

Mercedes-Benz Australia/Pacific Pty Ltd

ABN 23 004 411 410

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR 30 JUNE 2023**

Mercedes-Benz Australia/Pacific Pty Ltd

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2023

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Mercedes-Benz Australia/Pacific Pty Ltd

INTERIM MANAGEMENT REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2023

This interim management report is presented together with the interim financial report of Mercedes-Benz Australia/Pacific Pty Ltd ("the Company") for the half year ended 30 June 2023.

Principal activities

The principal activities of the Company during the half year ended 30 June 2023 were the importation, marketing and distribution of passenger and light commercial motor vehicles and their component parts.

The Company is also involved in financing activities for its working capital management and on behalf of itself and some other related parties of the local Mercedes-Benz Group.

Operating and financial review

The Company made a profit, after income tax, for the half year ended 30 June 2023 amounting to \$30.153 million (30 June 2022: \$116.489 million). A reduction in profit can be predominantly attributed to an increase in the acquisition costs of the Company's vehicles sold in the first half of the year. During the half year, revenue increased 11% attributable to steady customer demands, stable sales volume and a revised product offering structure. Electrification of the vehicle portfolio remains an integral part of the Company's initiatives. The all-electric passenger & light commercial vehicle line up currently includes the EQA, EQB, EQC, EQS, EQV, E Vito & E Vito Tourer while the EQE was launched in the first half of the year and the EQS SUV and EQE SUV due to be launched later this year.

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 half-year under review.

Likely developments

Operations

The Company will continue to pursue its goal of being the leading luxury car brand in Australia as well as maintaining its contribution to the Mercedes-Benz Group AG global organisation.

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

Risk Report

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, credit risk and currency risk. Global supply shocks and strong domestic demand have combined to generate cost pressures that are now being passed on, creating a potential for Australian economic slow down in the medium term as inflation rates increase putting pressure on the cost of living. This may lead to reduced consumption in the coming months across many industries. At present, the demand for automotive retail remains stable due to the constrained supply and ongoing interruptions in global supply chains and recent Australian quarantines delaying shipment arrivals. This has had a direct impact on the production and stock levels of the Company. The Company also continues to be exposed to legal and tax risks. Provisions are recognised in accordance with the relevant accounting standards for those risks if and insofar as they are likely to be utilised and the amounts of the obligations can be reasonably estimated. Further information regarding the Company's risk management strategies are described in the Company's 2022 Annual Financial Report.

Rounding off

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/ Directors Reports) Instrument 2022/519 and in accordance with that Class Order, amounts in the financial report and interim management report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Mercedes-Benz Australia/Pacific Pty Ltd

RESPONSIBILITY STATEMENT

We, the directors of Mercedes-Benz Australia/Pacific Pty Ltd, confirm that to the best of our knowledge, the condensed set of financial statements which has been prepared in accordance with the Australian Accounting Standards gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company. We confirm that the condensed set of financial statements contain at least a balance sheet, a profit or loss statement and condensed explanatory notes on these accounts. The balance sheet and the profit or loss statement was prepared in accordance with the same principles for recognising and measuring as when preparing annual financial reports.

We also confirm that the interim management report includes at least a fair review of the performance and development of the Company as well as the important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the financial year.

Mr. Florian Seidler
CEO and Director

Melbourne

Mr. Volker Malzahn
CFO and Director

Melbourne

Ms. Diane Tarr
Director

Melbourne

Mr. Steve McHutchon
Director

Melbourne

Mercedes-Benz Australia/Pacific Pty Ltd
UNAUDITED STATEMENT OF FINANCIAL POSITION

| | 30 June 2023 \$'000 | 31 Dec 2022 \$'000 |
|--------------------------------------|------------------------------------|-----------------------------------|
| Current assets | | |
| Cash and cash equivalents | 128,289 | 180,630 |
| Trade and other receivables | 982,835 | 516,255 |
| Inventories | 1,313,019 | 1,436,129 |
| Total current assets | 2,424,143 | 2,133,014 |
| Non-current assets | | |
| Trade and other receivables | 625,434 | 662,360 |
| Deferred tax assets | 112,108 | 109,097 |
| Intangible assets | 86 | 157 |
| Property, plant and equipment | 103,876 | 108,589 |
| Total non-current assets | 841,504 | 880,203 |
| Total assets | 3,265,647 | 3,013,217 |
| Current liabilities | | |
| Trade and other liabilities | 619,826 | 728,407 |
| Loans and borrowings | 967,830 | 614,305 |
| Employee benefits | 15,480 | 16,720 |
| Provisions | 79,419 | 45,819 |
| Deferred income | 2,566 | 4,013 |
| Total current liabilities | 1,685,121 | 1,409,264 |
| Non-current liabilities | | |
| Trade and other liabilities | 61,412 | 61,229 |
| Loans and borrowings | 625,451 | 664,971 |
| Employee benefits | 1,258 | 1,860 |
| Provisions | 109,796 | 122,831 |
| Deferred income | 1,035 | 1,641 |
| Total non-current liabilities | 798,952 | 852,532 |
| Total liabilities | 2,484,073 | 2,261,796 |
| Net assets | 781,574 | 751,421 |
| Share capital | 70,000 | 70,000 |
| Retained earnings | 711,574 | 681,421 |
| Total equity | 781,574 | 751,421 |

The notes on pages 5 to 6 are an integral part of these financial statements.

Mercedes-Benz Australia/Pacific Pty Ltd
UNAUDITED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE

| | 2023 | 2022 |
|---|--------------------|-------------|
| | \$'000 | \$'000 |
| Revenue | 1,474,760 | 1,326,312 |
| Cost of sales | (1,266,640) | (1,058,092) |
| Gross profit | 208,120 | 268,220 |
| Other income | 12,685 | 10,493 |
| Employee expenses | (30,686) | (26,180) |
| Depreciation expense | (4,946) | (3,782) |
| Other expenses | (135,701) | (93,504) |
| Result from operating activities | 49,472 | 155,247 |
| Net finance income/(expense) | (7,410) | 11,918 |
| Profit/(loss) before income tax | 42,062 | 167,165 |
| Income tax benefit/(expense) | (11,909) | (50,676) |
| Profit/(loss) for the period | 30,153 | 116,489 |

The notes on pages 5 to 6 are an integral part of these financial statements.

Mercedes-Benz Australia/Pacific Pty Ltd

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2023

1 REPORTING ENTITY

Mercedes-Benz Australia/Pacific Pty Ltd (“the Company”) is a company domiciled in Australia. The address of the Company’s registered office is Lexia Place, Mulgrave, Victoria 3170.

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

2 BASIS OF PREPARATION

(a) Statement of compliance

The condensed interim financial report has been prepared in order to meet certain requirements set out in Article 4 of the law of 11 January 2008 on transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (the “Transparency Law”) and the Luxembourg Grand-Ducal decree dated 11 January 2008 on transparency requirements for issuers of securities (the “Transparency Regulation”).

The financial statements were authorised for issue by the Board of Management on 14 July 2023.

(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
- the defined benefit asset is measured as the net total of the plan assets, plus unrecognised past service cost and unrecognised actuarial losses, less unrecognised actuarial gains and the present value of the defined benefit obligation.

The financial statements have been prepared on a going concern basis.

(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 2022/519 and in accordance with that Class Order, amounts in the financial report and interim management report have been rounded off to the nearest thousand dollars, unless otherwise stated.

3 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in these condensed interim financial statements are the same as those applied by the Company in its financial statements as at and for the year ended 31 December 2022.

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.

(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.

(b) Loans and borrowings

Fair value of loans and borrowings is determined for disclosure purposes. The fair value of loans and borrowings that are readily traded are revalued at reporting date to market value using quoted market prices 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.