportunities are assessed and managed at the Group level and apply to the Company's operations as relevant. The Directors are not aware of any material breaches of environmental regulations during the reporting period

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.

Insurance premiums

For the period 1 April 2025 to 1 April 2026, the Company has paid insurance premiums of \$11,333 (2024: \$11,086) in respect of directors' and officers' liability and legal expenses insurance. This insurance was renewed in April 2025 to provide coverage until 1 April 2026.

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 8 and forms part of the Directors' report for the financial year ended 31 December 2025.

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:

Homero Becerra

Signed by: Homero Becerra
E-Mail: homero.becerra@mercedes-benz.com
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Homero Becerra
CEO and Director

Stephan Schmid

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Stephan Schmid
CFO and Director

Diane Tarr

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Diane Tarr
Director

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Steven McHutcheon
Director



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:

- a) giving a true and fair view of the Company's financial position as at 31 December 2025 and of its financial performance for the year then ended; and
- a) 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 2025;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended;
- the notes to the financial statements, including material accounting policy information and other explanatory information; and
- the directors' declaration.

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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.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group auditor, or component auditors from other PwC network firms operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether



sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial report as a whole.

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. We communicated the key audit matter to the Board of Directors.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of provision for warranty claims (Refer to note 21) \$229.3m</p> <p>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.</p> <p>The valuation of the provision for warranty claims is a key audit matter due:</p> <ul style="list-style-type: none">• 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.	<p>We performed the following procedures, amongst others:</p> <ul style="list-style-type: none">• 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 Financial Report for the year ended 31 December 2025, 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://auasb.gov.au/media/bwvjcgre/ar1_2024.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 2025 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 2025, identified as MBAuP_ESEF-2025-12-31-0-en.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

Brad Peake
Partner

Melbourne
21 April 2026



Auditor's Independence Declaration

As lead auditor of Mercedes-Benz Australia/Pacific Pty Ltd's financial report for the year ended 31 December 2025, 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 of the financial report; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit of the financial report.

A handwritten signature in black ink that reads 'Brad Peake'.

Brad Peake
Partner
PricewaterhouseCoopers

Melbourne
21 April 2026

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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 10 to 63 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 2025 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 2025, 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:

Homero Becerra

Signed by: Homero Becerra
EMail: homero.becerra@mercedes-benz.com
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Homero Becerra
CEO and Director

Stephan Schmid

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Stephan Schmid
CFO and Director

Diane Tarr

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Diane Tarr
Director

Steve McHutchon

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Steven McHutchon
Director

Mercedes-Benz Australia/Pacific Pty Ltd
Statement of Financial Position
As at 31 December 2025

	Notes	31 December 2025 \$'000	31 December 2024 \$'000
Current assets			
Cash and cash equivalents	12	93,915	126,406
Trade and other receivables	13	1,035,483	611,912
Inventories	14	824,964	1,294,869
Total current assets		<u>1,954,362</u>	<u>2,033,187</u>
Non-current assets			
Trade and other receivables	13	221,226	675,576
Deferred tax assets	16	130,899	139,097
Intangible assets		-	1
Property, plant and equipment	15	72,923	85,067
Total non-current assets		<u>425,048</u>	<u>899,741</u>
Total assets		<u>2,379,410</u>	<u>2,932,928</u>
Liabilities			
Current liabilities			
Trade and other liabilities	17	552,222	604,724
Loans and borrowings	18	594,043	600,878
Employee benefits	20	14,839	15,418
Provisions	21	111,526	101,006
Deferred income	22	1,355	1,114
Total current liabilities		<u>1,273,985</u>	<u>1,323,140</u>
Non-current liabilities			
Trade and other liabilities	17	47,278	41,831
Loans and borrowings	18	199,606	650,434
Employee benefits	20	863	908
Provisions	21	131,100	138,345
Deferred income	22	1,158	1,225
Total non-current liabilities		<u>380,005</u>	<u>832,743</u>
Total liabilities		<u>1,653,990</u>	<u>2,155,883</u>
Net assets		<u>725,420</u>	<u>777,045</u>
Equity			
Share capital	23	70,000	70,000
Retained earnings		<u>655,420</u>	<u>707,045</u>
Total equity		<u>725,420</u>	<u>777,045</u>

The notes on pages 14 to 63 are an integral part of these financial statements.

Mercedes-Benz Australia/Pacific Pty Ltd
Statement of Profit or Loss & Other Comprehensive Income
For the year ended 31 December 2025

	Notes	2025 \$'000	2024 \$'000
Revenue	5	2,834,635	2,698,215
Cost of sales	8(a)	(2,421,790)	(2,309,218)
Gross Profit		412,845	388,997
Other income	6	15,853	25,108
Employee expenses	7	(53,044)	(54,146)
Amortisation		-	(24)
Depreciation expense	15	(6,959)	(7,657)
Other expenses	8(b)	(277,615)	(257,093)
Result from operating activities		91,080	95,185
Finance income	10	48,670	59,196
Finance costs	10	(51,320)	(67,979)
Net finance income / (cost)	10	(2,650)	(8,783)
Profit before income tax		88,430	86,402
Income Tax (Expense)/Benefit			
Income tax (expense)/benefit	11	(22,735)	30,918
Profit for the period		65,695	117,320
Other comprehensive income/(loss)			
Other comprehensive income/(loss) for the period, net of tax		-	-
Total comprehensive income/(loss) for the period		65,695	117,320

The notes on pages 14 to 63 are an integral part of these financial statements.

Mercedes-Benz Australia/Pacific Pty Ltd
Statement of Changes in Equity
For the year ended 31 December 2025

	Share capital	Retained earnings	Total
	\$'000	\$'000	\$'000
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

	Share capital	Retained earnings	Total
	\$'000	\$'000	\$'000
Balance at 1 January 2025	70,000	707,045	777,045
Profit for the period	-	65,695	65,695
Total comprehensive income/(loss) for the period	-	65,695	65,695
Dividends to owners of the Company	-	(117,320)	(117,320)
Balance at 31 December 2025	70,000	655,420	725,420

The notes on pages 14 to 63 are an integral part of these financial statements.

Mercedes-Benz Australia/Pacific Pty Ltd
Statement of Cash Flows
For the year ended 31 December 2025

	2025	2024
Notes	\$'000	\$'000
Cash flows from operating activities		
Cash receipts from customers	3,231,018	2,840,481
Cash paid to suppliers and employees	<u>(2,675,148)</u>	<u>(2,809,121)</u>
Cash generated from operations	555,870	31,360
Interest received	48,982	52,603
Interest paid	<u>(47,493)</u>	<u>(55,082)</u>
Net income taxes received/(paid)	12,789	(55,628)
Net cash (outflow)/inflow from operating activities	24(b) 570,148	(26,747)
 Cash flows (used in)/from investing activities		
Payments for property, plant and equipment	<u>(804)</u>	<u>(1,372)</u>
Loans to related parties	<u>(3,833,310)</u>	<u>(3,260,279)</u>
Repayments of loans by related parties	<u>3,844,496</u>	<u>3,899,945</u>
Net cash inflow from investing activities	10,382	638,294
 Cash flows (used in)/from financing activities		
Proceeds from borrowings	1,593,961	4,458,050
Repayment of borrowings	<u>(2,087,193)</u>	<u>(4,830,354)</u>
Proceeds from borrowings from other related entities	622	675
Repayment of borrowings from other related entities	<u>(675)</u>	<u>(721)</u>
Dividends paid	<u>(117,320)</u>	<u>(163,361)</u>
Payment of lease liabilities	<u>(2,416)</u>	<u>(2,778)</u>
Net cash (outflow) from financing activities	(613,021)	(538,489)
 Net (decrease)/increase in cash and cash equivalents	(32,491)	73,058
Cash and cash equivalents at the beginning of the financial period	<u>126,406</u>	<u>53,348</u>
Cash and cash equivalents at end of year	93,915	126,406

* These amounts include payments to suppliers under supplier finance arrangements

The notes on pages 14 to 63 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 21 April 2026.

(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.

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 2025. 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 2025 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

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.

(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.

3 STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment (continued)

Recognition and measurement (continued)

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.

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.

3 STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(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.

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.

3 STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Provisions (continued)

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 a 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.

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.

3 STATEMENT OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Finance income and expenses (continued)

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.

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.

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 2025 amounting to \$23.561 million (2024: \$33.749 million).

Revenue that is expected to be recognised within three years related to performance obligations that are unsatisfied (or partially unsatisfied) amounted to \$76.976 million at 31 December 2025 (2024: \$75.199 million) and revenue from performance obligations partially satisfied in previous periods amounted to \$65.579 million (2024: \$39.245 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.

	Cars	Vans	Total
	\$'000	\$'000	\$'000
2025			
Timing of Revenue:			
At a point in time	2,409,031	379,342	2,788,373
Over time	38,614	7,648	46,262
Total revenue	2,447,645	386,990	2,834,635
	Cars	Vans	Total
	\$'000	\$'000	\$'000
2024			
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

6 OTHER INCOME

	Notes	2025 \$'000	2024 \$'000
Rental income			
Employee lease program		3,001	372
Other			
From other related parties	31(c), 31(d)	4,596	8,919
External parties		8,256	15,817
Total other income		<u>15,853</u>	<u>25,108</u>

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

	2025 \$'000	2024 \$'000
Wages and salaries	(37,412)	(38,614)
Other associated personnel expenses	(5,490)	(5,934)
Contributions to defined contribution plans	(4,248)	(4,440)
Long service leave expense	(2,397)	(2,766)
Annual leave expense	(823)	(1,025)
Termination benefits	(2,674)	(1,367)
Total employee expenses	<u>(53,044)</u>	<u>(54,146)</u>

8 EXPENSES

(a) Cost of sales

	2025	2024
	\$'000	\$'000
Total cost of sales	<u>(2,421,790)</u>	<u>(2,309,218)</u>

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, pre-delivery inspection costs, net write-down of inventories and sole distribution rights fee.

(b) Other expenses:

Vehicle related selling expenses	(167,290)	(149,917)
Marketing expenses	(39,881)	(43,144)
IT expenses	(28,280)	(19,997)
Miscellaneous other expenses & other selling costs	(2,322)	(6,342)
Other overheads	(20,470)	(14,378)
Demo vehicles & warehouse service costs	(15,911)	(12,795)
Roadside assistance	(3,412)	(10,363)
Loss on disposal of property, plant and equipment	(49)	(157)
Total other expenses	<u>(277,615)</u>	<u>(257,093)</u>

9 AUDITORS' REMUNERATION

	2025	2024
	\$	\$
<i>Audit services</i>		
<i>Auditors of the Company - PwC Australia</i>		
Audit and Review of financial reports	<u>(381,520)</u>	<u>(375,300)</u>
	<u>(381,520)</u>	<u>(375,300)</u>

10 NET FINANCING COSTS

	Notes	2025 \$'000	2024 \$'000
<i>Recognised in profit or loss</i>			
Interest income from:			
Related parties		45,463	46,676
External parties		2,341	10,524
Guarantee fee income from:			
Related parties		866	1,652
Net foreign exchange gain		-	146
Impairment reversals on trade receivables	13	-	198
Finance income		48,670	59,196
Interest expense from:			
Related parties		(4,073)	(6,207)
External parties		(38,779)	(50,908)
Guarantee fee expense from:			
Related parties		(876)	(1,704)
Net foreign exchange loss		(194)	-
Net unwind of discounting on provisions and employee benefits		(6,783)	(9,086)
Impairment losses on trade receivables	13	(581)	-
Interest expense on lease liability		(34)	(74)
Finance cost		(51,320)	(67,979)
Net finance (costs)/income		(2,650)	(8,783)

11 INCOME TAX (EXPENSE)/BENEFIT

	2025 \$'000	2024 \$'000
<i>Current tax benefit/(expense)</i>		
Current year	(15,868)	(41,971)
Adjustments for prior years	1,331	55,193
	(14,537)	13,222
<i>Deferred tax benefit/(expense)</i>		
Origination and reversal of temporary differences	(7,175)	16,494
Adjustments for prior years	(1,023)	1,202
	(8,198)	17,696
Total income tax benefit/(expense)	(22,735)	30,918
Numerical reconciliation between tax expense and pre-tax net profit		
Profit for the period	65,695	117,320
Total income tax expense	22,735	(30,918)
Profit before income tax	88,430	86,402
Income tax expense using the Company's domestic tax rate of 30% (2024 - 30%)	(26,529)	(25,921)
<i>(Increase)/decrease in income tax benefit/(expense) due to:</i>		
Permanent differences	3,486	444
Income tax over/(under) provided in prior year	308	56,395
Income tax benefit (expense) on pre-tax net profit	(22,735)	30,918

The income tax benefit 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	2025 \$'000	2024 \$'000
Bank balances			
Bank balances		28,915	126,406
Call deposits		65,000	-
Cash and cash equivalents in the statement of cash flows	24(a)	93,915	126,406

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	2025 \$'000	2024 \$'000
Current			
Non-interest bearing			
Net trade receivables		95,691	132,218
Receivables due from ultimate parent entity	31(a)	7,629	7,684
Receivables due from intermediate parent entity	31(b)	28,837	27,500
Receivables due from immediate parent entity	31(c)	37,070	64,115
Receivables due from other related entities	31(d)	26,645	45,413
Prepayments and other assets		3,156	1,540
		199,028	278,470
Interest bearing			
Loans due from other related entities	31(d)	836,455	333,442
		836,455	333,442
		1,035,483	611,912
Non-current			
Non-interest bearing			
Receivables due from intermediate parent entity	31(b)	21,620	27,500
		21,620	27,500
Interest bearing			
Loans due from other related entities	31(d)	199,606	648,076
		199,606	648,076
		221,226	675,576

Trade receivables are shown net of impairments. Impairment losses were recognised on trade receivables in the current year amounting to \$0.581 million (2024: \$0.198 million impairment reversal) (refer Note 10).

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

14 INVENTORIES

	2025 \$'000	2024 \$'000
Finished goods	657,624	951,080
Goods in transit	167,340	343,789
	824,964	1,294,869
Finished goods – at cost	407,010	510,398
Finished goods - at net realisable value		
Finished goods - at cost	307,520	501,650
Impairment loss	(56,906)	(60,968)
	250,614	440,682
Total finished goods	657,624	951,080
Goods in transit - at cost	160,115	301,706
Goods in transit - at net realisable value		
Goods in transit - at cost	8,559	50,831
Impairment loss	(1,334)	(8,748)
	7,225	42,083
Total goods in transit	167,340	343,789

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
	\$'000	\$'000	Assets subject to operating lease	All others	\$'000	\$'000	\$'000
Cost							
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	949	(1,390)	(704)	4,582	-	(1,029)	2,408
Disposals	-	-	(60,558)	(168)	-	-	(60,726)
Balance at 31 December 2024	3,050	40,718	54,441	20,525	23	14,502	133,259
Balance at 1 January 2025	3,050	40,718	54,441	20,525	23	14,502	133,259
Acquisitions	-	271	64,213	461	72	-	65,017
Transfers	-	-	-	21	(21)	-	-
Disposals	-	(795)	(73,131)	(5,021)	(2)	-	(78,949)
Balance at 31 December 2025	3,050	40,194	45,523	15,986	72	14,502	119,327
Depreciation							
Balance at 1 January 2024	(87)	(22,986)	(4,483)	(6,435)	-	(8,218)	(42,209)
Depreciation charge for the year	(106)	(1,171)	(2,341)	(1,246)	-	(2,793)	(7,657)
Transfers	(436)	877	705	(4,582)	-	1,028	(2,408)
Disposals	-	-	4,075	7	-	-	4,082
Balance at 31 December 2024	(629)	(23,280)	(2,044)	(12,256)	-	(9,983)	(48,192)
Balance at 1 January 2025	(629)	(23,280)	(2,044)	(12,256)	-	(9,983)	(48,192)
Depreciation charge for the year	(106)	(1,165)	(1,949)	(1,403)	-	(2,336)	(6,959)
Disposals	-	763	2,976	5,008	-	-	8,747
Balance at 31 December 2025	(735)	(23,682)	(1,017)	(8,651)	-	(12,319)	(46,404)

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and improvements	Buildings	Plant and equipment		Assets under construction	Right-of-use assets	Total
	\$'000	\$'000	Assets subject to operating lease	All others	\$'000	\$'000	\$'000
<i>Carrying amounts</i>							
Balance at 1 January 2024	2,014	18,836	56,420	8,583	23	7,313	93,189
Balance at 31 December 2024	2,421	17,438	52,397	8,269	23	4,519	85,067
Balance at 1 January 2025	2,421	17,438	52,397	8,269	23	4,519	85,067
Balance at 31 December 2025	2,315	16,512	44,506	7,335	72	2,183	72,923

16 TAX ASSETS AND LIABILITIES

Recognised deferred tax assets

Net deferred tax assets are attributable to the following:

	2025 \$'000	2024 \$'000
Recognised deferred tax assets		
Provisions and contract liabilities	101,328	95,887
Employee benefits	(78)	4,513
Payable to other related entities	17,992	13,409
Lease liabilities	707	1,432
Provision for impairment losses	313	139
Provision for inventory obsolescence	17,545	20,986
Depreciation timing differences	4,555	4,903
Other payables	4,369	12,496
Total deferred tax assets	146,731	153,765
Recognised deferred tax liabilities		
Vehicles subject to operating lease	(13,352)	(12,444)
Right-of-use assets	(655)	(1,356)
Prepayments	(7)	61
Profit deferral for tax purposes	(1,818)	(929)
Total deferred tax liabilities	(15,832)	(14,668)
Net deferred tax assets	130,899	139,097

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 2025 the Company had an intercompany receivable of \$18.86 million (2024: \$50.25 million receivable) 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

	2025		
	Balance at 1 January 2025 \$'000	Recognised in income \$'000	Balance at 31 December 2025 \$'000
Deferred tax assets			
Provisions and contract liabilities	95,887	5,441	101,328
Employee benefits	4,513	(4,591)	(78)
Payable to other related entities	13,409	4,583	17,992
Lease liabilities	1,432	(725)	707
Provision for impairment losses	139	174	313
Provision for inventory obsolescence	20,986	(3,441)	17,545
Depreciation timing differences	4,903	(348)	4,555
Other payables	12,496	(8,127)	4,369
Total deferred tax assets	153,765	(7,034)	146,731
Deferred tax liabilities			
Vehicles subject to operating lease	(12,444)	(908)	(13,352)
Right-of-use assets	(1,356)	701	(655)
Prepayments	61	(68)	(7)
Profit deferral for tax purposes	(929)	(889)	(1,818)
Total deferred tax liabilities	(14,668)	(1,164)	(15,832)
Net deferred tax assets	139,097	(8,198)	130,899

16 TAX ASSETS AND LIABILITIES (CONTINUED)

Recognised deferred tax assets (continued)

Movement in temporary differences during the year (continued)

	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

17 TRADE AND OTHER LIABILITIES

	Notes	2025 \$'000	2024 \$'000
Current			
Trade payables		73,003	59,029
Payable to ultimate parent entity	31(a)	4,344	1,945
Payable to intermediate entity	31(b)	206,240	242,979
Payable to immediate parent entity	31(c)	19,820	14,348
Payable to other related entities	31(d)	84,940	63,542
Other payables		60,302	99,980
Contract liabilities	5	103,573	122,901
		<u>552,222</u>	<u>604,724</u>
Non-current			
Payable to other related entities	31(d)	5,768	3,673
Contract liabilities	5	41,510	38,158
		<u>47,278</u>	<u>41,831</u>

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	2025 \$'000	2024 \$'000
Current			
Bank loans (secured)	18(b)	-	180,000
Notes (secured)	18(c)	449,490	100,626
Commercial papers (secured)		-	175,588
Loan from immediate parent entity	18(d), 31(c)	141,573	141,573
Loans from other related entity	18(e), 31(d)	622	675
Lease liabilities	18(f)	2,358	2,416
		<u>594,043</u>	<u>600,878</u>
Non-current			
Notes (secured)	18(c)	199,606	648,076
Lease liabilities	18(f)	-	2,358
		<u>199,606</u>	<u>650,434</u>
	Notes	2025 \$'000	2024 \$'000

The Company has access to the following lines of credit:

Bank overdraft (unsecured)	50,000	50,000
Bank loans (secured)	798,400	1,018,400
Notes (secured)	649,096	748,702
Commercial papers (secured)	-	175,588
	<u>1,497,496</u>	<u>1,992,690</u>

18 LOANS AND BORROWINGS (CONTINUED)

	Notes	2025 \$'000	2024 \$'000
Facilities utilised at reporting date			
Notes (secured)		649,096	748,702
Bank loans (secured)		-	180,000
Commercial papers (secured)		-	175,588
		649,096	1,104,290
		2025 \$'000	2024 \$'000
Facilities not utilised at reporting date			
Bank overdraft (unsecured)		50,000	50,000
Bank loans (secured)		798,400	838,400
		848,400	888,400

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 18 January 2027, 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.

(c) Notes (secured)

The Company has authorised the following note issues outstanding at 31 December 2025 denominated in AUD which are guaranteed by the ultimate parent entity:

Currency	Value of Notes	Due Date	On-lending	Interest re-pricing
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	125,000,000	Sep-26	AUD	On maturity
AUD	50,000,000	Oct-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. Average interest rates are set out in Note 19.

18 LOANS AND BORROWINGS (CONTINUED)

(d) Loans from immediate parent entity

The Company has authorised the following loans outstanding at 31 December 2025 denominated in AUD from the immediate parent entity:

Currency	Value of Loan	Due Date
AUD	141,573,352	Jan-26

Loans from immediate parent entity are related to the cash pool balance outstanding as of 31 December 2025. Interest is charged at prevailing market rates.

(e) Loans from other related entity

The Company has authorised the following loans from other related entities outstanding at 31 December 2025 denominated in AUD:

Currency	Value of Loan	Due Date
AUD	622,195	Jan-26

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.

(f) Lease liabilities

The Company has the below outstanding lease liabilities at 31 December 2025 denominated in AUD:

	2025 \$'000	2024 \$'000
Not later than one year	2,358	2,416
Later than one year but not later than five years	-	2,358
	<u>2,358</u>	<u>4,774</u>

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 2025 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	2025 \$'000	2024 \$'000
Trade and other receivables		1,253,553	1,285,948
Cash and cash equivalents	12	93,915	126,406
		<u>1,347,468</u>	<u>1,412,354</u>

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 84% (2024: 88%) 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:

19 FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk (continued)

Exposure to credit risk (continued)

	2025 \$'000	2024 \$'000
Australia	1,193,049	1,187,173
Europe	58,149	3,386
New Zealand	2,319	2,281
Asia	-	3
Africa	36	-
	<u>1,253,553</u>	<u>1,192,843</u>

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

	2025 \$'000	2024 \$'000
Wholesale customers	1,228,613	1,155,816
Retail customers	24,939	37,027
	<u>1,253,552</u>	<u>1,192,843</u>

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:

	2025 \$'000	2024 \$'000
Balance at 1 January	464	701
Impairment losses recognised / (reversed)	580	(198)
Allowance (utilised) / amount recovered	-	(39)
Balance at 31 December	<u>1,044</u>	<u>464</u>

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:

	2025		2024	
	Gross \$'000	Impairment \$'000	Gross \$'000	Impairment \$'000
Not past due	1,201,705	(125)	1,605,968	(166)
Past due 1-30 days	40,160	(120)	49,081	(147)
Past due 30-60 days	5,481	(137)	2,246	(56)
Past due 60-90 days	1,812	(54)	1,145	(34)
Past due 90-120 days	1,956	(108)	2,088	(115)
Past due 120+ days	3,482	(499)	521	55
	1,254,596	(1,043)	1,661,049	(463)

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:

2025 \$'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
		1,253,553	1,167,492	945,872	221,620	-	-
Non derivative financial assets							
Trade and other receivables							
Non derivative financial liabilities							
Notes issued (secured)							
	18	(649,096)	(650,000)	(450,000)	(200,000)	-	-
	18	(141,573)	(141,573)	(141,573)	-	-	-
	18	(622)	(622)	(622)	-	-	-
	18	(2,358)	(2,369)	(2,369)	-	-	-
	17	(422,594)	(422,594)	(416,827)	(5,768)	-	-
		(1,216,243)	(1,217,158)	(1,011,391)	(205,768)	-	-

19 FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk (continued)

2024 \$'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
		1,233,439	1,178,529	528,529	450,000	200,000	-
Non derivative financial assets							
Trade and other receivables							
Non derivative financial liabilities							
Bank loans (secured)							
18		(180,000)	(180,000)	(180,000)	-	-	-
18		(748,702)	(750,609)	(100,609)	(450,000)	(200,000)	-
18		(175,588)	(176,000)	(176,000)	-	-	-
18		(141,573)	(141,573)	(141,573)	-	-	-
18		(675)	(675)	(675)	-	-	-
18		(4,774)	(4,820)	(2,451)	(2,369)	-	-
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)

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 (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. 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.

	2025				
	AUD \$'000	EURO €'000	USD \$'000	SGD \$'000	NZD \$'000
Non derivative financial assets					
Cash and cash equivalents	93,915	-	-	-	-
Trade receivables	95,690	-	-	-	-
Receivables due from ultimate parent entity	-	6,215	-	-	-
Receivables due from intermediate parent entity	50,457	-	-	-	-
Receivables due from immediate parent entity	37,070	-	-	-	-
Loans and other receivables due from other related entities	1,062,707	-	-	-	-
	1,339,839	6,215	-	-	-
Non derivative financial liabilities					
Notes issued (secured)	(649,096)	-	-	-	-
Loans from ultimate parent entity	(3,274)	-	-	-	-
Loans from immediate parent entity	(141,573)	-	-	-	-
Loans from other related parties	(622)	-	-	-	-
Lease liabilities	(2,358)	-	-	-	-
Trade and other liabilities	(419,235)	(1,868)	(23)	(36)	1
	(1,216,158)	(1,868)	(23)	(36)	1
Net Currency Exposure	123,681	4,347	(23)	(36)	1

19 FINANCIAL INSTRUMENTS (CONTINUED)

Currency risk (continued)

	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

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

	Average rate		Reporting date spot rate	
	2025	2024	2025	2024
AUD:EURO	0.571	0.615	0.569	0.596
AUD:NZD	1.109	1.090	1.159	1.105
AUD:USD	0.645	0.660	0.668	0.619
AUD:SGD	0.842	0.882	0.859	0.845

Sensitivity analysis

A 10 percent strengthening or weakening of the Australian dollar against the following currencies at 31 December 2025 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 2024.

	2025		2024	
	Profit or loss		Profit or loss	
	\$'000	\$'000	\$'000	\$'000
	10% increase	10% decrease	10% increase	10% decrease
AUD:EURO	692	(846)	(9,080)	11,098
AUD:USD	(3)	4	(4)	5
AUD:SGD	(4)	5	(80)	97

19 FINANCIAL INSTRUMENTS (CONTINUED)

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 RiskMetrics™ 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 2025 and 2024 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 \$'000	High \$'000	Low \$'000	Average \$'000
Interest rate risk				
2025	814	2,100	807	1,282
2024	2,413	3,776	2,413	2,935

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 2025 to discount financial instruments. The interest rates used have been consistently applied using rates between 4.11% and 4.86% (2024: between 3.79% and 4.42%).

	2025		2024	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Non derivative financial assets				
Loans due from other related entities	1,036,061	1,036,965	981,519	983,838
Non derivative financial liabilities				
Bank loans (secured)	-	-	(180,000)	(180,000)
Notes (secured)	(649,096)	(650,000)	(748,702)	(750,609)
Commercial papers (secured)	-	-	(175,588)	(176,000)
Loans from immediate parent entity	(141,573)	(141,573)	(141,573)	(141,573)
Loans from other related entity	(622)	(622)	(675)	(675)
Lease liabilities	(2,358)	(2,358)	(4,774)	(4,774)

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.

19 FINANCIAL INSTRUMENTS (CONTINUED)

Capital management (continued)

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

	2025 \$'000	2024 \$'000
Total liabilities	1,653,990	2,155,883
Less: cash and cash equivalents	(93,915)	(126,406)
Net debt	1,560,075	2,029,477
Total equity	725,420	777,045
Adjusted capital	725,420	777,045
Debt-to-adjusted capital ratio	2.15	2.60

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

	2025 \$'000	2024 \$'000
Current		
Liability for annual leave	2,992	3,119
Liability for long service leave	6,498	6,355
Cash settled share-based payment liability	436	569
Short term employee benefits	4,913	5,375
	14,839	15,418
Non-current		
Liability for long service leave	369	420
Cash settled share-based payment liability	494	488
	863	908

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 2025 was NIL (2024: NIL). 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 2025, the carrying amount of the liability recognised for the entitlements granted is \$0.930m (2024: \$1.057m).

The number of phantom shares on-issue by Mercedes-Benz Group AG to key management personnel of the Company as at 31 December 2025 was 20,715 (2024: 28,284).

21 PROVISIONS

	Warranty \$'000	Legal \$'000	Other \$'000	Total \$'000
Balance at 1 January 2025	227,215	256	11,879	239,350
Provisions made during the year	106,805	275	11,976	119,056
Provisions used during the year	(111,125)	(459)	(10,544)	(122,128)
Provisions reversed during the year	-	(78)	-	(78)
Net unwind of discount	6,356	11	59	6,426
Balance at 31 December 2025	<u>229,251</u>	<u>5</u>	<u>13,370</u>	<u>242,626</u>
Current	98,151	5	13,370	111,526
Non-current	131,100	-	-	131,100
Total	<u>229,251</u>	<u>5</u>	<u>13,370</u>	<u>242,626</u>

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 2025. 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, \$95.308 million was recognised as an expense in cost of sales (2024: \$67.245 million).

Some claims are recoverable from the parent company, the provision represents the full amount and the corresponding receivable from the intermediate parent has been recognised.

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 2025 include \$10.9 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	2025 \$'000	2024 \$'000
Current			
Deferred income attributable to other related entities	31(d)	1,299	1,071
Other deferred income		56	43
		1,355	1,114
Non-current			
Deferred income attributable to other related entities	31(d)	913	893
Other deferred income		245	332
		1,158	1,225

23 CAPITAL AND RESERVES

Share capital

		2025 \$'000	2024 \$'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.

Dividends totalling \$117.320 million were declared and paid in December 2025 for the year ended 31 December 2024.

	Cents per share	Total amount \$'000	Franked/ unfranked	Date of payment
Final 2024 ordinary dividend	\$335.20	\$117,320	Franked	10.12.2025

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	2025 \$'000	2024 \$'000
Cash and cash equivalents	12	93,915	126,406

(b) Reconciliation of cash flows from operating activities

24 NOTES TO THE STATEMENT OF CASHFLOWS (CONTINUED)

(b) Reconciliation of cash flows from operating activities (continued)

Profit for the period		65,695	117,320
Adjustments for			
(Gain)/loss on sale of property, plant and equipment	6, 8(b)	-	157
Amortisation		-	24
Depreciation expenses	15	6,959	7,657
Impairment loss/(reversal)	8, 10	581	-
Foreign exchange (gains)/losses	10	194	(146)
Income tax expense (benefit)	11	22,735	(30,918)
Operating profit before changes in working capital		96,164	94,094
Change in assets and liabilities during the financial year			
(Increase)/decrease in trade and other receivables		85,010	(134,853)
(Increase)/decrease in inventories		469,324	37,585
Increase/(decrease) in trade and other liabilities		(97,279)	(6,253)
Increase/(decrease) in provisions		2,651	40,783
Net cash/(used in) from operating activities		555,870	31,356
Net interest received/(paid)		1,489	(2,477)
Income taxes received/(paid)		12,789	(55,626)
Net cash inflow/(outflow) from operating activities		570,148	(26,747)

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.

2025	Passenger cars \$'000	Vans \$'000	Corporate items \$'000	Total \$'000
Revenue	2,447,645	386,990	-	2,834,635
Other income	14,225	1,628	-	15,853
Total revenue and other income	<u>2,461,870</u>	<u>388,618</u>	<u>-</u>	<u>2,850,488</u>
Gross Profit	312,877	99,968	-	412,845
Depreciation & amortisation	(6,898)	(61)	-	(6,959)
Reportable segment profit/(loss) before tax	78,724	16,701	(6,995)	88,430
Reportable segment assets	986,942	106,876	1,285,592	2,379,410
Reportable segment liabilities	512,434	70,645	1,070,911	1,653,990
Capital expenditure	(804)	-	-	(804)
Income tax (expense)/benefit	-	-	(22,735)	(22,735)

25 SEGMENT INFORMATION (CONTINUED)

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

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:

	2025 \$'000	2024 \$'000
Right-of-use assets*		
Balance at January 1	4,519	7,313
Depreciation charge for the year	(2,336)	(2,794)
Balance at 31 December	2,183	4,519

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.

26 LEASES (CONTINUED)

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

	Notes	2025 \$'000	2024 \$'000
Lease liabilities			
Current	18	2,358	2,416
Non-current	18	-	2,358
		2,358	<u>4,774</u>

26 LEASES (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:

	2025 \$'000	2024 \$'000
Leases under AASB 16		
Interest on lease liabilities	34	74
Depreciation charge of right-of-use assets	2,336	2,793
Expenses relating to leases of low-value assets (included in other expenses)	2,485	2,886
Total impact on profit or loss	4,855	5,753

(c) Amounts recognised in the statement of cash flows

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

	2025 \$'000	2024 \$'000
Cash flow under AASB 16		
Cash outflow from operating activities	(34)	(74)
Cash outflow from financing activities	(2,416)	(2,778)
Total cash outflow for leases	(2,450)	(2,852)

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:

26 LEASES (CONTINUED)

Leases as lessor (continued)

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

	2025 \$'000	2024 \$'000
Liabilities for residual value guarantee*		
Current	51,992	39,060
Non-current	5,768	3,673
	57,760	42,733

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

	2025 \$'000	2024 \$'000
Deferred income*		
Current	1,299	1,071
Non-current	913	893
	2,212	1,964

* 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:

	2025 \$'000	2024 \$'000
Operating leases		
Depreciation charge of assets subject to operating lease	1,918	3,109
Income attributable to operating leases	<u>(2,550)</u>	<u>(2,288)</u>
Total impact on profit or loss	<u>(632)</u>	<u>821</u>

27 CONTINGENCIES

- (a) The Company has arranged for its bankers to guarantee its obligation to third parties. The guarantee was terminated in October 2025. The used portion of the guarantee in 2024 was \$0.246 million, the maximum amount of the guarantee available at the time. The Company has also arranged for its ultimate parent entity to guarantee its obligation to certain customers to a maximum of \$7.8 million (2024: \$7.8 million). This facility is fully available and not used at the reporting date (2024: 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. The appeal was heard by the Full Court of the Federal Court of Australia in March 2025 and the court subsequently ruled in favour of the Company, with costs. The dealer group then proceeded to file a Special Leave Application for the matter to be heard before the High Court of Australia, which was rejected by the High Court, with costs in favour of the Company. The Company is currently in the process of costs recovery.

28 PARENT ENTITY

As at, and throughout, the financial year ended 31 December 2025 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. H. Becerra, Mr J. Cohen, Mr S. Schmid, 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 10 September 2025 - 31 October 2025, 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:

30 KEY MANAGEMENT PERSONNEL (CONTINUED)

	2025	2024
	\$	\$
Short-term employee benefits	3,759,312	2,979,759
Other long-term benefits	21,980	22,373
Post-employment benefits	191,639	219,465
Share-based payments	102,756	215,199
	4,075,687	3,436,796

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	2025	2024
		\$'000	\$'000
Current assets			
Trade and other receivables	13	7,629	7,684
Total current assets		7,629	7,684
Total assets		7,629	7,684
Current liabilities			
Trade and other liabilities	17	4,344	1,945
Total current liabilities		4,344	1,945
Total liabilities		4,344	1,945
Net interest income/(expense)	10	1,480	529
Net guarantee fee expense	10	(876)	(1,704)

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 2025 was \$650 million (2024: \$650 million and €60 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 2025 was nil (2024: \$176 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	2025	2024
		\$'000	\$'000
Current assets			
Trade and other receivables	13	28,837	27,500
Total current assets		28,837	27,500
Non-current assets			
Trade and other receivables	13	21,620	27,500
Total non-current assets		21,620	27,500
Total assets		50,457	55,000

31 OTHER RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with intermediate parent entity (continued)

	Notes	2025 \$'000	2024 \$'000
Current liabilities			
Trade and other liabilities	17	206,240	242,979
Total current liabilities		<u>206,240</u>	<u>242,979</u>
Total liabilities		<u>206,240</u>	<u>242,979</u>
Warranty recoveries		43,240	55,000

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 \$1,425 million (2024: \$1,637 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	2025 \$'000	2024 \$'000
Current assets			
Trade and other receivables	13	37,070	64,115
Total current assets		<u>37,070</u>	<u>64,115</u>
Total assets		<u>37,070</u>	<u>64,115</u>
Current liabilities			
Trade and other liabilities	17	19,820	14,348
Loans and borrowings	18	141,573	141,573
Total current liabilities		<u>161,393</u>	<u>155,921</u>
Total liabilities		<u>161,393</u>	<u>155,921</u>
Net interest income/(expense)	10	(5,472)	(6,053)
Other income	6	92	82

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 2025 the Company had an intercompany receivable of \$18.86 million (2024: \$50.25 million receivable) 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.

31 OTHER RELATED PARTY TRANSACTIONS (CONTINUED)

(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	2025 \$'000	2024 \$'000
Current assets			
Trade and other receivables	13	26,645	45,413
Loans due from other related entities		<u>836,455</u>	333,442
Total current assets		<u>863,100</u>	378,855
Non-current assets			
Loans due from other related entities	13	199,606	648,076
Total non-current assets		<u>199,606</u>	648,076
Total assets		<u>1,062,706</u>	1,026,931
Current liabilities			
Trade and other liabilities	17	84,940	63,542
Loans and borrowings	18	622	675
Deferred income	22	1,299	1,071
Total current liabilities		<u>86,861</u>	65,288
Non-current liabilities			
Trade and other liabilities	17	5,768	3,673
Deferred income	22	913	893
Total non-current liabilities		<u>6,681</u>	4,566
Total liabilities		<u>93,542</u>	69,854
	Notes	2025 \$'000	2024 \$'000
Net interest income	10	45,381	46,139
Net guarantee fee income	10	866	1,652
Other revenue	5	2,550	2,288
Other income	6	4,504	8,837
Depreciation on leased assets with related parties	15	(1,949)	(2,341)

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 \$242 million (2024: \$187 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.

31 OTHER RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Transactions with other related parties (continued)

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

There are no transactions or events 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.