

# Mercedes-Benz Financial Services

**Mercedes-Benz Financial Services Australia Pty Ltd**

ABN 73 074 134 517

## **Annual Financial Report**

Year Ended 31 December 2024

Mercedes-Benz Insurance

Mercedes-Benz Financial

# Mercedes-Benz Financial Services

*Annual Financial Report for the year ended - 31 December 2024*

## Contents

	Page
<b>Directors' report</b>	1
<b>Directors' declaration</b>	5
<b>Financial statements</b>	
Statements of Financial Position	6
Statements of Comprehensive Income	8
Statements of Changes in Equity	10
Statements of Cash Flows	12
<b>Notes to the Consolidated and Company Financial Statements</b>	
Note 1 Reporting Entity	13
Note 2 Basis of Preparation	13
Note 3 Statement of material accounting policies	18
Note 4 Accounting estimates and judgements	31
Note 5 Revenue	33
Note 6 Segment information	34
Note 7 Employee expenses	34
Note 8 Expenses	35
Note 9 Auditor's remuneration	35
Note 10 Net finance costs	36
Note 11 Income tax (expense)/benefit	37
Note 12 Cash and cash equivalents	38
Note 13 Inventory	38
Note 14 Trade and other receivables	38
Note 15 Receivables from financial services	39
Note 16 Derivative financial instruments	42
Note 17 Other assets	43
Note 18 Property, plant and equipment	44
Note 19 Intangible assets	45
Note 20 Current tax assets and liabilities	46
Note 21 Deferred tax assets and liabilities	47
Note 22 Trade and other payables	50
Note 23 Interest bearing liabilities	50
Note 24 Financial instruments	53
Note 25 Employee benefits	65
Note 26 Notes to the statement of cash flows	66
Note 27 Operating leases	68
Note 28 Parent entity	68
Note 29 Key management personnel	68
Note 30 Related party disclosures	69
Note 31 Events subsequent to balance date	71
Note 32 Contingencies	71

Note 33	Capital and reserves	71
	<b>Lead Auditor's Independence Declaration</b>	<b>73</b>
	<b>Independent Auditor's Report</b>	<b>74</b>

# Mercedes-Benz Financial Services

## Directors' report for the year ended 31 December 2024

The directors present their report together with the consolidated financial statements of the Group comprising Mercedes-Benz Financial Services Australia Pty Ltd ("the Company") and its controlled entities, for the year ended 31 December 2024 and the auditor's report thereon.

### 1 Directors

Ilka Fuerstenberger (CEO)	Director since 1 January 2022
Rafael Pasquet (CFO)	Director since 1 December 2017

### 2 Company secretary

Lorraine M. Parrot was appointed to the position of Company Secretary on 3 March 2018 and resigned from the position on 9 August 2024. Mrs Parrot held the position of General Counsel of the Company during her appointment as Company Secretary.

Sarah-Jane E. Mills was appointed to the position of Company Secretary on 9 August 2024. Ms Mills has been with the Company for 14 years and currently holds the position of General Counsel of the Company.

### 3 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.

### 4 Principal activities

The principal activities of the Company during the year ended 31 December 2024 have been the provision of retail and wholesale financing and insurance services for passenger motor vehicles and light commercial vehicles. There were no significant changes in the nature of the activities of the Company during the year.

### 5 Review and results of operations

The Group made a profit after income tax from continuing operations totalling \$27.2 million (2023: profit after income tax from continuing operations: \$32.7 million) over the reporting period.

#### *Overview of the Company*

The Company's presence in the Australian market continued to assist Mercedes-Benz Australia/Pacific Pty Ltd in achieving higher automotive sales. Fierce competition continued to be experienced during 2024 in the automobile finance sector.

The Company provides leases and consumer finance primarily in relation to motor vehicles. In addition, the Company provides wholesale bailment facilities to motor vehicle dealers and acts as an insurance broker, principally in relation to motor vehicle insurance.

# Mercedes-Benz Financial Services

## Directors' report for the year ended 31 December 2024 (continued)

### 5 Review and results of operations (continued)

*Financial performance for the financial year ended 31 December 2024*

The year 2024 was characterised by challenging geopolitical developments, a slow ramp-up of electromobility and subdued consumer climate in Australia. The Company had a contract volume of \$3,930 million at the end of 2024, which is the total monetary amount of all leasing and financing contracts on the reporting date. Impacted by the developments on the sales side and the continued high competition in the financial services sector in Australia, new business was 13.6% below the previous year's level at \$1,394 million. Gross revenue has increased by 7.5% from continuing operations over the reporting period. This was driven by a pricing change from the brand partner, Mercedes-Benz Australia/Pacific Pty Ltd, steady customer demands and high interest rate environment in Australia. However, due to higher interest rates and increasing competition in the financial services sector, it results in higher interest expenses and lower interest margin of the Company in 2024. Furthermore, higher credit risks cost has impacted 2024 profits before tax by a decrease of \$2.3 million. This is mainly due to a challenging macroeconomic environment.

### 6 Environmental regulation

The Company's operations are not subject to significant environmental regulation under either Commonwealth or State legislation.

### 7 Dividends - Mercedes-Benz Financial Services Australia Pty Ltd

Dividends paid or declared by the Company to members since the end of the previous financial year were:

	Cents per share	Total amount \$'000	Franked/unfranked	Date of payment
Interim 2024 ordinary dividend	27.39	\$31,500	Unfranked	27 November 2024

### 8 Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company during the period.

### 9 Events subsequent to reporting date

In March 2025, the Board of Directors of the Company approved the issuance of Euro Medium-Term Note in Euro Multilateral Trading Facility ("MTF") market segment on the Luxembourg Stock Exchange ("LuxSE"). The bond issuance is expected to take place around mid-May 2025, subject to market conditions and regulatory approvals. The proceeds from the issuance will be used for the Company funding purpose.

Other than what is noted above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

# Mercedes-Benz Financial Services

## Directors' report for the year ended 31 December 2024 (continued)

### 10 Likely developments

Information as to likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

### 11 Indemnification and insurance of officers

Since the end of the previous financial year, the Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an auditor of the Company. The Company has purchased a professional indemnity insurance policy to cover the Company and its officers for legal liability for acts, errors and omissions committed by the insured in their professional capacity.

On behalf of the Company, the Company's ultimate parent entity, Mercedes-Benz Group AG, incurs the expense arising in respect of the directors' and officers' liability and legal insurance contract, for current and former directors and officers, including executive officers of the Company. The insurance policy outlined does not contain details of the premiums paid in respect of individual officers of the Company. No amounts are payable by the Company in respect of this insurance.

### 12 Directors' interest and benefits

No director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the financial statements or the fixed salary of a full time employee of the Company or a related corporation) by reason of a contract made by a related corporation with the Director or with a firm of which he is a member, or with an entity in which he has a substantial financial interest.

### 13 Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company/Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company/Group with leave of the Court under section 237 of the *Corporations Act 2001*.

### 14 Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 73 and forms part of the directors' report for the financial year ended 31 December 2024.

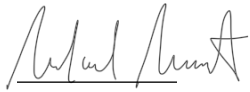
### 15 Rounding off

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.

## Mercedes-Benz Financial Services

### **Directors' report for the year ended 31 December 2024 (continued)**

Signed in accordance with a resolution of the directors:

A handwritten signature in black ink, appearing to read 'Rafael Pasquet', written over a horizontal line.

Rafael Pasquet

Director

Melbourne  
30 April 2025

## Mercedes-Benz Financial Services

### Directors' declaration

In the opinion of the directors of Mercedes-Benz Financial Services Australia Pty Ltd ("the Company"):

- (a) the financial statements and notes set out on pages 6 to 72 are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Group and Company's financial position as at 31 December 2024 and of their performance for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
  - (iii) complying with International Financial Reporting Standards as described in Note 2(a);and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Rafael Pasquet  
*Director*

Melbourne

30 April 2025

## Mercedes-Benz Financial Services

### Statements of Financial Position As at 31 December 2024

		<b>Consolidated and Company 2024 \$'000</b>	Consolidated and Company 2023 Restated \$'000
	Note		
<b>Current assets</b>			
Cash and cash equivalents	12	685	49
Trade and other receivables	14	52,892	69,989
Receivables from financial services	15	1,533,502	1,538,317
Inventory	13	8,723	4,504
Derivative financial instruments	16	6,744	8,813
Other assets	17	19,760	16,800
Current tax assets	20	2,755	448
<b>Total current assets</b>		<b>1,625,061</b>	<b>1,638,920</b>
<b>Non-current assets</b>			
Trade and other receivables	14	3,637	5,786
Receivables from financial services	15	2,396,670	2,586,471
Property, plant and equipment	18	10,229	11,433
Intangible assets	19	11,928	12,784
Derivative financial instruments	16	12,352	28,573
Deferred tax assets (net)	21	15,526	12,668
<b>Total non-current assets</b>		<b>2,450,342</b>	<b>2,657,715</b>
<b>Total assets</b>		<b>4,075,403</b>	<b>4,296,635</b>
<b>Current liabilities</b>			
Trade and other payables	22	40,357	51,527
Interest payable	22	33,080	29,514
Interest bearing liabilities	23	1,031,962	1,681,246
Employee entitlements	25	7,223	8,177
<b>Total current liabilities</b>		<b>1,112,622</b>	<b>1,770,464</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities	23	2,684,009	2,230,203
Derivative financial instruments	16	10,767	21,792
Employee entitlements	25	440	762
<b>Total non-current liabilities</b>		<b>2,695,216</b>	<b>2,252,757</b>

*The Statements of Financial Position are to be read in conjunction with the accompanying notes to the financial statements set out on pages 13 to 72.*

## Mercedes-Benz Financial Services

### Statements of Financial Position

**As at 31 December 2024**

(continued)

		<b>Consolidated and Company 2024 \$'000</b>	Consolidated and Company 2023 Restated \$'000
	Note		
<b>Total liabilities</b>		<b>3,807,838</b>	4,023,221
<b>Net assets</b>		<b>267,565</b>	273,414
<b>Equity</b>			
Contributed equity	33	<b>115,000</b>	115,000
Retained earnings		<b>203,800</b>	208,056
Hedge revaluation reserve	33	<b>2,572</b>	4,165
Merger reserve		<b>(53,807)</b>	(53,807)
<b>Total equity</b>		<b>267,565</b>	273,414

*The Statements of Financial Position are to be read in conjunction with the accompanying notes to the financial statements set out on pages 13 to 72.*

## Mercedes-Benz Financial Services

### Statements of Comprehensive Income For the year ended 31 December 2024

		<b>Consolidated and Company 2024 \$'000</b>	Consolidated and Company 2023 Restated \$'000
	Note		
Interest revenue	5	<b>279,087</b>	246,440
Other income	5	<b>25,248</b>	24,311
Other revenue	5	<b>5,911</b>	8,035
<b>Total revenue</b>		<b>310,246</b>	278,786
<b>Net finance cost</b>	10	<b>(175,480)</b>	(133,551)
Employee expenses	7	<b>(21,260)</b>	(23,153)
Depreciation and amortisation expense		<b>(3,574)</b>	(2,913)
Lease expense		<b>(4,975)</b>	(8,934)
Net impairment losses on financial assets	8	<b>(23,302)</b>	(20,998)
Commission expense		<b>(936)</b>	(1,885)
Other expenses	8	<b>(41,956)</b>	(40,486)
<b>Total expenses</b>		<b>(271,483)</b>	(231,920)
<b>Profit before income tax</b>		<b>38,763</b>	46,866
Income tax expense	11	<b>(11,519)</b>	(14,177)
<b>Profit from continuing operations</b>		<b>27,244</b>	32,689
<b>Profit for the period</b>		<b>27,244</b>	32,689
<b>Other comprehensive income/(loss)</b>			
Effective portion of changes in fair value of cash flow hedges	10	<b>(5,266)</b>	(14,834)
Net change in fair value of cash flow hedges transferred to profit or loss, net of tax	10	<b>2,990</b>	64
Income tax on other comprehensive income	10	<b>683</b>	4,431
<b>Other comprehensive income for the period, net of tax</b>		<b>(1,593)</b>	(10,339)
<b>Total comprehensive income for the period</b>		<b>25,651</b>	22,350

*The Statements of Comprehensive Income are to be read in conjunction with the accompanying notes to the financial statements set out on pages 13 to 72.*

## Mercedes-Benz Financial Services

### Statements of Comprehensive Income For the year ended 31 December 2024

(continued)

	Note	<b>Consolidated and Company 2024 \$'000</b>	Consolidated and Company 2023 Restated \$'000
<b>Profit is attributable to:</b>			
Owners of the parent		<b>27,244</b>	32,689
<b>Profit for the period</b>		<b>27,244</b>	32,689
 Total comprehensive income attributable to:			
Owners of the parent		<b>25,651</b>	22,350
<b>Total comprehensive income for the period</b>		<b>25,651</b>	22,350

*The Statements of Comprehensive Income are to be read in conjunction with the accompanying notes to the financial statements set out on pages 13 to 72.*

## Mercedes-Benz Financial Services

### Statements of Changes in Equity For the year ended 31 December 2024

	Share capital \$'000	Retained earnings \$'000	Hedge revaluation reserve \$'000	Merger reserve \$'000	Total \$'000
<b>Consolidated and Company Balance at 1 January 2023</b>	115,000	213,167	14,504	(53,807)	288,864
<b>Total comprehensive income for the period</b>					
Profit for the period	-	32,689	-	-	32,689
Net change in fair value of cash flow hedges transferred to profit or loss, net of tax	-	-	(10,339)	-	(10,339)
Dividends to owners of the Company	-	(37,800)	-	-	(37,800)
<b>Balance at 31 December 2023</b>	<b>115,000</b>	<b>208,056</b>	<b>4,165</b>	<b>(53,807)</b>	<b>273,414</b>

*The above Statements of Changes in Equity should be read in conjunction with the notes to the financial statements set out on page 13 to 72.*

## Mercedes-Benz Financial Services

### Statements of Changes in Equity For the year ended 31 December 2024 (continued)

	Share capital \$'000	Retained earnings \$'000	Hedge revaluation reserve \$'000	Merger reserve \$'000	Total \$'000
<b>Consolidated and Company Balance at 1 January 2024</b>	115,000	208,056	4,165	(53,807)	273,414
<b>Total comprehensive income for the period</b>					
Profit for the period	-	27,244	-	-	27,244
Net change in fair value of cash flow hedges transferred to profit or loss, net of tax	-	-	(1,593)	-	(1,593)
<b>Transactions with owners in their capacity as owners:</b>					
Dividends to owners of the Company	-	(31,500)	-	-	(31,500)
<b>Balance at 31 December 2024</b>	<b>115,000</b>	<b>203,800</b>	<b>2,572</b>	<b>(53,807)</b>	<b>267,565</b>

*The above Statements of Changes in Equity should be read in conjunction with the notes to the financial statements set out on page 13 to 72.*

## Mercedes-Benz Financial Services

### Statements of Cash Flows

For the year ended 31 December 2024

		<b>Consolidated and Company 2024 \$'000</b>	Consolidated and Company 2023 Restated \$'000
	Note		
<b>Cash flows from operating activities</b>			
Net cash outflow from lending and other operating activities		<b>92,660</b>	(211,273)
Payments made to related parties for prepayment of leases and guaranteed residual value		<b>(48,875)</b>	(75,751)
Receipts from related parties for the guaranteed residual value		<b>49,365</b>	80,530
Interest received		<b>321,679</b>	320,177
Interest paid		<b>(164,651)</b>	(146,841)
Income taxes paid		<b>(16,075)</b>	(12,839)
<b>Net cash (used in) / inflow from operating activities</b>	26	<b>234,103</b>	(45,997)
<b>Cash flows from investing activities</b>			
Payments for plant and equipment		<b>(2,030)</b>	(3,281)
Proceeds from sale of plant and equipment		<b>516</b>	1,576
<b>Net cash from/ (used in) investing activities</b>		<b>(1,514)</b>	(1,705)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		<b>6,971,126</b>	8,772,861
Repayment of borrowings		<b>(7,171,385)</b>	(8,687,301)
Payments for Lease Liabilities		<b>(194)</b>	(101)
Dividends paid to company's shareholders		<b>(31,500)</b>	(37,800)
<b>Net cash (used in)/ from financing activities</b>		<b>(231,953)</b>	47,659
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>636</b>	(43)
Cash and cash equivalents at beginning of the period		<b>49</b>	92
Cash and cash equivalents at end of period	12	<b>685</b>	49

*The above Statements of Cash Flows should be read in conjunction with the accompanying notes.*

# Mercedes-Benz Financial Services

## Notes to the Consolidated and Company Financial Statements

31 December 2024

### 1 Reporting Entity

Mercedes-Benz Financial Services Australia Pty Ltd (the “Company”) is a company domiciled in Australia. The address of the Company’s registered office is 44 Lexia Place, Mulgrave, Victoria. The Company is a for-profit entity and is primarily involved in the wholesale and retail financing of motor vehicles and insurance broking services.

The consolidated and Company financial statements of Mercedes-Benz Financial Services Australia Pty Ltd as at the year ended 31 December 2024 comprise the Company, and the Company and its controlled entities (together referred to as the “Group”).

### 2 Basis of Preparation

#### (a) Statement of compliance

The financial reports are general purpose financial reports which have been prepared in accordance with Australian Accounting Standards (“AAS”) (including Australian interpretations), adopted by the Australian Accounting Standards Board (“AASB”) and the *Corporations Act 2001*.

The financial reports of the Group comply with International Financial Reporting Standards (“IFRSs”) and interpretations adopted by the International Accounting Standards Board (“IASB”).

The consolidated and Company financial statements were approved by the Board of Directors on 30 April 2025.

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

The disclosure in the financial report applies to both the Group and Company, unless otherwise stated.

#### (b) Basis of measurement

The financial reports are prepared on the historical cost basis except for derivative financial instruments, interest bearing liabilities which are subject to fair value hedging, and share based payments, which are measured at fair value.

##### *Going concern basis of accounting*

The financial reports of the Group have been prepared on a going concern basis which contemplates continuity of normal business activities, funding of operating activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

On this basis, the Directors have formed the opinion that the Group’s financial report should be prepared on a going concern basis.

#### (c) Functional and presentation currency

The financial reports are presented in Australian dollars which is the Group’s functional currency.

# Mercedes-Benz Financial Services

## Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

### 2 Basis of Preparation (continued)

#### (d) Use of estimates and judgements

The preparation of the financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the Group.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 4.

#### (e) Basis of Consolidation

##### Subsidiaries

Subsidiaries are structured entities controlled by the Company (Mercedes-Benz Financial Services Australia Pty Ltd). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated and Company financial statements from the date that control commences until the date that control ceases.

During 2019, Silver Arrow Australia Trust 2019-1 ("SAAT 2019-1") was created for investment purposes as outlined above. SAAT 2019-1 remains active as at 31 December 2024. During 2020, Silver Arrow Australia 2020-1 ("SAA 2020-1") was created for investment purposes as outlined above. SAA 2020-1 was closed in 2024. During 2024, Silver Arrow Australia 2024-1 ("SAAT 2024-1") was created for investment purposes as outlined above and remains active as at 31 December 2024. The controlled entities under the Company as at 31 December 2024 are SAAT 2019-1 and SAAT 2024-1. In the normal course of business, the Company enters into transactions by which it transfers the eligible financial assets to the securitisation trusts. These transfers do not give rise to derecognition of those financial assets for the Group. The Company is entitled to any residual income of the securitisation program after all payments due to investors have been met.

The financial statements of the Company and its subsidiaries included in the consolidated and Company financial statements are prepared using uniform recognition and measurement principles. All intercompany assets and liabilities, equity, income and expenses as well as cash flows from transactions between consolidated entities are eliminated in the course of the consolidation process.

## Mercedes-Benz Financial Services

### Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

## 2 Basis of Preparation (continued)

### (f) Restatement of prior year balances

Certain prior year figures have been restated in line with current year presentation.

(1) In prior years, the company incorrectly presented leased assets from related parties as purchases of property plant and equipment with subleases treated as operating leases. In the current period, the Company has restated the property, plant and equipment financial statement line item given there is no control transferred as a result of the economic incentive to return the vehicle to the related party at the end of the lease term. As a consequence of this, prepayment of the headlease and guaranteed residual values have also been restated in the prior period to reflect this change. Refer to Note 3 for relevant accounting policies.

	31 December 2023 \$'000	Increase / (Decrease) \$'000	31 December 2023 31 December (restated) \$'000	31 December 2022 \$'000	Increase / (Decrease) \$'000	31 December 2022 (restated) \$'000
<b>Statement of Financial Position</b>						
<b>Current assets</b>						
Trade and other receivables	27,082	42,907	69,989	26,934	63,047	89,981
Receivables from financial services	1,535,630	2,687	1,538,317	1,533,632	3,950	1,537,582
Other assets	15,418	1,382	16,800	15,632	3,883	19,515
<b>Non-current assets</b>						
Trade and other receivables	-	5,786	5,786	-	9,220	9,220
Receivable from financial services	2,585,711	760	2,586,471	2,478,965	776	2,479,741
Property, plant and equipment	64,955	(53,522)	11,433	83,738	(80,876)	2,862
<b>Net assets</b>	<b>273,414</b>	<b>-</b>	<b>273,414</b>	<b>288,864</b>	<b>-</b>	<b>288,864</b>
	31 December 2023	Increase / (Decrease)	31 December 2023 31 December (restated)	31 December 2022	Increase / (Decrease)	31 December 2022 (restated)
Retained earnings	208,056	-	208,056	213,167	-	213,167
<b>Total equity</b>	<b>273,414</b>	<b>-</b>	<b>273,414</b>	<b>288,864</b>	<b>-</b>	<b>288,864</b>

## Mercedes-Benz Financial Services

### Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

## 2 Basis of Preparation (continued)

### (f) Restatement of prior year balances (continued)

	31 December 2023 \$'000	Profit 31 December Increase / (Decrease) \$'000	2023 (restated) \$'000
<b>Statement of Comprehensive Income</b>			
Depreciation and amortisation expense	(12,790)	10,057	(2,913)
Lease expense	-	(8,934)	(8,934)
Commission expense	(50,188)	(1,123)	(\$51,311.00)
<b>Profit before income tax</b>	<b>(63,158)</b>	<b>-</b>	<b>(63,158)</b>

	31 December 2023 \$'000	31 December Increase / (Decrease) \$'000	2023 (restated) \$'000
<b>Statement of Cash Flows</b>			
<b>Cash flows from operating activities</b>			
Payments made to related parties for prepayment of leases and guaranteed residual value	-	75,751	(75,751)
Receipts from related parties for the guaranteed residual value	-	(80,530)	80,530
<b>Net cash (used in) / inflow from operating activities</b>	<b>-</b>	<b>(4,779)</b>	<b>4,779</b>
<b>Cash flows from investing activities</b>			
Payments for plant & equipment	(79,032)	(75,751)	(3,281)
Proceeds from sale of plant & equipment	82,106	80,530	1,576
<b>Net cash from/ (used in) investing activities</b>	<b>3,074</b>	<b>4,779</b>	<b>(1,705)</b>
<b>Net increase in cash and cash equivalents</b>	<b>3,074</b>	<b>-</b>	<b>3,074</b>

(2) In prior years, the Company had included its Interest revenue and Other income under "Revenue" note in the financial statements. As a consequence, the affected financial statement line items for prior period has been restated, as below:

# Mercedes-Benz Financial Services

## Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

### 2 Basis of Preparation (continued)

#### (f) Restatement of prior year balances (continued)

	31 December 2023 \$'000	Increase / (Decrease) \$'000	31 December 2023 (restated) \$'000
<b>Statement of Comprehensive Income</b>			
Revenue	320,177	(320,177)	-
Other revenue	8,035	-	8,035
Interest revenue	-	295,866	295,866
Other income	-	24,311	24,311
<b>Total revenue</b>	<b>328,212</b>	<b>-</b>	<b>328,212</b>

(3) In prior years, the Company had included its commission expense (using the effective interest rate method) in "Commission expense" note in the financial statements. As a consequence, the affected financial statement line items for prior period has been restated, as below:

	31 December 2023 \$'000	Increase / (Decrease) \$'000	31 December 2023 (restated) \$'000
<b>Statement of Comprehensive Income</b>			
Interest revenue	295,866	(49,426)	246,440
Commission expense	(51,311)*	49,426	(1,885)
<b>Profit before income tax</b>	<b>244,555</b>	<b>-</b>	<b>244,555</b>

\*Restated balance from Note 2 (f) (2)

(4) In prior years, the Company had included its movement between current interest bearing liabilities and non-current interest bearing liabilities in "Proceeds from borrowings" and "Repayment of borrowings" in the financial statements. As a consequence, the affected financial statement line items for prior period has been restated, as below:

	31 December 2023 \$'000	Increase / (Decrease) \$'000	31 December 2023 (restated) \$'000
<b>Statement of Cash Flows</b>			
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	30,308,703	(21,535,842)	8,772,861
Repayment of borrowings	(30,223,143)	21,535,842	(8,687,301)
<b>Net cash from financing activities</b>	<b>85,560</b>	<b>-</b>	<b>85,560</b>

## Mercedes-Benz Financial Services

### Notes to the Consolidated and Company Financial Statements

**31 December 2024**

(continued)

## 2 Basis of Preparation (continued)

### (f) Restatement of prior year balances (continued)

(5) In prior years, the Company had included its financial derivatives income and expense in the "Interest received" and "Interest paid" in the financial statements. The balance has been reclassified in the same manner as the cash flows of the position hedged. As a consequence, the affected financial statement line items for prior period has been restated, as below:

	31 December 2023 \$'000	Increase / (Decrease) \$'000	31 December 2023 (restated) \$'000
<b>Statement of Cash Flows</b>			
<b>Cash flows from operating activities</b>			
Interest received	463,456	(143,279)	320,177
Interest paid	(290,120)	143,279	(146,841)
<b>Net cash inflow from operating activities</b>	<u>173,336</u>	<u>-</u>	<u>173,336</u>

(6) In the prior year, the Company has presented cash flows from operations included in the line items "Cash inflows from customers" and "Cash paid to suppliers and employees". In the current period, the Company collapse these separately disclosed operating cash flows to a net position. In line with AASB 107, this is an acceptable presentation given these cash flows relate to cash inflows and outflows associated with lending activities. As a consequence, the affected financial statement line items for prior period has been restated, as below:

	31 December 2023 \$'000	Increase / (Decrease) \$'000	31 December 2023 (restated) \$'000
<b>Statement of Cash Flows</b>			
<b>Cash flows from operating activities</b>			
Cash receipts from customers	2,724,311	(2,724,311)	-
Cash paid to suppliers and employees	(2,935,584)	2,935,584	-
Net cash outflow from lending and other operating activities	-	(211,273)	(211,273)
<b>Net cash inflow from operating activities</b>	<u>(211,273)</u>	<u>-</u>	<u>(211,273)</u>

## 3 Statement of material accounting policies

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

# Mercedes-Benz Financial Services

## Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

### 3 Statement of material accounting policies (continued)

#### (a) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. 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.

#### (b) Derivative financial instruments

The Company's ultimate parent entity Mercedes-Benz Group AG uses derivative financial instruments to hedge the Company's exposure to changes in interest rate risks arising from the funding of operational and financing activities. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading or speculative purposes.

If the requirements for hedge accounting set out in AASB 9 are met, Mercedes-Benz Group AG designates and documents the hedge relationship from the date a derivative contract is entered into as a fair value hedge, a cash flow hedge or a hedge of a net investment in a foreign business operation. The documentation of the hedging relationship includes the objectives and strategy of risk management, the type of hedging relationship, the nature of the risk being hedged, the identification of the eligible hedging instrument and the eligible hedged item, as well as an assessment of the effectiveness requirements comprising the risk mitigating economic relationship, the absence of deteriorating effects from credit risk and the appropriate hedge ratio.

Under AASB 9, amounts recognised in other comprehensive income as effective hedging gains or losses from hedging instruments are removed from the reserves for derivative financial instruments and directly included in the initial cost or carrying amount of the hedged item at initial recognition if a hedged forecast transaction results in the recognition of a non-financial asset or non-financial liability.

For other cash flow hedges, the accumulated hedging gains or losses from hedging instruments are reclassified from the reserves for derivative financial instruments to the Consolidated Statement of Income when the hedged item affects profit or loss. The ineffective portions of fair value changes are recognised directly in profit or loss.

For derivative instruments designated in a hedge relationship, certain components can be excluded from designation and the changes in these components' fair value are then deferred in other comprehensive income under AASB 9. This applies for example to the fair value of options or cross currency basis spread.

The fair value of interest rate swaps is the estimated amount that the Company would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

#### (c) Non-derivative financial instruments

Non-derivative financial instruments comprise debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

# Mercedes-Benz Financial Services

## Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

### 3 Statement of material accounting policies (continued)

#### (c) Non-derivative financial instruments (continued)

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

#### (d) Hedging

##### Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. When the forecasted transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or the forecast transaction for a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (i.e., when interest income or expense is recognised).

For cash flow hedges, other than those covered above, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognised immediately in the income statement.

##### Fair value hedges

Changes in the fair value of a derivative hedging instrument designed as a fair value hedge are recognised in the profit or loss. The hedged item is adjusted to reflect changes in its fair value in respect of the risk being hedged; the gain or loss attributable to the hedged risk is recognised in profit or loss with an adjustment to the carrying amount of the hedged item.

#### (e) Property, plant and equipment

##### Owned assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation (see below) and impairment losses (refer Note 3(k)).

# Mercedes-Benz Financial Services

## Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

### 3 Statement of material accounting policies (continued)

#### (e) Property, plant and equipment (continued)

##### **Leased assets**

Since January 1, 2019 the Company as a lessee has recognised right-of-use assets and the lease liabilities for the payment obligations entered into for generally all leases in the statement of financial position at present value. The lease liabilities include the following lease payments:

- fixed payments including defacto fixed payments, less lease incentives receivables from the lessor;
- variable lease payments linked to an index or interest rate;
- 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.

Lease payments are discounted at the rate implicit in the lease if that rate can readily be determined. Otherwise, discounting is at the incremental borrowing rate. The incremental borrowing rate, which is mainly applied at the Company, is based on risk adjusted interest rates and determined for the respective lease terms and currencies.

The Company generally also applies the option for contracts comprising lease components as well as non-lease components not to split these components.

Extension and termination options are part of a number of leases particularly of real estate. Such contract terms offer the Company the greatest possible flexibility. In determining the lease term, all facts and circumstances offering economic incentives for exercising extension options or not exercising termination options are taken into account. In determining the lease term, those options are only considered if they are reasonably certain.

##### **Subsequent costs**

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

##### **Depreciation**

The depreciation/amortisation is booked using the straight line method. The rates used for each class of asset are as follows:

	2024	2023
Motor vehicles	10% -25%	10% - 25%
Leased building	6%	6%
Office equipment	5% - 20%	5% - 20%

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets such as software, from the time the program is completed and first put into use. Depreciation is recognised in profit and loss statement on a straight-line basis. All costs associated with the development of the asset are capitalised and amortised as per the table above.

# Mercedes-Benz Financial Services

## Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

### 3 Statement of material accounting policies (continued)

#### (e) Property, plant and equipment (continued)

##### *Depreciation (continued)*

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only.

#### (f) Intangible assets

##### *Software*

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use as follows:

	2024	2023
Contract Management System (CMS) Software	20%	20%
Other IT software and licences (non CMS)	20%	20%

#### (g) Inventories

Inventories are measured at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

#### (h) Receivables from financial services

Receivables from financial services consist of receivables from sales financing with retail customers, receivables from sales financing with dealers, and finance lease contracts receivables.

# Mercedes-Benz Financial Services

## Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

### 3 Statement of material accounting policies (continued)

#### (h) Receivables from financial services (continued)

Receivables from financial services are stated at amortised cost using the effective interest rate method less any impairment (refer Note 3(k)). The fair value of receivables from financial services is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

#### Recognition and derecognition

Receivable from financial services are recognised on transaction settlement date, which is the date the Company becomes party to an irrevocable financing arrangement. Receivable from financial services are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred, and the Company has transferred substantially all the risks and rewards of ownership.

Receivable from financial services include a portion of receivables under securitisation within the ABS trusts. In the normal course of business, the Company enters into transactions by which it transfers financial assets to securitisation trusts. These transfers do not give rise to derecognition of those financial assets for the Company or the Group. The terms of the transfer of these loans do not meet the criteria for derecognition under *AASB9 Financial Instruments* and are therefore recognised on the Group's statements of financial position. *AASB10 Consolidated Financial Statements* defines control when an investor is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Company bears control over the securitisation trusts requiring consolidation in the financial statements. The Company has no financial guarantee in relation to the securitisation of loans and receivables.

#### (i) Acquisition of assets

All assets acquired, including property, plant and equipment, are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Where settlement of any cash consideration is deferred, the amounts payable are recorded at their present value, discounted at the rate applicable to the Company if a similar borrowing was obtained from an independent financier under comparable terms and conditions.

Expenditure is only recognised as an asset when the entity controls future economic benefits as a result of the costs incurred, it is probable that those future economic benefits will eventuate, and the costs can be measured reliably.

Costs incurred on assets subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the Company in future years.

#### (j) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits which are carried at the face value of the amounts deposited or drawn. The carrying amounts of cash, short-term deposits and bank overdrafts approximate fair value. Interest revenue is accrued at the market or contracted rates, using the effective interest method.

# Mercedes-Benz Financial Services

## Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

### 3 Statement of material accounting policies (continued)

#### (k) Impairment

At each reporting date, a loss allowance is recognised for financial assets, loan commitments and financial guarantees other than those to be measured at fair value through profit or loss reflecting expected losses for these instruments. The expected credit-loss approach uses three stages for allocating impairment losses:

Stage 1: expected credit losses within the next twelve months

Stage 1 includes all contracts with no significant increase in credit risk since initial recognition and usually includes new acquisitions and contracts with fewer than 31 days past due date. The portion of the lifetime expected credit losses resulting from default events possible within the next 12 months is recognised.

Stage 2: expected credit losses over the lifetime - not credit impaired

If a financial asset has a significant increase in credit risk since initial recognition but is not yet credit impaired, it is moved to stage 2 and measured at lifetime expected credit loss, which is defined as the expected credit loss that results from all possible default events over the expected life of a financial instrument.

Stage 3: expected credit losses over the lifetime - credit impaired

If a financial asset is defined as credit-impaired or in default, it is transferred to stage 3 and measured at lifetime expected credit loss. Objective evidence for a credit-impaired financial asset includes 91 days past due date and other information about significant financial difficulties of the borrower.

The determination of whether a financial asset has experienced a significant increase in credit risk is based on an assessment of the probability of default, which is made at least quarterly, incorporating external credit rating information as well as internal information on the credit quality of the financial asset. For debt instruments that are not receivables from financial services, a significant increase in credit risk is assessed mainly based on past-due information or the probability of default.

A financial asset is migrated to stage 2 if the asset's credit risk has increased significantly compared to its credit risk at initial recognition. The credit risk is assessed based on the probability of default. For trade receivables, the simplified approach is applied whereby expected credit losses for all trade receivables are allocated to stage 2 initially. Hence, no determination of significant increases in credit risk is necessary.

The Company applies the low credit risk exception to the stage allocation to quoted debt instruments with investment-grade ratings. These debt instruments are always allocated to stage 1.

In stage 1 and 2, the effective interest revenue is calculated based on gross carrying amounts. If a financial asset becomes credit impaired in stage 3, the effective interest revenue is calculated based on its net carrying amount (gross carrying amount adjusted for any loss allowance).

# Mercedes-Benz Financial Services

## Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

### 3 Statement of material accounting policies (continued)

#### (k) Impairment (continued)

##### *Measurement of expected credit losses*

Expected credit losses are measured in a way that reflects:

- i) the unbiased and probability-weighted amount;
- ii) the time value of money; and
- iii) reasonable and supportable information (if available without undue cost or effort) at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected credit losses are measured as the probability-weighted present value of all cash shortfalls over the expected life of each financial asset. For receivables from financial services, expected credit losses are mainly calculated with a statistical model using three major risk parameters: probability of default, loss given default and exposure at default.

The estimation of these risk parameters incorporates all available relevant information, not only historical and current loss data, but also reasonable and supportable forward-looking information reflected by the future expectation factors. This information includes macroeconomic factors (e.g., gross domestic product growth, unemployment rate) and forecasts of future economic conditions. For receivables from financial services, these forecasts are performed using a scenario analysis (basic scenario, optimistic scenario and pessimistic scenario). The impairment amount for trade receivables is predominantly determined on a collective basis.

A financial instrument is written off when there is no reasonable expectation of recovery, for example, at the end of insolvency proceedings or after a court decision of uncollectibility.

Significant modification of financial assets (e.g., with a change in the present value of the contractual cash flows of 10%) also leads to derecognition of the financial assets with a simultaneous recognition of new financial assets. This is estimated to be rare and immaterial for receivables from financial services. If the terms of a contract are renegotiated or modified and this does not result in derecognition of the contract, then the gross carrying amount of the contract has to be recalculated and a modification gain or loss has to be recognised in profit or loss.

#### (l) Interest bearing loans and borrowings

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

# Mercedes-Benz Financial Services

## Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

### 3 Statement of material accounting policies (continued)

#### (m) Employee benefits

##### ***Long-term service benefits***

The Company's net obligation in respect of long-term service benefits 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 using the wage inflation and discount rates published by the Department of Treasury and Finance Victoria at the balance sheet date which have maturity dates approximating to the terms of the Company's obligations. Related on-costs have also been included in the liability (refer Note 25).

##### ***Wages, salaries, annual leave, sick leave and non-monetary benefits***

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Company as the benefits are taken by the employees.

##### ***Bonus plan***

The Company operates an employee bonus plan which is linked to both employee and Company performance. The provision for bonuses is calculated at nominal amounts based on expected bonus payments.

##### ***Employee loans***

Employees are entitled to purchase financial products similar to those offered by the Company to the public at lower interest rates where the lower interest rates can be offered to the members of the public. The rates offered to employees exceed the cost of funds to the Company.

##### ***Defined contribution plans***

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred (refer Note 25).

##### ***Share-based payment transactions***

In 2005 Mercedes-Benz Group AG adopted the "Performance Phantom Share Plan" under which virtual shares (phantom shares) are granted to eligible employees entitling them to receive cash paid out after four years of service. The Company recognises the value of phantom shares issued in accrued liabilities. The quoted price represents the fair value of each phantom share because the payment per vested share depends on the quoted price of one ordinary share. The proportionate compensation expense for 2024 is determined based on the quoted price of Mercedes-Benz Group AG ordinary shares as well as the estimated target achievement grades as of 31 December 2024 (refer Notes 7 and 25).

# Mercedes-Benz Financial Services

## Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

### 3 Statement of material accounting policies (continued)

#### (n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### (o) Deferred income

Deferred income is recognised in the statement of financial position when income is received in earlier periods than that in which it is earned. Principally the Company recognised deferred income in the consolidated statement of financial position in relation to interest rate subsidies received from related parties in connection with various finance campaigns. Deferred income is recognised in the income statement according to the effective interest method.

#### (p) Revenue recognition

##### *Finance contracts*

Interest income arising from finance leases and hire purchase contracts is accounted for over the term of the contract using an effective interest method in accordance with Accounting Standard AASB 16 “Leases”. Unearned income is that portion of charges written into hire purchase agreements, chattel mortgage agreements and lease agreements, which will be earned in the future. Initial direct costs arising from finance contracts have reduced the unearned income remaining to be recognised in future years and will be amortised over the lease term.

##### *Operating leases*

Rental revenue arising from operating lease contracts is brought to account in the period in which it is earned on a straight line basis over the lease term. Motor vehicles subject to operating leases where the Company acts as lessor have been accounted for as non-current assets depreciated by periodic charges to the income statement.

##### *Commissions*

When the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission received by the Company.

#### (q) Expenses

##### *Finance Income and Expense*

Net financing costs comprise interest payable on borrowings calculated using the effective interest method, interest receivable on funds invested and gains and losses on hedging instruments that are recognised in the income statement (refer Note 10).

# Mercedes-Benz Financial Services

## Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

### 3 Statement of material accounting policies (continued)

#### (r) Taxation

##### *Income tax*

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income 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 using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance date. Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes linked to the same tax authority on the same taxable entity.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

##### *Tax Consolidation*

The Company is an entity in a multiple entry consolidated (MEC) group, whereby the group of Australian entities (being Mercedes-Benz Group Australia/Pacific Pty Ltd, Mercedes-Benz 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) were all wholly foreign-owned by a common non-resident company, but did not have a common Australian resident head company. As a result, these entities formed part of MEC group that were 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. The implementation date of the tax consolidation system for the tax-consolidated group was 1 January 2003.

Current 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. Deferred tax assets and deferred tax liabilities are measured by reference to the carrying amounts of the assets and liabilities in the Company's balance sheet and their tax values applying under tax consolidation.

# Mercedes-Benz Financial Services

## Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

### 3 Statement of material accounting policies (continued)

#### (r) Taxation (continued)

##### *Tax Consolidation (continued)*

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

The Company recognises deferred tax assets arising from unused tax losses to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised. The Company assesses the recovery of its unused tax losses and tax credits only in the period in which they arise and before assumption by the head entity, in accordance with AASB 112 applied in the context of the tax-consolidated group.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

##### *Nature of tax funding and sharing arrangements*

The Company, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement 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 head entity equal to the current tax liability (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the Company recognising an inter-entity payable (receivable) 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 head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The Company, in conjunction with other members of the tax-consolidated group, has 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 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.

#### (s) 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.

# Mercedes-Benz Financial Services

## Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

### 3 Statement of material accounting policies (continued)

#### (t) Repossessed assets

Repossessed assets are those assets acquired through actual foreclosure or in full or partial satisfaction of leases or loans. When such assets are acquired, income on the loan or lease ceases to be recognised in the income statement as reasonable doubt exists as to the collectability of interest and principal. The carrying amount of repossessed assets approximates net realisable value. Repossessed assets are included as inventory in the consolidated statement of financial position.

#### (u) Share Capital

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

#### (v) 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 senior management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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

# Mercedes-Benz Financial Services

## Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

### 4 Accounting estimates and judgements

In the consolidated and Company financial statements, to a certain degree, estimates and management judgements have to be made which can affect the amounts and reporting of assets and liabilities, the reporting of contingent assets and liabilities on the balance sheet date, and the amounts of income and expense reported for the period.

#### Key sources of estimation and uncertainty

The doubtful debts provision as detailed above in Note 3(k) involves a level of management judgement. Many factors are taken into consideration in this context including historical loss experience, the size and composition of certain portfolios, the current fair values and adequacy of collaterals, current economic events, macroeconomic factors, and forecasts of future economic conditions and conditions. These forecasts are performed using a scenario analysis (basic scenario, optimistic scenario and pessimistic scenario).

The doubtful debts provision is calculated for the retail portfolio using current delinquencies, historical delinquency migration ratios ("HDMR") as well as historical loss data. Corporate Fleet and Dealer pool provisions are calculated based on customer ratings and associated default probabilities as well as potential loss severities. Specific provisions for impaired corporate accounts are determined using remarketing estimates of current assets, expert and management judgement on the likelihood of recovery and liquidation of assets as at 31 December 2024.

Further external information is included in the assessment through subsequent adjustments. Changes to the estimation and assessment of these factors influence the allowance for credit losses with a resulting impact on the Company's net profit.

Other factors that have the most significant effect on the amount recognised in the financial statements are also described in the following notes:

- Notes 16, 22, 23 and 24 - the best evidence of fair value is a quoted price from an actively traded market. In the event that the market for a financial instrument is not active, a valuation technique is used. The majority of valuation techniques employ only observable market data and so the reliability of the fair value measurement is high. However, certain financial instruments are valued on the basis of valuation techniques that feature one or more significant market inputs that are unobservable. Valuation techniques that rely to a greater extent on unobservable inputs require a higher level of management judgement to calculate a fair value than those based wholly on observable inputs. Key judgements include:
  - the likelihood and expected timing of future cash flows on the instrument.
  - selecting an appropriate discount rate for the instrument.
  - judgement to determine what model to use to calculate fair value in areas where the choice of valuation model is particularly subjective.

# Mercedes-Benz Financial Services

## Notes to the Consolidated and Company Financial Statements

**31 December 2024**

(continued)

### **4 Accounting estimates and judgements (continued)**

#### **Key sources of estimation and uncertainty (continued)**

When applying a model with unobservable inputs, estimates are made to reflect uncertainties in fair values resulting from a lack of market data inputs, for example, as a result of illiquidity in the market. For these instruments, the fair value measurement is less reliable. Inputs into valuations based on unobservable data are inherently uncertain because there is little or no current market data available from which to determine the level at which an arm's length transaction would occur under normal business conditions. However, in most cases there is some market data available on which to base a determination of fair value, for example historical data, and the fair values of most financial instruments are based on some market observable inputs even when unobservable inputs are significant.

## Mercedes-Benz Financial Services

### Notes to the Consolidated and Company Financial Statements

**31 December 2024**

(continued)

#### 5 Revenue

	2024 \$'000	2023 Restated \$'000
<i>Interest:</i>		
- Related parties	31	677
- Other parties	312,783	281,956
Fee expense (effective interest method)	(42,592)	(49,426)
	<u>270,222</u>	<u>233,207</u>
<i>Operating lease income:</i>		
- Related parties	4,451	4,293
- Other parties	4,414	8,940
<b>Total revenue from continuing operations</b>	<u>279,087</u>	<u>246,440</u>
Insurance brokerage income	13,218	12,430
Other contract and fee income	12,030	11,881
<b>Total other income from continuing operations</b>	<u>25,248</u>	<u>24,311</u>
<i>Prior year recoveries</i>		
- Other parties	4,114	5,272
<i>Revenue from other ordinary activities</i>		
- Related parties	1,247	1,261
- Other parties	550	1,502
<b>Total revenue from other ordinary activities</b>	<u>5,911</u>	<u>8,035</u>
<b>Total revenue</b>	<u>310,246</u>	<u>278,786</u>

## Mercedes-Benz Financial Services

### Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

#### 6 Segment information

Operating segments are identified on the basis of whether the allocation of resources and/or the assessment of performance of a particular component of the Company's activities are regularly reviewed by the Company's chief operating decision maker as a separate operating segment. The Company supports the sales of the Mercedes-Benz automotive brands in Australia. By these criteria, the activities of the Company are considered to be one segment being the financial products provider in the automobile finance sector, and the segmental analysis is the same as the analysis for the Company as a whole. The chief operating decision maker (Chief Executive Officer and Chief Financial Officer) review the consolidated income statement and consolidated balance sheet regularly to make decisions about the Company's resources and to assess overall performance.

#### 7 Employee expenses

	2024 \$'000	2023 \$'000
Wages and salaries	17,550	19,139
Compulsory superannuation contributions	1,759	1,872
Cash settled share based payments transactions	152	310
Increase in liability for annual leave	1,170	1,241
Increase in liability for long service leave	338	535
Other employee expenses	291	56
	<u>21,260</u>	<u>23,153</u>

## Mercedes-Benz Financial Services

### Notes to the Consolidated and Company Financial Statements

**31 December 2024**

(continued)

#### 8 Expenses

	2024 \$'000	2023 Restated \$'000
Depreciation of plant and equipment	3,574	2,913
Lease expense - Related parties	3,518	6,510
Lease expense - Other parties	1,457	2,424
Net expense for movements to provision for bad debts	2,590	7,446
Bad debts written off	20,712	13,552
Commission expense	936	1,885
Net loss on assets disposed	327	1,172
General administration costs	24,112	27,986
Other	17,517	11,328
	<u>74,743</u>	<u>75,216</u>

#### 9 Auditor's remuneration

	2024 \$	2023 \$
<b>Audit services</b>		
Auditors of the Company - PwC Australia**		
- Audit of financial statements	255,000	228,073
- Other regulatory audit service - Australian Financial Services License and APRA	35,000	35,266
	<u>290,000</u>	<u>263,339</u>
<b>Other assurance services</b>		
Auditors of the Company - PwC Australia**		
Other assurance services	60,000	65,171
	<u>60,000</u>	<u>65,171</u>

# Mercedes-Benz Financial Services

## Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

### 9 Auditor's remuneration (continued)

\*\*The Board of the Company resolved to request that KPMG Australia resign as auditors and to appoint PricewaterhouseCoopers Australia ("PwC Australia") as auditors of the Company for the first time in 2024. The balances in 2023 represented the KPMG Australia remuneration for audit services and other assurance services.

Audit services relate to the audit of the consolidated and Company financial statements. Other services in 2024 relate to agreed upon procedures performed in connection with internal control system review (2023: agreed upon procedures in connection with ABS project).

### 10 Net finance costs

	2024 \$'000	2023 \$'000
<b>Recognised in profit or loss</b>		
- Related parties	(34,456)	(33,287)
- Other parties	(145,133)	(98,932)
Net fair value gain/(loss) on derivative financial instruments	4,109	(1,332)
<b>Net finance costs</b>	<b>(175,480)</b>	<b>(133,551)</b>
<b>Recognised in other comprehensive income</b>		
Effective portion of changes in fair value of cash flow hedges	(5,266)	(14,834)
Net change in fair value of cash flow hedges transferred to profit or loss, net of tax	2,990	64
Income tax on other comprehensive income	683	4,431
<b>Finance expenses recognised in other comprehensive income, net of tax</b>	<b>(1,593)</b>	<b>(10,339)</b>

# Mercedes-Benz Financial Services

## Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

### 11 Income tax (expense)/benefit

	2024 \$'000	2023 \$'000
<b>Current tax (expense)</b>		
Current year	(13,813)	(17,469)
Adjustments for prior years	9	(192)
	<u>(13,804)</u>	<u>(17,661)</u>
<b>Deferred tax (expense)</b>		
Origination and reversal of temporary differences	2,285	3,484
<b>Total income tax (expense) in income statement</b>	<u>(11,519)</u>	<u>(14,177)</u>
<b>Numerical reconciliation between tax (expense) and pre-tax net profit</b>		
Profit before tax	38,763	46,865
Profit from continuing operations before income tax	<u>38,763</u>	<u>46,865</u>
Income tax expense using the Company's domestic tax rate of 30% (2023 - 30%)	(11,629)	(14,060)
Increase in income tax expense due to:		
- Non-deductible expenses	(4)	(5)
- Prior year income tax expense adjustment	9	(192)
Decrease in income tax expense due to:		
- Prior year deferred tax adjustment	105	80
Income tax (expense) on pre-tax net profit	<u>(11,519)</u>	<u>(14,177)</u>
<b>Deferred tax recognised in other comprehensive income</b>		
Relating to change in fair value of derivatives	683	4,431
	<u>683</u>	<u>4,431</u>

## Mercedes-Benz Financial Services

### Notes to the Consolidated and Company Financial Statements

**31 December 2024**

(continued)

#### 12 Cash and cash equivalents

	Note	2024 \$'000	2023 \$'000
Cash and cash equivalents	24	<u>685</u>	<u>49</u>
		<b>685</b>	<b>49</b>

#### 13 Inventory

	2024 \$'000	2023 \$'000
Finished goods	<u>8,723</u>	<u>4,504</u>
	<b>8,723</b>	<b>4,504</b>

Finished goods comprise returned lease vehicles and vehicles repossessed. The carrying amount of inventories recognised during the period by taking possession of collateral held as security amounted to \$6,596,504 (2023: \$4,254,555).

#### 14 Trade and other receivables

	Note	2024 \$'000	2023 Restated \$'000
Receivables due from related entities	30	<b>42,100</b>	61,984
Trade and other receivables		<u>10,792</u>	<u>8,005</u>
Total current trade and other receivables		<b>52,892</b>	<b>69,989</b>
Receivables due from related entities		<u>3,637</u>	<u>5,786</u>
Total non-current trade and other receivables		<b>3,637</b>	<b>5,786</b>

## Mercedes-Benz Financial Services

### Notes to the Consolidated and Company Financial Statements

**31 December 2024**

(continued)

#### 15 Receivables from financial services

		2024	2023
	Note	\$'000	Restated \$'000
<b>Current</b>			
Receivables from financial services - Retail		1,180,489	1,177,151
Unearned income		(137,612)	(131,864)
Gross carrying amount		1,042,877	1,045,287
Allowance for doubtful debts		(11,581)	(9,070)
Net carrying amount		1,031,296	1,036,217
Receivables from financial services - Wholesale			
- Related parties	30	-	14
- Other parties		502,679	502,585
Gross carrying amount		502,679	502,599
Allowance for doubtful debts		(473)	(499)
Net carrying amount		502,206	502,100
Total current receivables from financial services		1,533,502	1,538,317
<b>Non-current</b>			
Receivables from financial services - Retail		2,731,656	2,934,955
Unearned income		(313,486)	(327,691)
Gross carrying amount		2,418,170	2,607,264
Allowance for doubtful debts		(21,500)	(20,793)
Net carrying amount		2,396,670	2,586,471
<b>Total receivables from financial services</b>		<b>3,930,172</b>	<b>4,124,788</b>

Retail receivables include loans and finance leases to end users of the financed asset. The consolidated weighted average effective interest rate on retail receivables at 31 December 2024 is 6.58% (2023 restated: 5.89%).

Wholesale receivables primarily represent vehicles on floor plan arrangements. Included also are direct loans to dealerships for other assets such as dealer showroom refurbishments.

## Mercedes-Benz Financial Services

### Notes to the Consolidated and Company Financial Statements

**31 December 2024**

(continued)

#### 15 Receivables from financial services (continued)

##### Loss allowance

The development of loss allowances for receivables from financial services due to expected credit losses at 31 December 2024 under AASB 9 is shown in the table below.

##### *Loss allowance due to expected credit losses AASB 9*

	12-month expected credit loss  (Stage 1) \$'000	not credit impaired (Stage 2) \$'000	Lifetime expected credit loss credit impaired (Stage 3) \$'000	Total \$'000
Balance at 1 January according to AASB 9	(13,394)	(6,521)	(10,447)	(30,362)
Additions	(1,515)	(5,450)	(2,074)	(9,039)
Change in remeasurement	2,950	(2,354)	(8,979)	(8,383)
Utilisation	163	828	3,856	4,847
Reversals	4,984	1,694	2,705	9,383
Transfer to Stage 1	(2,328)	1,457	871	-
Transfer to Stage 2	1,568	(2,316)	748	-
Transfer to Stage 3	138	738	(876)	-
Balance as 31 December according to AASB 9	(7,434)	(11,924)	(14,196)	(33,554)

Changes in the allowance for doubtful debts for receivables from financial services at 31 December 2023 under AASB 9 are shown as follows.

	\$'000	\$'000	\$'000	\$'000
Balance at 1 January according to AASB 9	(11,945)	(3,461)	(7,155)	(22,561)
Additions	(4,501)	(1,772)	(1,674)	(7,947)
Change in remeasurement	(1,639)	(3,386)	(5,936)	(10,961)
Utilisation	115	523	1,596	2,234
Reversals	4,694	1,360	2,819	8,873
Transfer to Stage 1	(804)	692	112	-
Transfer to Stage 2	610	(846)	237	1
Transfer to Stage 3	76	369	(446)	(1)
Balance as 31 December according to AASB 9	(13,394)	(6,521)	(10,447)	(30,362)

## Mercedes-Benz Financial Services

### Notes to the Consolidated and Company Financial Statements

**31 December 2024**

(continued)

#### 15 Receivables from financial services (continued)

The Company's exposure to credit risk is disclosed in Note 24.

#### Finance lease receivables (included in Receivables from financial services - Retail)

Maturities of the future contractual lease payments and the development of lease payments to the carrying amounts of receivables from finance lease contracts at reporting date, comprise the following:

	2024 \$'000	2023 Restated \$'000
Contractual future lease payment	<u>67,755</u>	64,950
<b>Thereof due:</b>		
- Within one year	44,186	35,319
- Between one and two years	15,730	20,426
- Between two and three years	5,523	4,511
- Between three and four years	1,002	4,183
- Between four and five years	725	509
- Later than five years	589	2
Gross investment	<u>67,755</u>	64,950
Gross investment	67,755	64,950
Unearned finance lease	<u>(7,059)</u>	(6,377)
Gross carrying amount	<u>60,696</u>	58,573
Gross carrying amount	60,696	58,573
Loss allowance	<u>(267)</u>	(151)
<b>Net carrying amount (included in Receivable from financial services - Retail)</b>	<u>60,429</u>	58,422

## Mercedes-Benz Financial Services

### Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

#### 16 Derivative financial instruments

	2024 \$'000	2023 \$'000
<b>Current assets</b>		
Interest rate swaps - cash flow hedge	6,744	8,489
Foreign currency option contracts - held for trading	-	324
	<u>6,744</u>	<u>8,813</u>
<b>Non-current assets</b>		
Interest rate swaps - cash flow hedge	3,610	7,517
Interest rate swaps contracts - no hedge accounting	8,742	21,056
	<u>12,352</u>	<u>28,573</u>
	<u>19,096</u>	<u>37,386</u>
<b>Non-current liabilities</b>		
Interest rate swap contracts - cash flow hedges	1,566	600
Interest rate swap contracts - no hedge accounting	9,201	21,192
	<u>10,767</u>	<u>21,792</u>
	2024 \$'000	2023 \$'000
<b>Current assets</b>		
Related parties	6,744	8,813
Total current assets	<u>6,744</u>	<u>8,813</u>
<b>Non-current assets</b>		
Related parties	12,352	28,573
Total non-current assets	<u>12,352</u>	<u>28,573</u>
<b>Non-current liabilities</b>		
Related parties	1,566	600
Other parties	9,201	21,192
Total non-current liabilities	<u>10,767</u>	<u>21,792</u>

## Mercedes-Benz Financial Services

### Notes to the Consolidated and Company Financial Statements

**31 December 2024**

(continued)

#### 16 Derivative financial instruments (continued)

The Company's exposure to credit, liquidity and market risks and a sensitivity analysis for financial assets and liabilities is disclosed in Note 24.

#### 17 Other assets

	<b>2024</b>	2023
	<b>\$'000</b>	Restated \$'000
Prepayments	<b>2,594</b>	2,627
General Reserve	<b>17,166</b>	14,173
	<b>19,760</b>	16,800

General Reserve consists primarily of funds held in compliance of the SAAT 2019-1 Trust Supplement and SAAT 2024-1 Trust Supplement as at 31 December 2024.

## Mercedes-Benz Financial Services

### Notes to the Consolidated and Company Financial Statements

**31 December 2024**

(continued)

#### 18 Property, plant and equipment

	2024 \$'000	2023 Restated \$'000
<b>Motor vehicles subject to operating lease</b>		
<b>Cost</b>		
Balance at beginning of year	1,457	3,453
Additions	-	-
Disposals	(908)	(1,996)
Balance at end of year	549	1,457
<b>Accumulated depreciation</b>		
Balance at beginning of year	(682)	(1,114)
Depreciation expense	(70)	(221)
Disposals	431	653
Balance at end of year	(321)	(682)
Carrying amount at beginning of year	775	2,338
Carrying amount at end of year	228	775
<b>Office equipment</b>		
<b>Cost</b>		
Balance at beginning of year	338	3,269
Additions	7	23
Disposals	-	(2,954)
Balance at end of year	345	338
<b>Accumulated depreciation</b>		
Balance at beginning of year	(144)	(2,745)
Depreciation expense	(64)	(120)
Disposals	-	2,721
Balance at end of year	(208)	(144)
Carrying amount at beginning of year	194	524
Carrying amount at end of year	137	194

## Mercedes-Benz Financial Services

### Notes to the Consolidated and Company Financial Statements

**31 December 2024**

(continued)

#### 18 Property, plant and equipment (continued)

	2024 \$'000	2023 \$'000
<b>Right-of-use assets - leased office</b>		
<b>Cost</b>		
Balance at beginning of year	10,816	-
Additions	-	10,816
Balance at end of year	<u>10,816</u>	<u>10,816</u>
<b>Accumulated depreciation</b>		
Balance at beginning of year	(351)	-
Depreciation expense	(601)	(351)
Balance at end of year	<u>(952)</u>	<u>(351)</u>
Carrying amount at beginning of year	<u>10,465</u>	-
Carry amount at end of year	<u>9,864</u>	<u>10,465</u>
<b>Total carrying amount at beginning of year</b>	<u>11,433</u>	2,862
Total carrying amount at end of year	<u>10,229</u>	<u>11,433</u>

#### 19 Intangible assets

	2024 \$'000	2023 \$'000
<b>Software</b>		
<b>Cost</b>		
Balance at beginning of year	24,553	21,338
Additions	6,632	3,215
Disposals	(736)	-
Balance at end of year	<u>30,449</u>	<u>24,553</u>
<b>Accumulated depreciation</b>		
Balance at beginning of year	(17,295)	(15,073)
Depreciation expense	(2,839)	(2,222)
Disposals	696	-
Balance at end of year	<u>(19,438)</u>	<u>(17,295)</u>
Software - Projects in Progress balance at beginning of year	5,483	3,781
Software - Projects in Progress movement	<u>(4,609)</u>	<u>1,702</u>

## Mercedes-Benz Financial Services

### Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

#### 19 Intangible assets (continued)

	2024 \$'000	2023 \$'000
Balance at end of year	874	5,483
<b>Other intangible assets</b>		
Other intangible assets balance at beginning of year	43	-
Other intangible assets movement	-	43
Balance at end of year	43	43
Carrying amount at beginning of year	12,784	10,046
Carrying amount at end of year	11,928	12,784

The Company had intangible assets subject to amortisation which comprise software developed or obtained to facilitate certain transactions between the Company and its dealer network.

#### 20 Current tax assets and liabilities

	2024 \$'000	2023 \$'000
<b>Income tax (receivable)/payable attributable to:</b>		
Related party	13,813	17,470
Less instalments paid	(16,568)	(17,953)
Net current tax (assets)/liabilities	(2,755)	(483)

# Mercedes-Benz Financial Services

## Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

### 21 Deferred tax assets and liabilities

#### *Recognised deferred tax assets and liabilities*

Deferred tax assets of the Company are attributable to the following:

	2024 \$'000	2023 \$'000
Allowance for bad debts	10,066	9,109
Other provisions	-	81
Derivatives	7,221	10,828
Employee benefits	2,299	2,681
Other / Accruals	2,651	4,052
<b>Total deferred tax assets</b>	<b>22,237</b>	<b>26,751</b>

Deferred tax liabilities of the Company are attributable to the following:

	2024 \$'000	2023 \$'000
Derivatives	(5,756)	(13,022)
Property, Plant & Equipment	(14)	(543)
Capitalised Commissions	(941)	(518)
<b>Total deferred tax liabilities</b>	<b>(6,711)</b>	<b>(14,083)</b>

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

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

## Mercedes-Benz Financial Services

### Notes to the Consolidated and Company Financial Statements

**31 December 2024**

(continued)

#### 21 Deferred tax assets and liabilities (continued)

##### ***Recognised deferred tax assets and liabilities (continued)***

*Movement in temporary differences of the Company during the year comprises the following:*

	Balance at 1 January 2023 \$'000	Recognised in income \$'000	Recognised in equity \$'000	Balance at 31 December 2023 \$'000
Allowance for bad debts	6,768	2,341	-	9,109
Other Provisions	6	75	-	81
Derivatives	(6,604)	(21)	4,431	(2,194)
Employee Benefit Provisions	2,683	(2)	-	2,681
Other / Accruals	3,886	166	-	4,052
Property, Plant & Equipment	(720)	177	-	(543)
Capitalised Commissions	(176)	(342)	-	(518)
	<u>5,843</u>	<u>2,394</u>	<u>4,431</u>	<u>12,668</u>

## Mercedes-Benz Financial Services

### Notes to the Consolidated and Company Financial Statements

**31 December 2024**

(continued)

### 21 Deferred tax assets and liabilities (continued)

#### ***Recognised deferred tax assets and liabilities (continued)***

*Movement in temporary differences of the Company during the year comprises the following: (continued)*

	Balance at 1 January 2024 \$'000	Recognised in income \$'000	Recognised in equity \$'000	Balance at 31 December 2024 \$'000
Allowance for bad debts	9,109	957	-	10,066
Other Provisions	81	(81)	-	-
Derivatives	(2,194)	2,976	683	1,465
Employee Benefit Provisions	2,681	(382)	-	2,299
Other / Accruals	4,052	(1,401)	-	2,651
Property, Plant & Equipment	(543)	529	-	(14)
Capitalised Commissions	(518)	(423)	-	(941)
	<u>12,668</u>	<u>2,175</u>	<u>683</u>	<u>15,526</u>

## Mercedes-Benz Financial Services

### Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

## 22 Trade and other payables

	Note	2024 \$'000	2023 \$'000
<b>Trade payables</b>			
Trade creditors		6,305	10,727
Other creditors & accruals		3,215	10,139
<b>Amounts due to related parties:</b>			
- Purchase of vehicles used in wholesale financing	30	30,837	30,661
		<b>40,357</b>	<b>51,527</b>
<b>Interest payable</b>			
- Related parties	30	25,551	23,273
- Other parties		7,529	6,241
<b>Total interest payable</b>		<b>33,080</b>	<b>29,514</b>

An amount of \$300,021 (2023: \$200,219) is included in interest payable to other parties that is due to related parties.

## 23 Interest bearing liabilities

### Securitisation

Loans and receivables include a portion of the Group's term loans and term purchases under securitisation within securitisation trusts. The terms of the transfer of these loans do not meet the criteria for derecognition under AASB 9 Financial Instruments and are therefore recognised on the Group's and the Company's statements of financial position. AASB 10 Consolidated Financial Statements defines control when an investor is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Company bears control over the securitisation trusts requiring consolidation in the financial statements. The Company has no financial guarantee in relation to the securitisation of loans and receivables.

The table below discloses the financial liabilities of the Group and Company:

## Mercedes-Benz Financial Services

### Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

#### 23 Interest bearing liabilities (continued)

	Note	Consolidated 2024 \$'000	Consolidated 2023 \$'000	Company 2024 \$'000	Company 2023 \$'000
<b>Current</b>					
Loans from external parties		618,293	580,022	618,293	535,347
Loans from related parties	30	413,442	1,101,031	413,442	1,145,706
Lease liabilities		227	193	227	193
		<b>1,031,962</b>	<b>1,681,246</b>	<b>1,031,962</b>	<b>1,681,246</b>
<b>Non-current</b>					
Loans from external parties		1,890,638	1,459,045	190,638	459,045
Loans from related parties	30	783,076	760,635	2,483,076	1,760,635
Lease liabilities		10,295	10,523	10,295	10,523
		<b>2,684,009</b>	<b>2,230,203</b>	<b>2,684,009</b>	<b>2,230,203</b>

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings. For more information about the Company's exposure to liquidity and interest rate risk, and sensitivity analysis, please refer to Note 24.

Loans and receivables include a portion of the consolidated entity's term loans and term purchases under securitisation within securitisation trusts. The terms of the transfer of these loans do not meet the criteria for derecognition under AASB9 Financial Instruments and are therefore recognised on the consolidated entity's statements of financial position. AASB10 Consolidated Financial Statements defines control when an investor is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The company bears control over the securitisation trusts requiring consolidation in the financial statements. The company has no financial guarantee in relation to the securitisation of loans and receivables. As at the end of the reporting period, the liabilities the securitisation trusts is disclosed in the table below:

	Note	Consolidated 2024 \$'000	Consolidated 2023 \$'000	Company 2024 \$'000	Company 2023 \$'000
<b>Total facilities available</b>					
Bank overdraft (unsecured)		-	-	-	-
Loans from external parties		3,758,671	3,138,075	2,058,671	2,093,400
Loans from related entities		1,207,040	1,986,960	2,907,040	3,031,635
		<b>4,965,711</b>	<b>5,125,035</b>	<b>4,965,711</b>	<b>5,125,035</b>

## Mercedes-Benz Financial Services

### Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

#### 23 Interest bearing liabilities (continued)

		<b>Consolidated 31 December 2024 \$'000</b>	<b>Consolidated 31 December 2023 \$'000</b>	<b>Company 31 December 2024 \$'000</b>	<b>Company 31 December 2023 \$'000</b>
<b>Facilities utilised at balance date</b>					
Bank loans (unsecured)		-	-	-	-
Loans from external parties		<b>2,508,931</b>	2,039,067	<b>808,931</b>	994,392
Loans from related parties	24	<b>1,207,040</b>	1,861,666	<b>2,907,040</b>	2,906,341
		<b>3,715,971</b>	3,900,733	<b>3,715,971</b>	3,900,733
<b>Facilities not utilised at balance date (uncommitted)</b>					
Bank overdraft (unsecured)		-	-	-	-
Loans from external parties		<b>1,249,740</b>	1,099,008	<b>1,249,740</b>	1,099,008
Loans from related parties		-	125,294	-	125,294
		<b>1,249,740</b>	1,224,302	<b>1,249,740</b>	1,224,302

#### **Bank overdraft**

For the purposes of the financial statements, overdrawn individual bank balances are separately disclosed within interest bearing liabilities. The Company did not have this overdraft facility as at the end of the financial year 2024 and 2023.

#### **Loans from related parties**

Mercedes-Benz Australia/Pacific Pty Ltd and Mercedes-Benz International Finance B.V. ("MBIF"), both related parties, facilitate borrowings for the Group. MBIF is incorporated in Netherlands, which is wholly owned by Mercedes-Benz Group AG. The related parties contract with the relevant lenders or investors, and on lend requisite funding to the Company via arms-length transactions. Funding sources include bank loans, commercial paper, unsecured notes, secured notes and loans from the ultimate parent entity.

#### **Loans from external parties**

Loans from external parties includes securitised debt representing the value of term loans held by external parties in the securitisation trusts. The securitisation trusts have issued interest-bearing notes to third parties amounted to \$1,700 million (nominal value) (2023: \$1,500 million). The Company holds the notes balance of the securitisation trusts of \$245 million (2023: \$202 million). Receivable from financial services amounting to \$1,928 million as at 31 December 2024 (2023: \$1,227 million) are pledged as collateral for the senior notes under securitisation.

## Mercedes-Benz Financial Services

### Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

### 23 Interest bearing liabilities (continued)

In the current and previous reporting years, the total facilities available include uncommitted external facilities, loans from the ultimate parent entity which are currently outstanding at balance date, and those secured and unsecured notes, which are currently on issue. Facilities not utilised at balance date represent the unused uncommitted funding facilities. These unused bank loan facilities are accessible by either Mercedes-Benz Australia/Pacific Pty Ltd, Mercedes-Benz Group Australia/Pacific Pty Ltd or Mercedes-Benz Financial Services Australia Pty Ltd, , where these entities and the Company are the joint borrowers.

#### Terms and repayment schedule

				2024	2023
	Currency	Nominal interest rate %	Year of Maturity	Carrying amount \$'000	Carrying amount \$'000
Secured notes issued	AUD	BBSW + 0.75% to 0.85%	2024-2028	-	1,044,675
Secured notes issued	AUD	BBSW + 0.81% to 0.94%	2033-2034	1,700,000	-
Unsecured bank loan	AUD	4.83 - 5.34	2024	-	183,000
Unsecured bank loan	AUD	2.81 - 5.84	2025	578,931	575,000
Unsecured bank loan	AUD	5.34 - 5.98	2026	230,000	230,000
Loans from affiliate	AUD	0.75 - 4.84	2024	-	781,841
Loans from affiliate	AUD	4.70 - 5.81	2025	312,816	80,000
Loans from affiliate	AUD	4.50 - 5.81	2026	583,813	583,177
Loans from affiliate	AUD	4.75	2027	199,263	-
Loans from affiliate	EUR	-0.09 to 3-month EURIBOR rate	2024	-	325,582
Loans from affiliate	EUR	0.12	2025	100,626	97,458
Lease liabilities	AUD	4.94	2041	10,522	10,716
Total interest bearing liabilities				3,715,971	3,911,449

### 24 Financial instruments

Exposure to credit, liquidity and market risks arise in the normal course of the Company's business.

#### Interest Rate Risk

Interest rate risk for the Company refers to the occurrence of a mismatch in the characteristics of assets and their respective liability funding.

An asset-liability committee at Mercedes-Benz Group AG, the ultimate parent entity, which consists of members of the business segment, the Corporate Treasury department and the Corporate Controlling department, actively manage the risk by quarterly setting interest rate exposure targets for the local companies. As a separate function, the Global Portfolio Management department at Mercedes-Benz Mobility AG monitors on a monthly basis whether the interest rate risk position at month end is in line with the targets to be achieved.

# Mercedes-Benz Financial Services

## Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

### 24 Financial instruments (continued)

#### Interest Rate Risk (continued)

Interest rate exposure is assessed by comparing assets and liabilities for corresponding maturities based on interest rate characteristics, including the impact of derivative financial instruments. In order to achieve the interest rate exposure targets, the Company uses derivative financial instruments. The only derivative financial instrument currently in use is interest rate swaps.

##### *Interest rate swaps*

Interest rate swaps allow the Company to swap floating rate borrowings into fixed rate as well as fixed rate borrowings into floating rates and match differing interest rate characteristics of assets and liabilities where required. Maturities of swap contracts do not exceed five years.

Each contract involves quarterly payment or receipt of a net amount of interest. At 31 December 2024 the fixed rates varied between 0.10% and 5.25% (2023: 0.10% and 4.60%). Floating rates were at bank bill swap rates ("BBSW") plus the Company's credit margin. The weighted average effective floating interest rate at 31 December 2024 was 5.07% (2023: 4.94%).

##### *Effective of hedge accounting on the financial position and performance*

The effects of the interest rate swaps on the Group's financial position and performance are as follows:

	2024	2023
	\$'000	\$'000
<i>Interest rate swaps</i>		
Notional amount (current and non-current assets)	1,359,200	944,395
Maturity date	2025-2028	2024-2026
Hedge ratio	1:1	1:1
Weighted average hedged rate for the year	5.07%	4.94%

##### *Sensitivity analysis*

As part of its risk management control systems, Mercedes-Benz Group AG (the ultimate parent entity) employs value-at-risk analyses 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 is quantified on a continuous basis by predicting the maximum loss over a target time horizon (holding period) and confidence level.

The value-at-risk calculation is performed by Mercedes-Benz Group AG for the Company. The only material market risk concerning the Company is interest rate risk.

# Mercedes-Benz Financial Services

## Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

### 24 Financial instruments (continued)

#### Interest Rate Risk (continued)

##### *Sensitivity analysis (continued)*

When the value-at-risk of the Company's portfolio of financial instruments is calculated, first the current fair value of these financial instruments is 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 which are 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 a holding period of five days, 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 figures for the 2024 and 2023 portfolio of interest rate sensitive financial instruments. The average exposure has been computed on an end of quarter basis:

	Period-end \$'000	High \$'000	Low \$'000	Average \$'000
<b>Interest rate risk</b>				
<b>2024</b>	<b>77,228</b>	<b>77,228</b>	<b>18,235</b>	<b>48,640</b>
2023	79,519	79,519	40,319	55,592

The following table provides details of the (gain) / loss on hedge accounting relationships recognised in finance costs:

	2024 \$'000	2023 \$'000
Loss / (gain) on fair value hedges (i)	-	-
Ineffective portion of cash flow hedges (ii)	(2,990)	(64)
	<u>(2,990)</u>	<u>(64)</u>

- (i) The re-measurement of the borrowings in the fair values resulted in nil gain or loss before tax in reporting period (2023: nil). The change in fair value of the associated derivative financial instruments resulted in nil gain or loss before tax in reporting period (2023: nil).
- (ii) The ineffective portion in cash flow hedges has been disclosed in profit or loss for gain of \$2,990,376 (2023: gain of \$63,957).

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

## Mercedes-Benz Financial Services

### Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

#### 24 Financial instruments (continued)

##### Interest Rate Risk (continued)

*Sensitivity analysis (continued)*

		2024 \$'000	2023 Restated \$'000
	Note		
<b>Fixed rate instruments</b>			
Financial assets	15	3,427,966	3,623,012
Financial liabilities	23	(1,768,702)	(2,312,695)
		<u>1,659,264</u>	<u>1,310,317</u>
<b>Variable rate instruments</b>			
Financial assets	15	502,891	502,149
Financial liabilities	23	(1,936,748)	(1,588,039)
		<u>(1,433,857)</u>	<u>(1,085,890)</u>

##### Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

##### *Receivables from financial services*

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. In addition, Mercedes-Benz Mobility AG has implemented global guidelines and rules as a basis for efficient risk management. In particular, these guidelines deal with concentration risks, requests for collateral as well as the treatment of unsecured credits and non-performing loans. The risk management principles contain standards for identifying, measuring, analysing and monitoring the credit risks and are accompanied by a set of limits for operating entities and product types.

Credit risk is mitigated by assessing individually each customer's credit standing and constructing the terms of the financial arrangement on the basis of the customer's risk profile; higher risk customers requiring greater cash deposits for example. The Company takes collateral over each transaction, with the exception of shortfall agreements. Principally the collateral is the financed vehicle. Concentrations of credit risk is minimised by undertaking transactions with a large number of customers. Transactions are undertaken with Australian domiciled customers only.

The maximum exposure to credit risk at the reporting date is the carrying amount, net of any provision of doubtful debts.

The Company's most significant external retail customer accounts for \$48.1 million of the receivables from financial services before allowance for doubtful debts (2023: \$36.8 million).

# Mercedes-Benz Financial Services

## Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

### 24 Financial instruments (continued)

#### Credit risk (continued)

##### *Receivables from financial services (continued)*

The Company's most significant external wholesale customer accounts for \$161.8 million of the receivables from financial services carrying amount before allowance for doubtful debts (2023: \$114.1 million).

##### *Trade receivables*

Trade receivables primarily consist of operating lease payments due and residual value guaranteed by Mercedes-Benz Australia /Pacific Pty Ltd. The credit risk encompasses the default risk of customers. The Company minimises the credit risk of trade receivables by limiting the payment terms of the agreements making trade receivables either due immediately, or within thirty days.

The Company holds legal title over vehicles on operating lease. Additionally, based on historical credit losses in relation to the operating lease product, the Company believes credit risk to be immaterial and does not provide an allowance.

The maximum exposure to credit risk at the reporting date is the carrying amount.

##### *Other financial assets*

In 2024 other financial assets include the positive fair value of interest rate swap derivatives used for hedging. The maximum exposure to credit risk at the reporting date is the carrying amount.

##### *Cash and cash equivalents*

Cash and cash equivalents consists only of cash at bank. Where the Company expects to hold a surplus of funds over and above working capital and operating cash requirements, an investment is made in an overnight related party facility. Credit risk relates to the risk that the bank fails to fulfil its obligation. In line with the MB Group AG's risk policy, liquid assets are not subject to a material credit risk and are allocated to Stage 1 of the impairment model, which is based on expected credit risk. Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted as counterparties.

The maximum exposure to credit risk at the reporting date is the carrying amount.

##### *Derivative financial instruments*

The Company, in accordance with its treasury policy, use derivatives only for the purpose of risk management, and not for speculation. Credit risk is managed through diversification of counterparties (principally large banks) by a limit system. The limit is based on the review of the counterparty's financial strength and concurrently manages concentration risks.

In 2008, the Company began entering interest rate swaps with a related party. The related party has a mirror match of the swap (back-to-back trade) with an external counterparty in their balance sheets. Starting in 2017, the Company began entering interest rate swaps with external bank, to achieve the desired interest-rate maturities and asset/liability structures (asset and liability management). The MB Group AG manages its credit risk exposure in connection with derivative financial instruments through a limit system, which is based on the review of each counterparty's financial strength. Accordingly, only the external positions are considered in the limit system.

# Mercedes-Benz Financial Services

## Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

### 24 Financial instruments (continued)

#### Credit risk (continued)

##### *Derivative financial instruments (continued)*

The hedging strategy is specified at the MB Group AG level. The decision-making body is the Treasury Risk Management Committee, which meets regularly. Cross-currency interest swaps and interest rate swaps contracts are subject to credit risk in relation to the relevant counterparties. 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.

##### *Maximum credit exposure*

The maximum exposure to credit risk is the carrying amount of those derivatives classified as financial assets.

The Company's maximum exposure to credit risk at the reporting date is set out below:

	<b>2024</b>	2023
	<b>\$'000</b>	Restated \$'000
Receivables from financial services	<b>3,930,172</b>	4,124,788
Trade receivables	<b>56,529</b>	75,776
Cash and cash equivalents	<b>685</b>	49
Interest rate swaps	<b>19,096</b>	37,062
	<b>4,006,482</b>	4,237,675

The Company's maximum exposure to credit risk for trade receivables and receivables from financial services at the reporting date by customer segment is set out below:

	<b>2024</b>	2023
	<b>\$'000</b>	Restated \$'000
Wholesale	<b>502,206</b>	502,100
Retail	<b>3,484,495</b>	3,698,464
	<b>3,986,701</b>	4,200,564

##### *Impairment losses*

The ageing and corresponding impairment of the Company's trade receivables and receivables from financial services at the reporting date under AASB 9 is set out below:

## Mercedes-Benz Financial Services

### Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

#### 24 Financial instruments (continued)

##### Credit risk (continued)

*Impairment losses (continued)*

	2024		2023	
	Gross \$'000	Impairment \$'000	Gross Restated \$'000	Impairment \$'000
Not past due	3,113,747	(20,240)	3,454,281	(18,377)
Individually impaired	752,640	(1,395)	702,687	(910)
Past due 0-30 days	62,935	(1,511)	27,664	(1,931)
Past due 31-60 days	56,119	(2,442)	22,939	(2,891)
Past due 61-90 days	14,087	(2,238)	10,155	(1,923)
Past due 91 - 180 days	12,219	(3,113)	8,751	(2,900)
Past due > 180 days	8,508	(2,615)	4,449	(1,430)
	<b>4,020,255</b>	<b>(33,554)</b>	<b>4,230,926</b>	<b>(30,362)</b>

The Company assesses individually each customer with capital outstanding at end of reporting period of greater than one million dollars. Impairment is assessed on the basis of the customer credit rating, which for such customers, is assessed at either the inception of additional lending, or annually, whichever comes sooner. From the credit rating, the probability of default is determined. This is multiplied by a conservative expected loss on the contract, and then multiplied by the loss given default rate to ascertain the impairment amount.

An individual impairment on receivables from financial services is raised also where no collateral is held. These unsecured loans represent a documented finance contract with customers whose debts have previously been written off and thus the collateral already realised. The capital value at inception of an unsecured loan accordingly amounts to the capital outstanding at time of repossession, less collateral sale proceeds, plus any additional charges recoverable from the client. The individual impairment raised equals the unsecured loan portfolio and is adjusted in line with customer repayments and new additions.

The vast majority of receivables from financial services related to retail business are grouped in homogeneous pools and collectively assessed for impairment (refer Note 3(k)). The impairment model is based on historical experience and takes into account the current economic conditions. Particular consideration is given to the earlier disclosed aged debtors. The aim of the model is to determine an appropriate level of impairment allowances to reflect losses which have been incurred on the loans in the pool, but have not yet been identified. The movement in the allowance for doubtful debts is shown in Note 15.

A security interest is held over the vehicle financed until such time as the finance contract is paid in full. In case of default, and in accordance with relevant company guidelines, the vehicle may be repossessed and sold to suffice the debt outstanding, being the total future cash flows discounted by the effective customer rate (refer Note 3(k)). Where this amount is not sufficient to cover the debt outstanding, legal proceedings may be ensued to recover the remaining portion, as well as costs incurred upon the termination of the financing contract in accordance with the Company's Terms and Conditions.

## Mercedes-Benz Financial Services

### Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

#### 24 Financial instruments (continued)

##### Credit risk (continued)

*Impairment losses (continued)*

As at the reporting date, the following collateral had been repossessed by the Company:

	<b>2024</b>	2023
	<b>\$'000</b>	\$'000
Repossessed vehicles	<b>6,597</b>	4,255

Repossessed assets are redeemable by the customer within 28 days of actual repossession providing that certain payment criteria are met. This period may be shortened, or extended, at the Company's discretion. Where the vehicle is not redeemed, the sale is subsequently conducted through a vehicle auction house where a reserve is set. Alternatively the vehicle can be remarketed directly through the Mercedes-Benz dealer network.

Repossessed vehicles are reported as finished goods in inventory in the balance sheet.

# Mercedes-Benz Financial Services

## Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

### 24 Financial instruments (continued)

#### Liquidity risk

Liquidity risk represents the risk that a Company will face difficulty in meeting future obligations associated with its financial liabilities.

The Company's main sources of liquidity are its operations and borrowings sourced through related parties. The related parties' main sources of funds come from bank loans, commercial paper, notes issuances (secured and unsecured) and loans from the ultimate parent entity. Funds are sourced from both the domestic and international markets.

The borrowings are primarily used to fund wholesale and retail customers in the course of the leasing and financing business, and to meet working capital needs.

Immediate cash management is handled through daily requirement analyses. The Company seeks to hold sufficient liquid funds to meet daily needs, primarily in the form of cash and cash equivalents. Where additional funds are required, the Company utilises a related party overnight borrowing facility. Conversely, where surplus funds are held, the Company is able to invest in a related party overnight facility. This is consistent with the Mercedes-Benz AG cash concentration method which is used as the basis for cash and asset management throughout the 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.

Additionally, the Company monitors liquidity exposure in the short and medium term by comparing financial assets and financial liabilities for their corresponding maturities, including the estimated cash inflows from the operating business. Liquidity exposure is actively managed out to three years from the reporting date and is kept within targeted exposure limits as defined by Mercedes-Benz Group AG.

The ability of the Company to draw on excess liquidity via Mercedes-Benz Australia/Pacific Pty Ltd within the worldwide group by the related parties obtaining loans from the ultimate parent entity, and the available committed credit lines already in place, give the Company adequate flexibility to cover refinancing requirements and to match the characteristics of assets by obtaining sufficient funds of requisite tenor and interest rate terms.

The following is a maturity analysis of the Company's financial liabilities, excluding estimated interest payments and excluding the impact of netting arrangements.

Cash flows associated with derivatives that are cash flow hedges are predominantly expected to impact profit or loss within the same reporting period as in which the cash flow occurs. That is, consistent with the table below. Any differences are not expected to be material.

## Mercedes-Benz Financial Services

### Notes to the Consolidated and Company Financial Statements

**31 December 2024**

(continued)

### 24 Financial instruments (continued)

#### Liquidity risk (continued)

2024	Contractual expected cash flows \$'000	1 year or less \$'000	1 to 2 years \$'000	2 to 3 years \$'000	More than 3 years \$'000
<b>Non derivative financial liabilities</b>					
Loans from related parties	(1,196,519)	(413,442)	(583,814)	(199,263)	-
Loans from external parties	(2,505,000)	(614,362)	(818,264)	(599,385)	(472,989)
Trade and other payables	(40,357)	(40,357)	-	-	-
Interest payable	(33,080)	(33,080)	-	-	-
Lease liabilities	(10,522)	(747)	(772)	(800)	(8,202)
	<u>(3,785,478)</u>	<u>(1,101,988)</u>	<u>(1,402,850)</u>	<u>(799,448)</u>	<u>(481,191)</u>
<b>Derivative financial assets</b>					
Interest rate swaps - cash flow hedges	8,742	-	-	-	8,742
Interest rate swap - no hedge accounting	10,354	6,744	499	708	2,403
	<u>19,096</u>	<u>6,744</u>	<u>499</u>	<u>708</u>	<u>11,145</u>
<b>Derivative financial liabilities</b>					
Interest rate swap - cash flow hedges	(1,566)	-	(264)	(572)	(730)
Interest rate swap - no hedge accounting	(9,201)	-	-	-	(9,201)
	<u>(10,767)</u>	<u>-</u>	<u>(264)</u>	<u>(572)</u>	<u>(9,931)</u>

## Mercedes-Benz Financial Services

### Notes to the Consolidated and Company Financial Statements

**31 December 2024**

(continued)

### 24 Financial instruments (continued)

#### Liquidity risk (continued)

**2023**

#### Non derivative financial liabilities

	Contractual expected cash flows \$'000	1 year or less \$'000	1 to 2 years \$'000	2-3 years \$'000	More than 3 years \$'000
Loans from related parties	(1,861,666)	(1,101,031)	(177,458)	(583,177)	-
Loans from external parties	(2,039,067)	(580,022)	(960,709)	(498,336)	-
Trade and other payables	(51,524)	(51,524)	-	-	-
Interest payable	(29,514)	(29,514)	-	-	-
Lease liabilities	(10,716)	(722)	(747)	(773)	(8,474)
	<u>(3,992,487)</u>	<u>(1,762,813)</u>	<u>(1,138,914)</u>	<u>(1,082,286)</u>	<u>(8,474)</u>

#### Derivative financial assets

Foreign currency option contracts - no hedge accounting	324	342	-	-	-
Interest rate swap - no hedge accounting	37,062	8,489	6,949	568	21,056
	<u>37,386</u>	<u>8,831</u>	<u>6,949</u>	<u>568</u>	<u>21,056</u>

#### Derivative financial liabilities

Interest rate swap – cash flow hedges	(600)	-	-	(600)	-
Interest rate swap – no hedge accounting	(21,192)	-	-	-	(21,192)
	<u>(21,792)</u>	<u>-</u>	<u>-</u>	<u>(600)</u>	<u>(21,192)</u>

# Mercedes-Benz Financial Services

## Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

### 24 Financial instruments (continued)

#### Fair values

Net fair values of financial assets and liabilities are determined by the Company on the following bases:

##### *Recognised financial instruments*

Other monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at the present value of contractual cash flows on amounts due from customers (reduced for expected credit losses) or due to suppliers. Cash flows are discounted by using standard valuation techniques at the applicable market yield having regard to the timing of cash flows.

The Company has not disclosed fair value of each class of financial assets and financial liabilities not measured at fair value because their carrying amounts are a reasonable approximation of fair value. For the sake of simplicity, the fair value of receivable from financial services with variable interest rates are estimated to be equal to the respective carrying amounts, because the agreed upon interest rates and those available in the market do not significantly differ. The fair value of receivable from financial services with fixed interest rates are determined on the basis of discounted expected future cash flows. Discounting is based on the current interest rates at which similar loans with identical terms could have been obtained at 31 December 2024 and 31 December 2023. For interest-bearing loans and receivables from financial services this assessment was done by discounting the expected future principal and interest cash flows.

#### Fair value hierarchy

As at 31 December 2024, derivative financial liabilities of \$10,645,217 (2023: \$21,792,209) and derivative financial assets of \$19,095,949 (2023: \$37,061,189) are carried at fair value based on a Level 2 valuation methodology which requires inputs, other than quoted prices in an 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).

Fair value is calculated based on discounted expected future principal and interest cash flows.

##### *Interest rates used for determining fair value*

The Company uses the government borrowing yield curve as of 31 December 2024 plus an adequate constant credit spread to discount financial instruments. The interest rates used are as follows:

	2024	2023
Derivatives	0.10% - 5.25%	0.10% - 4.60%
Loans and borrowings	3.79% - 4.42%	3.76% - 4.34%
Receivables from financial services	6.58%	5.89% (restated)

# Mercedes-Benz Financial Services

## Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

### 24 Financial instruments (continued)

#### Capital management

Net assets and value added represent the basis for capital management. The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company is required to comply with certain capital and liquidity requirements as a holder of an Australian Financial Services License.

There was no change in the Group's approach to capital management requirements during the year.

### 25 Employee benefits

	2024 \$'000	2023 \$'000
<b>Current</b>		
Share based payment transactions	250	578
Provision for employee benefits	6,973	7,599
	<u>7,223</u>	<u>8,177</u>
<b>Non-current</b>		
Share based payment transactions	264	401
Provision for employee benefits	176	361
	<u>440</u>	<u>762</u>

The present value of employee entitlements not expected to be settled within twelve months has been calculated using the following weighted averages:

	2024	2023
Assumed rate of increase in wage and salary rates	2.80%	5.40%
Discount rate	4.07%	3.98%

#### Superannuation plan

During the year the Company contributed to the Mercedes-Benz Superannuation Plan, a related party plan to which it is an associated member, being part of the Mercer Super Trust in respect of all its permanent employees.

The obligation of the Company to make contributions to the Mercedes-Benz Superannuation Plan is legally enforceable up to the date on which the Company gives notice to suspend or terminate contributions as provided in the trust deed.

# Mercedes-Benz Financial Services

## Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

### 25 Employee benefits (continued)

#### Performance Phantom Share Plan

In 2005 Mercedes-Benz Group AG adopted the “Performance Phantom Share Plan” under which virtual shares (phantom shares) are granted to eligible employees entitling them to receive cash paid out after four years. 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 not issue any common shares in connection with the Performance Phantom Share Plan.

In 2023 the Company recognised an addition to the employee entitlement for Performance Phantom Share Plans in the income statement of \$310,231 (refer Note 7). In 2024 the Company recognised an addition to the employee entitlement for Performance Phantom Share Plans in the income statement of \$152,088 (refer Note 7). As the payment per vested phantom share depends on the quoted price of one Mercedes-Benz Group AG Ordinary Share, the average quoted price represents the fair value of each phantom share. The proportionate entitlement release and compensation expense for share plans granted in 2023 and 2024 respectively, is determined based on the quoted price of Mercedes-Benz Group AG Ordinary Shares as well as the estimated target achievement. The carrying amount of the entitlements granted has been recognised as a provision.

The number of phantom shares granted by Mercedes-Benz Group AG to key management personnel of the Company at 31 December 2024 was 14,448 (2023: 14,534).

### 26 Notes to the statement of cash flows

	2024 \$'000	2023 Restated \$'000
<b>Profit for the period</b>	<b>27,244</b>	32,689
Adjustments for		
Depreciation and amortisation expense	3,574	2,913
Loss on sale of property, plant and equipment	327	1,172
Bad debts written off	20,712	13,552
Net expense for movements to provision for doubtful debts	2,590	7,446
Lease payment	4,975	8,934
<b>Operating profit before changes in working capital</b>	<b>59,422</b>	66,706
(Increase) / decrease in receivables from financial services	170,986	(126,135)
(Increase) / decrease in trade receivables	19,249	975
(Increase) / decrease in inventory	(4,219)	(1,752)
(Increase) / decrease in other assets	(5,267)	5,063

## Mercedes-Benz Financial Services

### Notes to the Consolidated and Company Financial Statements

**31 December 2024**

(continued)

#### 26 Notes to the statement of cash flows (continued)

	<b>2024</b>	2023
	<b>\$'000</b>	Restated \$'000
(Increase) / decrease in derivative financial instruments	<b>7,264</b>	24,254
(Increase) / decrease in deferred tax assets (net)	<b>(2,858)</b>	(7,943)
Increase / (decrease) in employee entitlements	<b>(1,276)</b>	37
Increase / (decrease) in trade and other payables	<b>(11,170)</b>	186
Increase / (decrease) in interest payables	<b>3,565</b>	2,951
Unrealised gain / (loss) on derivatives	<b>(1,593)</b>	(10,339)
<b>Net cash (used in)/ from operating activities</b>	<b>234,103</b>	(45,997)

#### Cash provided by financing activities

Cash provided by financing activities includes cash flows from hedging the currency risks of financial liabilities. In 2024, cash provided by financing activities included payments for the reduction of outstanding leasing liabilities of \$0.5 million (2023: \$0.4 million). The below table includes changes in liabilities arising from financing activities.

	<b>Interest bearing liabilities</b>	<b>Derivatives</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Change in liabilities arising from financing activities 2024</b>		
Drawdown of loans	<b>6,852,507</b>	-
Repayment of loans	<b>(7,041,130)</b>	-
Repayment of lease liabilities	<b>(194)</b>	-
Settlement of derivatives	-	<b>(7,264)</b>
	<b>(188,818)</b>	<b>(7,264)</b>

	<b>Interest bearing liabilities</b>	<b>Derivatives</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Change in liabilities arising from financing activities 2023</b>		
Drawdown of loans	8,702,235	-
Repayment of loans	(8,627,391)	-
Additions of lease liabilities	10,716	-
Settlement of derivatives	-	(24,254)
	85,560	(24,254)

# Mercedes-Benz Financial Services

## Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

### 27 Operating leases

#### Leases as lessee

The Company leases property and equipment under operating leases expiring from one to five years. Leases of property generally provide the Company with the right of renewal at which time all terms are renegotiated.

#### Leases as lessor

The Company provides vehicles held under operating leases. Future non-cancellable motor vehicle operating lease rental income not provided for in the financial statements and receivable is due as follows:

	2024 \$'000	2023 \$'000
Within one year	1,703	2,401
One year or later but not later than five years	-	3,050
	<u>1,703</u>	<u>5,451</u>

### 28 Parent entity

The immediate parent entity of the Company is Mercedes-Benz Mobility Australia Pty Ltd ("MBMAu"), which is incorporated in Australia. The ultimate parent entity of the Company is Mercedes-Benz Group AG, a company incorporated in Germany.

### 29 Key management personnel

In addition to their salaries, the Company provides non-cash benefits to key management personnel and contributes to a superannuation fund on their behalf (refer Note 25 for details on the superannuation plan).

The key management personnel compensation included in "employee expenses" (refer Note 7) is as follows:

	2024 \$'000	2023 \$'000
Short-term employee benefits	3,544	3,152
Other long-term benefits	15	14
Termination benefits	-	-
Post-employment benefits	193	148
Share-based payments*	639	609
	<u>4,391</u>	<u>3,923</u>

# Mercedes-Benz Financial Services

## Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

### 29 Key management personnel (continued)

\*Share based payments are paid by the ultimate parent entity to key management personnel.

In accordance with AASB 124 Related Party Disclosures, key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. For purposes of AASB 124 Related Party Disclosures, the below personnel are considered key management personnel of the Group:

- Managing Director
- Chief Financial Officer
- Director of Credit and Credit Operations
- Director of Sales & Marketing

### 30 Related party disclosures

The names of each person holding the position of director of the Company during the year ended 31 December 2024 are Ilka Fuerstenberger and Rafael Pasquet.

Details of directors' remuneration payments are included in Note 29.

#### Controlled entities

On the inception of the SAAT 2019-1 in January 2019, the Company invested in Class B notes issued by the SAAT 2019-1, totalling \$112,070,852. The Company holds Class B notes of \$71,102,000 as at 31 December 2024 (2023: \$133,010,000).

On the inception of the SAAT 2024-1 in April 2024, the Company invested in Class B notes issued by the SAAT 2024-1, totalling \$157,000,000. The trusts used the funds received to purchase receivables from financing activities from the Company.

SAAT 2019-1 and SAAT 2024-1 balances have been consolidated in the financial statements.

#### Related entities

All transactions within the ultimate parent's wholly owned group during the year were made under normal commercial terms and conditions.

In the course of providing wholesale finance to dealers, the Company made payments under normal trading terms to Mercedes-Benz Australia /Pacific Pty Ltd, for the purchase of motor vehicles on behalf of dealers.

Daimler Truck Australia Pacific Pty Ltd has entered into operating leases with the Company. The revenues from these leases have been disclosed in Note 5.

The Company has interest bearing debts to its related parties. The interest expense is disclosed in Note 10. The carrying amount is disclosed in Note 23.

The Company enters into interest rate swaps and foreign currency option contracts with Mercedes-Benz Group AG. The interest expense, and interest income, is disclosed in Note 10. The carrying amount for the financial liabilities is disclosed in Note 22. The carrying amount for the financial assets is disclosed in Note 16.

## Mercedes-Benz Financial Services

### Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

### 30 Related party disclosures (continued)

#### Related entities (continued)

The Company paid commissions to Mercedes-Benz Australia /Pacific Pty Ltd totalling \$1,230,514 (2023: \$1,107,574) under normal terms and conditions.

Mercedes-Benz Australia /Pacific Pty Ltd has agreed to provide residual value guarantees to the Company, for the operating leases entered into between the Company and the external customers. Upon expiry of the operating lease arrangement, the vehicles are transferred back to Mercedes-Benz Australia /Pacific Pty Ltd. The total residual value guaranteed by Mercedes-Benz Australia /Pacific Pty Ltd is amounting to \$42,732,805 (2023: \$47,795,069). The balance is disclosed in Note 14.

#### Balances with entities within the wholly-owned group

The aggregate amounts payable and receivable to entities within the Mercedes-Benz Group AG by the Group at balance date:

	Note	2024 \$'000	2023 Restated \$'000
<b>Current assets</b>			
Trade receivables	14	42,100	61,984
Receivables from financial services	15	-	14
Derivative financial instruments	16	6,744	8,813
Current tax assets	20	2,755	483
		<b>51,599</b>	<b>71,294</b>
<b>Non-current assets</b>			
Trade receivables		3,637	5,786
Derivative financial instruments		12,352	28,573
		<b>15,989</b>	<b>34,359</b>
<b>Current liabilities</b>			
Trade and other payables	22	30,837	30,661
Interest payables		25,551	23,273
Interest bearing liabilities	23	413,442	1,101,031
Lease liabilities	23	227	193
		<b>470,057</b>	<b>1,155,158</b>

# Mercedes-Benz Financial Services

## Notes to the Consolidated and Company Financial Statements

31 December 2024

(continued)

### 30 Related party disclosures (continued)

#### Related entities (continued)

##### *Balances with entities within the wholly-owned group (continued)*

	Note	2024 \$'000	2023 Restated \$'000
<b>Non-current liabilities</b>			
Interest bearing liabilities	23	783,076	760,635
Lease liabilities		10,295	10,523
Derivative financial instruments		1,566	600
		<b>794,937</b>	<b>771,758</b>

### 31 Events subsequent to balance date

In March 2025, the Board of Directors of the Company approved the issuance of Euro Medium-Term Note in Euro Multilateral Trading Facility (“MTF”) market segment on the Luxembourg Stock Exchange (“LuxSE”). The bond issuance is expected to take place around mid-May 2025, subject to market conditions and regulatory approvals. The proceeds from the issuance will be used for the Company funding purpose.

Other than what is noted above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

### 32 Contingencies

The Directors are not aware of any contingent assets or liabilities requiring disclosure.

### 33 Capital and reserves

#### Issuance of ordinary shares

In 2024 no ordinary shares were issued (in 2023: nil).

#### Ordinary shares

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid.

## Mercedes-Benz Financial Services

### Notes to the Consolidated and Company Financial Statements

**31 December 2024**

(continued)

#### **33 Capital and reserves (continued)**

##### **Hedging revaluation reserve**

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments, net of tax.

##### **Merger reserve**

Merger reserve relates to the difference between the consideration received and net assets of the disposed business when the Company applied book value accounting for common control transactions (refer to note 30).

##### **Dividends**

Dividends totalling \$31,500,000 were declared and paid in the year ended 31 December 2024 (2023: \$37,800,000). Of the total dividend disclosed, \$31,500,000 was a cash distribution to its immediate parent on 27 November 2024.



## Auditor's Independence Declaration

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

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Mercedes-Benz Financial Services Australia Pty Ltd and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Jonathan Gerace'.

Jonathan Gerace  
Partner  
PricewaterhouseCoopers

Melbourne  
30 April 2025



## Independent auditor's report

To the members of Mercedes-Benz Financial Services Australia Pty Ltd

---

### Our opinion

In our opinion:

The accompanying financial report of Mercedes-Benz Financial Services Australia Pty Ltd (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's and Group's financial positions as at 31 December 2024 and of their financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### What we have audited

The financial report comprises:

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

---

### Basis for opinion

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

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

### Independence

We are independent of the Company and the Group 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.

---

### Other information

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



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

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

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

---

### **Responsibilities of the directors for the financial report**

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

In preparing the financial report, the directors are responsible for assessing the ability of the Company and the Group 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 the Group 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/apzlw0y/ar3\\_2024.pdf](https://auasb.gov.au/media/apzlw0y/ar3_2024.pdf). This description forms part of our auditor's report.

The PricewaterhouseCoopers logo, written in a stylized, cursive script.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Jonathan Gerace'.

Jonathan Gerace  
Partner

Melbourne  
30 April 2025



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

---

### Our opinion

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

For the Company, it relates to the requirement that:

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

In our opinion, the accompanying Company financial statements of Mercedes-Benz Financial Services Australia Pty Ltd as at 31 December 2024, identified as MBFSAU\_Annual\_Report\_2024.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.

A stylized, handwritten signature of PricewaterhouseCoopers in dark ink.

PricewaterhouseCoopers

A stylized, handwritten signature of Jonathan Gerace in dark ink.

Jonathan Gerace  
Partner

Melbourne  
15 May 2025