Mercedes-Benz Financial Services

Mercedes-Benz Financial Services Australia Pty Ltd

ABN 73 074 134 517

Annual Financial Report

Year Ended 31 December 2025

Mercedes-Benz Insurance

Mercedes-Benz Financial

Contents

Directors' report for the year ended 31 December 2025

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 2025 and the auditor's report thereon.

1 Directors

The following persons were directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated.

Ilka Fuerstenberger (ex-CEO)	Resigned 31 December 2025
Rafael Pasquet (CFO)	
Ashley Mahoney (COO & Managing Director)	Appointed Director 1 January 2026
Bianca Voegele	Appointed Director 1 January 2026
Homero Gonzalez	Appointed Non-executive Director 1 January 2026

2 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 since 2011 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 Group.

4 Principal activities

The principal activities of the Group during the year ended 31 December 2025 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 Group during the year.

5 Review and results of operations

The Group made a profit after income tax from continuing operations totalling $32.6 million (2024: profit after income tax from continuing operations: $27.2 million) over the reporting period.

Overview of the Group

The Group’s presence in the Australian market continued to assist Mercedes-Benz Australia/Pacific Pty Ltd in achieving higher automotive sales. The automobile finance sector remained highly competitive throughout 2025.

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

Financial performance for the financial year ended 31 December 2025

The year 2025 was characterised by uncertain macroeconomic and political conditions for the global economy and the automotive industry. The Group also faces the challenges by subdued consumer climate in Australia. The Group had a contract volume of $3,650 million at the end of 2025 (2024: $3,930 million), 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 12.8% below the previous year’s level at $1,202 million. Gross revenue has increased by 1.9% 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. The Profit after tax has increased by $5.3 million, mainly due to a higher portfolio margin and cost improvement. Significant uncertainties regarding the current geopolitical conditions, as well as potential unexpected macroeconomic developments, will also persist in 2026.

5 Review and results of operations (continued)

Next Level Performance programme

The automotive industry continued to undergo a period of radical change in 2025. The business model has been challenged by technological transformation, shifting market structures, regulatory frameworks, trade conflicts, and geopolitical tensions. The Mercedes-Benz Group responds to these challenges with maximum flexibility, resilience, and operational consistency. To strengthen competitiveness, reduce costs and secure the long -term success, the Mercedes-Benz Group launched the Next Level Performance ("NLP") programme in 2024. It covers production flexibility (often referred to as "Next Level Production"), significant product offensive, resource optimisation, and cost structure. As part of the NLP programme, the Group has adopted various measures to reduce costs, including selling expenses and general administrative expenses. The increased costs associated with optimisation programs were offset by lower expenses resulting from efficiency measures.

6 Environmental regulation

The Group'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 2025 ordinary dividend	22.61	$26,000	Unfranked	27 November 2025

8 Significant changes in the state of affairs

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

9 Events subsequent to reporting date

In March 2025, the Board of Directors of the Company approved the establishment of a Euro Medium-Term Note ("EMTN") Programme for the purpose of issuing notes to be listed on the Euro Multilateral Trading Facility ("Euro MTF") market segment of the Luxembourg Stock Exchange ("LuxSE"). The initial issuance of notes under the Programme is expected to take place in 2026, subject to prevailing market conditions and the receipt of all necessary regulatory approvals. A new base prospectus will be prepared and approved in connection with such issuance. The proceeds from the issuance are intended to be used for the Group's general funding purposes.

In March 2026, the Company's board approved the renewal of the asset-backed securities ("ABS") warehouse, SAAT 2024-1, effective April 2026, with a reduced facility limit of $0.8 billion (down from $1.2 billion). Management anticipates that the agreement will be executed by the end of April.

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 Group, the results of those operations, or the state of affairs of the Group, in future financial years.

10 Likely developments

Information as to likely developments in the operations of the Group 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 Group.

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 Group

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

No proceedings have been brought or intervened in on behalf of the Company or the 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 50 and forms part of the directors' report for the financial year ended 31 December 2025.

15 Rounding off

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

Signed in accordance with a resolution of the directors:

Rafael Pasquet Director Melbourne, Australia	Bianca Voegele Director Melbourne, Australia
15 April 2026	15 April 2026

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 5 to 49 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 2025 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, Australia

15 April 2026

Bianca Voegele
Director
Melbourne, Australia

15 April 2026

Statements of Financial Position
As at 31 December 2025

	Note	Consolidated and Company 2025 $'000	Consolidated and Company 2024 $'000
Current assets			
Cash and cash equivalents	12	690	685
Trade receivables	13	75,424	52,892
Receivables from financial services	14	1,533,844	1,533,502
Inventory		5,982	8,723
Derivative financial instruments	15	177	6,744
Other assets	16	19,966	19,760
Current tax assets	19	4,129	2,755
Total current assets		1,640,212	1,625,061
Non-current assets			
Trade and other receivables	13	5,664	3,637
Receivables from financial services	14	2,116,079	2,396,670
Property and equipment including right-of-use assets	17	9,377	10,229
Intangible assets	18	10,479	11,928
Derivative financial instruments	15	20,953	12,352
Deferred tax assets (net)	20	13,165	15,526
Total non-current assets		2,175,717	2,450,342
Total assets		3,815,929	4,075,403
Current liabilities			
Trade and other payables	21	29,875	40,357
Interest payable	21	29,331	33,080
Interest-bearing liabilities	22	1,769,017	1,031,962
Employee benefits	24	6,048	7,223
Derivative financial instruments	15	154	-
Total current liabilities		1,834,425	1,112,622
Non-current liabilities			
Interest-bearing liabilities	22	1,690,389	2,684,009
Derivative financial instruments	15	14,206	10,767
Employee benefits	24	484	440
Total non-current liabilities		1,705,079	2,695,216
Total liabilities		3,539,504	3,807,838
Net assets		276,425	267,565
Equity			
Contributed equity	31	115,000	115,000
Retained earnings		210,388	203,800
Hedge revaluation reserve	31	4,844	2,572
Merger reserve		(53,807)	(53,807)
Total equity		276,425	267,565

The Consolidated Statements of Financial Position is to be read in conjunction with the accompanying notes to the consolidated financial statements set out on pages 9 to 49.

Statements of Comprehensive Income
For the year ended 31 December 2025

	Note	Consolidated and Company 2025 $'000	Consolidated and Company 2024 $'000
Interest revenue	5	280,589	279,087
Other income	5	25,772	25,248
Other revenue	5	8,963	5,911
Total revenue		315,324	310,246
Net finance cost	10	(170,816)	(175,480)
Employee expenses	7	(21,282)	(21,260)
Depreciation and amortisation expense	8	(3,689)	(3,574)
Lease expense	8	(6,246)	(4,975)
Net impairment losses on financial assets	8	(17,395)	(23,302)
Commission expense	8	(846)	(936)
Other expenses	8	(48,591)	(41,956)
Total expenses		(268,865)	(271,483)
Profit before income tax		46,459	38,763
Income tax expense	11	(13,871)	(11,519)
Profit from continuing operations		32,588	27,244
Profit for the period		32,588	27,244
Other comprehensive income/(loss)			
Effective portion of changes in fair value of cash flow hedges	10	870	(5,266)
Net change in fair value of cash flow hedges transferred to profit or loss, net of tax	10	2,376	2,990
Income tax on other comprehensive income	10	(974)	683
Other comprehensive income for the period, net of tax		2,272	(1,593)
Total comprehensive income for the period		34,860	25,651
Profit is attributable to:			
Owners of the parent		32,588	27,244
Profit for the period		32,588	27,244
Total comprehensive income attributable to:			
Owners of the parent		34,860	25,651
Total comprehensive income for the period		34,860	25,651

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the accompanying notes to the consolidated financial statements set out on pages 9 to 49.

Statements of Changes in Equity
For the year ended 31 December 2025

	Share capital $'000	Retained earnings $'000	Hedge revaluation reserve $'000	Merger reserve $'000	Total $'000
Consolidated and Company					
Balance at 1 January 2024	115,000	208,056	4,165	(53,807)	273,414
Total comprehensive income for the period					
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)
Dividends to owners of the Company	-	(31,500)	-	-	(31,500)
Balance at 31 December 2024	**115,000**	**203,800**	**2,572**	**(53,807)**	**267,565**
Consolidated and Company	115,000	203,800	2,572	(53,807)	267,565
Balance at 1 January 2025					
Total comprehensive income for the period					
Profit for the period	-	32,588	-	-	32,588
Net change in fair value of cash flow hedges transferred to profit or loss, net of tax	-	-	2,272	-	2,272
Transactions with owners in their capacity as owners:					
Dividends to owners of the Company	-	(26,000)	-	-	(26,000)
Balance at 31 December 2025	**115,000**	**210,388**	**4,844**	**(53,807)**	**276,425**

The Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes to the consolidated financial statements set out on pages 9 to 49.

Statements of Cash Flows
For the year ended 31 December 2025

	Note	Consolidated and Company 2025 $'000	Consolidated and Company 2024 $'000
Cash flows from operating activities			
Net cash inflow from lending and other operating activities		173,058	92,660
Payments made to related parties for prepayment of leases and guaranteed residual value		(88,893)	(48,875)
Receipts from related parties for the guaranteed residual value		72,897	49,365
Interest received		320,203	321,679
Interest paid		(173,006)	(164,651)
Income taxes paid		(14,055)	(16,075)
Net cash inflow from operating activities	25	290,204	234,103
Cash flows from investing activities			
Payments for plant and equipment		(1,756)	(2,030)
Proceeds from sale of plant and equipment		365	516
Net cash (used in) investing activities		(1,391)	(1,514)
Cash flows from financing activities			
Proceeds from borrowings		8,232,717	6,971,126
Repayment of borrowings		(8,495,299)	(7,171,385)
Payments for lease liabilities		(226)	(194)
Dividends paid to company's shareholders		(26,000)	(31,500)
Net cash (used in) financing activities		(288,808)	(231,953)
Net (decrease)/increase in cash and cash equivalents		5	636
Cash and cash equivalents at beginning of the period		685	49
Cash and cash equivalents at end of period	12	690	685

The Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes to the consolidated financial statements set out on pages 9 to 49.

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 2025 comprise 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 15 April 2026.

The Company and its controlled entities are 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.

The net current deficiency at 31 December 2025 is mainly due to the more short-term borrowings during 2025. Based on the forecast cash flows, the Group believes it can pay all its debts as and when they fall due for at least a minimum period of 12 months from the date of these accounts. The Group has headroom in its unutilised bank facility of $1,568 million as at 31 December 2025.

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.

2 Basis of Preparation (continued)

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with AAS 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 amounts 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 2025. During 2024, Silver Arrow Australia Trust 2024-1 ("SAAT 2024-1") was created for investment purposes as outlined above and remains active as at 31 December 2025. The controlled entities under the Company as at 31 December 2025 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.

(f) New standards and interpretations not yet adopted

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for 31 December 2025 reporting periods and have not been early adopted by the Group. The Group’s assessment of the impact of these new standards and interpretations is set out below.

2 Basis of Preparation (continued)

(f) New standards and interpretations not yet adopted (continued)

(i) AASB 2024-2 Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments [AASB 7 & AASB 9] (effective for annual periods beginning on or after 1 January 2026)

On 29 July 2024, the AASB issued targeted amendments to AASB 9 and AASB 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:
• clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
• clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
• add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
• update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The Group does not expect these amendments to have a material impact on its operations or financial statements.

(ii) AASB 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)

AASB 18 will replace *AASB 101 Presentation of Financial Statements*, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though AASB 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group’s financial statements. The Group will apply the new standard from its mandatory effective date of 1 January 2027. Earlier application is permitted but not planned by the Group. The Group will analyse, in particular, the effects of AASB 18 on the structure of the Consolidated Income Statement and the Consolidated Statement of Cash Flows, as well as the necessity and scope of the additionally required disclosures and the need for amended aggregation or disaggregation of items. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with AASB 18.

3 Statement of material accounting policies

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

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 Group's ultimate parent entity, Mercedes-Benz Group AG, uses derivative financial instruments to hedge the Group's exposure to changes in interest rate risks arising from the funding of operational and financing activities. In accordance with Mercedes-Benz Group treasury policy, the Group 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 Group 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.

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.

3 Statement of material accounting policies (continued)

(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 designated 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(j)).

Leased assets

Since January 1, 2019 the Group 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 Group, is based on risk adjusted interest rates and determined for the respective lease terms and currencies.

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

3 Statement of material accounting policies (continued)

(e) Property, plant and equipment (continued)

Leased assets (continued)

Extension and termination options are part of a number of leases particularly of real estate. Such contract terms offer the Group 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 Group 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 Group 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:

	2025	2024
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.

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 Group are recognised as intangible assets where 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:

3 Statement of material accounting policies (continued)

(f) Intangible assets (continued)

Software (continued)

	2025	2024
IT software and licences	**20%**	20%

(g) 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.

Receivables from financial services are stated at amortised cost using the effective interest rate method less any impairment (refer Note 3(j)). 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
Receivables from financial services are recognised on transaction settlement date, which is the date the Company becomes party to an irrevocable financing arrangement. Receivables 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.

Receivables 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 *AASB 9 Financial Instruments* and are therefore recognised on the Group'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.

(h) 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 Group 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 Group in future years.

(i) 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.

3 Statement of material accounting policies (continued)

(j) 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 Group 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).

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.

3 Statement of material accounting policies (continued)

(j) Impairment (continued)

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.

(k) 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.

(l) 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 24).

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.

3 Statement of material accounting policies (continued)

(l) Employee benefits (continued)

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred (refer Note 24).

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 2025 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 2025 (refer Notes 7 and 24).

(m) 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.

(n) 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 Group 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.

(o) 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 *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 over the contract term on a straight-line basis.

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.

3 Statement of material accounting policies (continued)

(p) 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 consolidated statement of comprehensive income (refer Note 10).

(q) 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 and its controlled entities are 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 Group’s balance sheet and their tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the Group 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 Group as an equity contribution or distribution.

3 Statement of material accounting policies (continued)

(q) Taxation (continued)

Tax Consolidation (continued)

The Group 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 Group 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 Group, 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 Group 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 Group, 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.

(r) 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.

(s) 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.

(t) 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.

3 Statement of material accounting policies (continued)

(u) Segment reporting

Determination and presentation of operating segments

An operating segment is a component of the Group 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 Group's other components. All operating segments' operating results are regularly reviewed by the Group'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.

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(j) 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 2025.

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 Group'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:

- Note 15 Derivative financial instruments, Note 21 Trade and other payables, Note 22 Interest bearing liabilities and Note 23 Financial instruments - 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.

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.

5 Revenue

	2025 $'000	2024 $'000
Interest:		
- Related parties	46	31
- Other parties	309,087	312,783
Fee expense (effective interest method)	(39,614)	(42,592)
	269,519	270,222
Operating lease income:		
- Related parties	4,123	4,451
- Other parties	6,947	4,414
Total revenue from continuing operations	280,589	279,087
Insurance brokerage income	13,294	13,218
Other contract and fee income	12,478	12,030
Total other income from continuing operations	25,772	25,248
Prior year recoveries:		
- Other parties	4,991	4,114
Revenue from other ordinary activities:		
- Related parties	1,516	1,247
- Other parties	2,456	550
Total revenue from other ordinary activities	8,963	5,911
Total revenue	315,324	310,246

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 Group's activities are regularly reviewed by the Group's chief operating decision makers as a separate operating segment. The Group supports the sales of the Mercedes-Benz automotive brands in Australia. By these criteria, the activities of the Group 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 Group as a whole. The chief operating decision makers (Chief Executive Officer, Chief Operations Officer and Chief Financial Officer) review the consolidated income statement and consolidated balance sheet regularly to make decisions about the Group's resources and to assess overall performance.

7 Employee expenses

	2025 $'000	2024 $'000
Wages and salaries	16,533	17,550
Compulsory superannuation contributions	2,104	1,759
Cash settled share-based payments transactions	262	152
Increase in liability for annual leave	1,052	1,170
Increase in liability for long service leave	342	338
Other employee expenses	989	291
	21,282	21,260

8 Expenses

	2025 $'000	2024 $'000
Depreciation of plant and equipment	3,689	3,574
Lease expense		
- Related parties	3,983	3,518
- Other parties	2,263	1,457
Net impairment losses on financial assets		
- Net expense / (reversal) for movements to provision for bad debts	(6,145)	2,590
- Bad debts written off	23,540	20,712
Commission expense	846	936
Other expenses		
- Net loss on assets disposed	329	327
- General administration costs	27,273	24,112
- Other	20,989	17,517
	76,767	74,743

9 Auditor's remuneration

	2025 $	2024 $
Audit services		
Auditors of the Group - PwC Australia		
Audit of financial statements	323,519	255,000
Other regulatory audit service - Australian Financial Services License and APRA	40,095	35,000
	363,614	290,000
Other assurance services		
Auditors of the Group - PwC Australia		
Other assurance services	-	60,000
	-	60,000

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.

10 Net finance costs

Recognised in profit or loss	2025 $'000	2024 $'000
- Related parties	(82,715)	(34,456)
- Other parties	(89,652)	(145,133)
Net fair value gain/(loss) on derivative financial instruments	1,551	4,109
Net finance costs	(170,816)	(175,480)

	Note	2025 $'000	2024 $'000
Recognised in other comprehensive income			
Effective portion of changes in fair value of cash flow hedges		870	(5,266)
Net change in fair value of cash flow hedges transferred to profit or loss, net of tax		2,376	2,990
Income tax on other comprehensive income		(974)	683
Finance expenses recognised in other comprehensive income, net of tax		2,272	(1,593)

11 Income tax (expense)/benefit

	2025 $'000	2024 $'000
Current tax (expense)		
Current year	(12,402)	(13,813)
Adjustments for prior years	(636)	9
	(13,038)	(13,804)
Deferred tax (expense)		
Origination and reversal of temporary differences	(833)	2,285
Total income tax (expense) in income statement	(13,871)	(11,519)
Numerical reconciliation between tax (expense) and pre-tax net profit		
Profit before tax	46,459	38,763
Profit from continuing operations before income tax	46,459	38,763
Income tax expense using the Group's domestic tax rate of 30% (2024 - 30%)	(13,938)	(11,629)
Increase in income tax expense due to:		
- Non-deductible expenses	(17)	(4)
- Prior year income tax expense adjustment	(636)	9
Decrease in income tax expense due to:		
- Prior year deferred tax adjustment	720	105
Income tax (expense) on pre-tax net profit	(13,871)	(11,519)
Deferred tax recognised in other comprehensive income		
Relating to change in fair value of derivatives	(974)	683
	(974)	683

12 Cash and cash equivalents

	Note	2025 $'000	2024 $'000
Cash and cash equivalents	23	690	685
		690	685

13 Trade and other receivables

	Note	2025 $'000	2024 $'000
Receivables due from related entities	28	65,356	42,100
Trade and other receivables		10,068	10,792
Total current trade and other receivables		75,424	52,892

13 Trade and other receivables (continued)

Receivables due from related entities	5,664	3,637
Total non-current trade and other receivables	5,664	3,637

Trade receivables primarily consist of customer premiums due from the activities of the insurance brokerage business, and lease receivables due from customers on operating lease contracts, net of provision for repossessed vehicles, and residual value guarantees receivable from Mercedes-Benz Australia/Pacific Pty Ltd. The total residual value guaranteed by Mercedes-Benz Australia/Pacific Pty Ltd is amounting to $57,172,945 (2024: $42,732,805).

14 Receivables from financial services

	Note	2025 $'000	2024 $'000
Current			
Receivables from financial services - Retail		1,129,586	1,180,489
Unearned income		(130,814)	(137,612)
Gross carrying amount		998,772	1,042,877
Allowance for doubtful debts		(10,009)	(11,581)
Net carrying amount		988,763	1,031,296
Receivables from financial services - Wholesale			
- Other parties		545,870	502,679
Gross carrying amount		545,870	502,679
Allowance for doubtful debts		(789)	(473)
Net carrying amount		545,081	502,206
Total current receivables from financial services		1,533,844	1,533,502
Non-current			
Receivables from financial services - Retail		2,408,429	2,731,656
Unearned income		(274,927)	(313,486)
Gross carrying amount		2,133,502	2,418,170
Allowance for doubtful debts		(17,423)	(21,500)
Net carrying amount		2,116,079	2,396,670
Total receivables from financial services		3,649,923	3,930,172

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 2025 is 7.19% (2024: 6.58%).

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

14 Receivables from financial services (continued)

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.

As at the end of the reporting period, the carrying amount of transferred assets held by the securitisation trusts was $1,928,102,000 (2024: $1,928,101,000).

Loss allowance

The development of loss allowances for receivables from financial services due to expected credit losses at 31 December 2025 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 beginning of the reporting period	(7,434)	(11,924)	(14,196)	(33,554)
Additions	(1,140)	(4,366)	(1,490)	(6,996)
Change in remeasurement	3,989	(2,534)	(6,317)	(4,862)
Utilisation	72	976	5,575	6,623
Reversals	4,280	2,474	3,812	10,566
Transfer to Stage 1	(6,889)	5,664	1,227	2
Transfer to Stage 2	318	(1,108)	790	-
Transfer to Stage 3	60	523	(583)	-
Balance as 31 December according to AASB 9	(6,744)	(10,295)	(11,182)	(28,221)

Changes in the allowance for doubtful debts for receivables from financial services at 31 December 2024 under AASB 9 are shown as follows.

	$'000	$'000	$'000	$'000
Balance at beginning of the reporting period	(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)

14 Receivables from financial services (continued)

The Group’s exposure to credit risk is disclosed in Note 23.

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:

	2025 $'000	2024 $'000
Contractual future lease payment	61,896	67,755
Thereof due:		
- Within one year	41,120	44,186
- Between one and two years	16,205	15,730
- Between two and three years	2,184	5,523
- Between three and four years	1,541	1,002
- Between four and five years	836	725
- Later than five years	10	589
Gross investment	61,896	67,755
Gross investment	61,896	67,755
Unearned finance lease	(6,403)	(7,059)
Gross carrying amount	55,493	60,696
Gross carrying amount	55,493	60,696
Loss allowance	(169)	(267)
Net carrying amount (included in Receivables from financial services - Retail)	55,324	60,429

15 Derivative financial instruments

	2025 $'000	2024 $'000
Current assets		
Interest rate swaps - cash flow hedge	177	6,744
	177	6,744
Non-current assets		
Interest rate swaps - cash flow hedge	20,953	3,610
Interest rate swaps contracts - no hedge accounting	-	8,742
	20,953	12,352
Current liabilities		
Interest rate swap contracts - fair value hedges	154	-
	154	-

15 Derivative financial instruments (continued)

	2025 $'000	2024 $'000
Non-current liabilities		
Interest rate swap contracts - cash flow hedges	317	1,566
Interest rate swap contracts - no hedge accounting	13,889	9,201
	14,206	10,767

	2025 $'000	2024 $'000
Current assets		
Related parties	177	6,744
Total current assets	177	6,744
Non-current assets		
Related parties	7,183	12,352
Other parties	13,770	-
Total non-current assets	20,953	12,352
Current liabilities		
Related parties	154	-
Total current liabilities	154	-
Non-current liabilities		
Related parties	14,206	1,566
Other parties	-	9,201
Total non-current liabilities	14,206	10,767

The Group’s exposure to credit, liquidity and market risks and a sensitivity analysis for financial assets and liabilities is disclosed in Note 23.

16 Other assets

	2025 $'000	2024 $'000
General Reserve	17,334	17,166
Prepayments	2,632	2,594
	19,966	19,760

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 2025.

17 Property and equipment including right-of-use asset

Property and equipment including right-of-use asset as shown in the Consolidated Statement of Financial Position with a carrying amount of $9.4 million (2024: $10.2 million) is made up of $0.1 million (2024: $0.3 million) of property, plant and equipment and $9.3 million of right-of-use assets (2024: $9.9m) that the Group received as lessee. The right-of-use asset is shown below.

Right-of-use assets - leased office	2025 $'000	2024 $'000
Cost		
Balance at beginning of year	10,816	10,816
Balance at end of year	10,816	10,816
Accumulated depreciation		
Balance at beginning of year	(952)	(351)
Depreciation expense	(601)	(601)
Balance at end of year	(1,553)	(952)
Carrying amount at beginning of year	9,864	10,465
Carrying amount at end of year	9,263	9,864

18 Intangible assets

	2025 $'000	2024 $'000
Software		
Cost		
Balance at beginning of year	30,449	24,553
Additions	2,489	6,632
Disposals	(173)	(736)
Balance at end of year	32,765	30,449
Accumulated depreciation		
Balance at beginning of year	(19,438)	(17,295)
Depreciation expense	(3,033)	(2,839)
Disposals	8	696
Balance at end of year	(22,463)	(19,438)
Software - Projects in Progress balance at beginning of year	874	5,483
Software - Projects in Progress movement	(740)	(4,609)
Balance at end of year	134	874
Other intangible assets		
Other intangible assets balance at beginning of year	43	43
Other intangible assets movement	-	-
Balance at end of year	43	43
Carrying amount at beginning of year	11,928	12,784
Carrying amount at end of year	10,479	11,928

18 Intangible assets (continued)

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

19 Current tax assets and liabilities

The current tax assets (or liabilities) are recognised as amounts receivable (or payable to) from the head entity in the tax-consolidated group in conjunction with any tax funding arrangement amounts.

	2025 $'000	2024 $'000
Income tax (receivable)/payable attributable to:		
Related party	12,402	13,813
Less instalments paid	(16,531)	(16,568)
Net current tax (assets)/liabilities	(4,129)	(2,755)

20 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

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

	2025 $'000	2024 $'000
Allowance for bad debts	8,466	10,066
Derivatives	10,087	7,221
Employee benefits	1,960	2,299
Other / Accruals	1,905	2,651
Total deferred tax assets	22,418	22,237

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

	2025 $'000	2024 $'000
Derivatives	(8,415)	(5,756)
Property, Plant & Equipment	(3)	(14)
Capitalised Commissions	(835)	(941)
Total deferred tax liabilities	(9,253)	(6,711)

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 Group which is a member of the tax consolidated group.

Under the tax funding arrangement the Group and the head entity recognise an inter-entity payable or receivable equal in amount to the current tax liability or asset assumed.

20 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 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)
	12,668	2,175	683	15,526

	Balance at 1 January 2025 $'000	Recognised in income $'000	Recognised in equity $'000	Balance at 31 December 2025 $'000
Allowance for bad debts	10,066	(1,600)	-	8,466
Derivatives	1,465	1,181	(974)	1,672
Employee Benefit Provisions	2,299	(339)	-	1,960
Other / Accruals	2,651	(746)	-	1,905
Property, Plant & Equipment	(14)	11	-	(3)
Capitalised Commissions	(941)	106	-	(835)
	15,526	(1,387)	(974)	13,165

21 Trade and other payables

	Note	**2025 $'000**	2024 $'000
Trade payables			
Trade creditors		**3,516**	6,305
Other creditors & accruals		**2,148**	3,215
Amounts due to related parties:			
- Purchase of vehicles used in wholesale financing	28	**24,211**	30,837
		29,875	40,357
Interest payable			
- Related parties	28	**25,974**	25,551
- Other parties		**3,357**	7,529
Total interest payable		**29,331**	33,080

22 Interest bearing liabilities

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

	Note	Consolidated 2025 $'000	Consolidated 2024 $'000	Company 2025 $'000	Company 2024 $'000
Current					
Loans from external parties		634,912	618,293	235,664	618,293
Loans from related parties	28	1,133,840	413,442	1,133,840	413,442
Lease liabilities		265	227	265	227
		1,769,017	1,031,962	1,369,769	1,031,962
Non-current					
Loans from external parties		1,300,752	1,890,638	-	190,638
Loans from related parties	28	379,606	783,076	2,079,606	2,483,076
Lease liabilities		10,031	10,295	10,031	10,295
		1,690,389	2,684,009	2,089,637	2,684,009

This note provides information about the contractual terms of the Group's and the Company's interest-bearing loans and borrowings. For more information about the Group's exposure to liquidity and interest rate risk, and sensitivity analysis, please refer to Note 23.

This note also includes the adjustment to the carrying value on the hedged item designated as a fair value hedge.

The Group and the Company have access to the following lines of credit:

	Note	Consolidated 2025 $'000	Consolidated 2024 $'000	Company 2025 $'000	Company 2024 $'000
Total facilities available					
Loans from external parties		3,503,671	3,758,671	1,803,671	2,058,671
Loans from related parties		1,523,742	1,207,040	3,223,742	2,907,040
		5,027,413	4,965,711	5,027,413	4,965,711

	Note	Consolidated 2025 $'000	Consolidated 2024 $'000	Company 2025 $'000	Company 2024 $'000
Facilities utilised at balance date					
Loans from external parties		1,935,664	2,508,931	235,664	808,931
Loans from related parties	23	1,523,742	1,207,040	3,223,742	2,907,040
		3,459,406	3,715,971	3,459,406	3,715,971

22 Interest bearing liabilities (continued)

	Consolidated 2025 $'000	Consolidated 2024 $'000	**Company 2025 $'000**	Company 2024 $'000
Facilities not utilised at balance date (uncommitted)				
Loans from external parties	**1,568,007**	1,249,740	**1,568,007**	1,249,740
Loans from related parties	**-**	-	**-**	-
	1,568,007	1,249,740	**1,568,007**	1,249,740

Bank overdraft

For the purposes of the financial statements, overdrawn individual bank balances are separately disclosed within interest bearing liabilities. The Group did not have this overdraft facility as at the end of the financial year 2025 and 2024.

Loans from related parties

Mercedes-Benz Australia/Pacific Pty Ltd, Mercedes-Benz Capital Investments B.V. ("MBCI"), and Mercedes-Benz International Finance B.V. ("MBIF"), which are related parties, facilitate borrowings for the Group. MBCI and MBIF are incorporated in Netherlands, which are 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) (2024: $1,700 million). The Company holds the notes balance of the securitisation trusts of $245 million (2024: $245 million). Receivables from financial services amounting to $1,928 million as at 31 December 2025 (2024: $1,928 million) are pledged as collateral for the senior notes under securitisation. The Group did not have any covenants to comply with during the reporting period. As referenced in Note 29, in March 2026, the Company's board approved the renewal of the ABS warehouse SAAT 2024-1, effective April 2026, with a reduced facility limit of $0.8 billion (from $1.2 billion).

In May 2025, the Company has become a listed issuer of Euro Medium-Term Note ("EMTN") in Euro Multilateral Trading Facility (“MTF”) market segment on the Luxembourg Stock Exchange (“LuxSE”). The Company did not issue any EMTN as at 31 December 2025.

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.

22 Interest bearing liabilities (continued)

Terms and repayment schedule

	Currency	Nominal interest rate %	Year of Maturity	**2025 Carrying amount $'000**	2024 Carrying amount $'000
Secured notes issued	AUD	BBSW + 0.64% to 0.94%	2033-2034	**1,700,000**	1,700,000
Unsecured bank loan	AUD	2.81 - 5.84	2025	**-**	578,931
Unsecured bank loan	AUD	5.34 - 5.98	2026	**235,664**	230,000
Loans from affiliate	AUD	4.70 - 5.81	2025	**-**	312,816
Loans from affiliate	AUD	4.00 - 5.81	2026	**1,133,840**	583,813
Loans from affiliate	AUD	4.29 - 4.95	2027	**279,606**	199,263
Loans from affiliate	AUD	4.75	2028	**100,000**	-
Loans from affiliate	EUR	0.12	2025	**-**	100,626
Lease liabilities	AUD	4.94	2041	**10,296**	10,522
Total interest bearing liabilities				**3,459,406**	3,715,971

23 Financial instruments

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

Interest Rate Risk

Interest rate risk for the Group 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.

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 Group uses derivative financial instruments. The only derivative financial instrument currently in use is interest rate swaps.

Interest rate swaps

Interest rate swaps allow the Group 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 2025 the fixed rates varied between 3.27% and 5.25% (2024: 0.10% and 5.25%). Floating rates were at bank bill swap rates ("BBSW") plus the Group's credit margin. The weighted average effective floating interest rate at 31 December 2025 was 4.31% (2024: 5.07%).

23 Financial instruments (continued)

Interest Rate Risk (continued)

Interest rate swaps (continued)

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:

	2025	2024
Interest rate swaps	**$'000**	$'000
Notional amount (current and non-current assets)	**785,000**	1,359,200
Maturity date	**2026-2028**	2025-2028
Hedge ratio	**1:1**	1:1
Weighted average hedged rate for the year	**4.31 %**	5.07%

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 Group. The only material market risk concerning the Group is interest rate risk.

When the value-at-risk of the Group's portfolio of financial instruments is calculated, first the current fair value of these financial instruments is computed. Then the sensitivity of the Group'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 Group'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 2025 and 2024 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
Interest rate risk				
2025	**45,052**	**45,052**	**22,340**	**29,848**
2024	77,228	77,228	18,235	48,640

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

	2025 $'000	2024 $'000
Loss / (gain) on fair value hedges (i)	**-**	-
Ineffective portion of cash flow hedges (ii)	**(2,376)**	(2,990)
	(2,376)	(2,990)

23 Financial instruments (continued)

Interest Rate Risk (continued)

Sensitivity analysis (continued)

(i) The re-measurement of the borrowings in the fair values resulted in nil gain or loss before tax in reporting period (2024: nil). The change in fair value of the associated derivative financial instruments resulted in nil gain or loss before tax in reporting period (2024: nil).

(ii) The ineffective portion in cash flow hedges has been disclosed in profit or loss for gain of $2,376,365 (2024: gain of $2,990,376).

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

	Note	2025 $'000	2024 $'000
Fixed rate instruments			
Financial assets			
- Receivables from financial services - Retail	14	3,104,842	3,427,966
Financial liabilities		(1,194,096)	(1,768,702)
		1,910,746	1,659,264
Variable rate instruments			
Financial assets			
- Cash and cash equivalents	12	690	685
- Receivables from financial services - Wholesale	14	545,081	502,206
Financial liabilities		(2,255,013)	(1,936,748)
		(1,709,242)	(1,433,857)

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 Group 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 Group's most significant external retail customer accounts for $37.4 million of the receivables from financial services before allowance for doubtful debts (2024: $48.1 million).

The Group's most significant external wholesale customer accounts for $170.7 million of the receivables from financial services carrying amount before allowance for doubtful debts (2024: $161.8 million).

23 Financial instruments (continued)

Credit risk (continued)

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 Group 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 2025 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 Group 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 allocate to Stage 1 of the impairment model, which in 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 Group, 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 Group 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 Group 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.

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 Group’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.

23 Financial instruments (continued)

Credit risk (continued)

Maximum credit exposure (continued)

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

	2025 $'000	2024 $'000
Receivables from financial services	3,649,923	3,930,172
Trade receivables	81,088	56,529
Cash and cash equivalents	690	685
Interest rate swaps	21,130	19,096
	3,752,831	4,006,482

The Group’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:

	2025 $'000	2024 $'000
Wholesale	545,081	502,206
Retail	3,185,930	3,484,495
	3,731,011	3,986,701

Impairment losses

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

	2025		2024	
	Gross $'000	Impairment $'000	Gross $'000	Impairment $'000
Not past due	2,796,694	(15,662)	3,113,747	(20,240)
Individually impaired	831,883	(1,043)	752,640	(1,395)
Past due 0-30 days	57,124	(852)	62,935	(1,511)
Past due 31-60 days	31,910	(2,828)	56,119	(2,442)
Past due 61-90 days	18,883	(2,603)	14,087	(2,238)
Past due 91 - 180 days	14,752	(3,263)	12,219	(3,113)
Past due > 180 days	7,986	(1,970)	8,508	(2,615)
	3,759,232	(28,221)	4,020,255	(33,554)

The Group 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.

23 Financial instruments (continued)

Credit risk (continued)

Impairment losses (continued)

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(j)). 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 14.

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(j)). 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.

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

	2025 **$'000**	2024 $'000
Repossessed vehicles	**5,565**	6,597

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.

Liquidity risk

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

The Group'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.

23 Financial instruments (continued)

Liquidity risk (continued)

Immediate cash management is handled through daily requirement analyses. The Group 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 Group utilises a related party overnight borrowing facility. Conversely, where surplus funds are held, the Group 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 Group 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 Group 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 Group 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 Group'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.

2025	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
Non derivative financial liabilities					
Loans from related parties	(1,513,445)	(1,133,840)	(279,606)	(100,000)	-
Loans from external parties	(1,931,309)	(630,557)	(607,508)	(539,665)	(153,579)
Trade and other payables	(51,524)	(51,524)	-	-	-
Interest payable	(29,514)	(29,514)	-	-	-
Lease liabilities	(10,295)	(773)	(800)	(828)	(7,894)
	(3,536,087)	(1,846,208)	(887,914)	(640,493)	(161,473)
Derivative financial assets					
Interest rate swaps - cash flow hedges	21,130	177	3,023	4,159	13,771
Derivative financial liabilities					
Interest rate swap – cash flow hedges	(471)	(154)	(112)	(205)	-
Interest rate swap – no hedge accounting	(13,888)	-	-	-	(13,888)
	(14,359)	(154)	(112)	(205)	(13,888)

23 Financial instruments (continued)

Liquidity risk (continued)

2024	Contractual expected cash flows $'000	1 year or less $'000	1 to 2 years $'000	2-3 years $'000	More than 3 years $'000
Non derivative financial liabilities					
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)
	(3,785,478)	(1,101,988)	(1,402,850)	(799,448)	(481,191)
Derivative financial assets					
Interest rate swaps - cash flow hedges	8,742	-	-	-	8,742
Interest rate swap - no hedge accounting	10,354	6,744	499	708	2,403
	19,096	6,744	499	708	11,145
Derivative financial liabilities					
Interest rate swap – cash flow hedges	(1,566)	-	(264)	(572)	(730)
Interest rate swap – no hedge accounting	(9,201)	-	-	-	(9,201)
	(10,767)	-	(264)	(572)	(9,931)

Fair values

Net fair values of financial assets and liabilities are determined by the Group 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 Group 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. The fair value of receivables 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 receivables 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 2025 and 31 December 2024. 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 2025, derivative financial liabilities of $14,359,648 (2024: $10,645,217) and derivative financial assets of $20,994,978 (2024: $19,095,949) 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).

23 Financial instruments (continued)

Fair value hierarchy (continued)

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

Interest rates used for determining fair value

The Group uses the government borrowing yield curve as of 31 December 2025 plus an adequate constant credit spread to discount financial instruments. The interest rates used are as follows:

	2025	2024
Derivatives	3.27% - 5.25%	0.10% - 5.25%
Loans and borrowings	3.54% - 4.86%	3.79% - 4.42%
Receivables from financial services	7.19 %	6.58%

Capital management

Net assets and value added represent the basis for capital management. The Group'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.

24 Employee benefits

	2025 $'000	2024 $'000
Current		
Share-based payment transactions	206	250
Provision for employee benefits	5,842	6,973
	6,048	7,223
Non-current		
Share-based payment transactions	268	264
Provision for employee benefits	216	176
	484	440

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

	2025	2024
Assumed rate of increase in wage and salary rates	3.80 %	2.80%
Discount rate	4.38 %	4.07%

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.

24 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 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). In 2025 the Company recognised an addition to the employee entitlement for Performance Phantom Share Plans in the income statement of $262,003 (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 2024 and 2025 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 2025 was 11,579 (2024: 14,448).

25 Notes to the statement of cash flows

	2025 $'000	2024 $'000
Profit for the period	**32,588**	27,244
Adjustments for		
Depreciation and amortisation expense	**3,689**	3,574
Loss on sale of property, plant and equipment	**329**	327
Bad debts written off	**23,540**	20,712
Net expense for movements to provision for doubtful debts	**(6,145)**	2,590
Lease payment	**6,246**	4,975
Operating profit before changes in working capital	**60,247**	59,422
(Increase) / decrease in receivables from financial services	**262,525**	170,986
(Increase) / decrease in trade receivables	**(24,559)**	19,249
(Increase) / decrease in inventory	**2,741**	(4,219)
(Increase) / decrease in other assets	**(1,580)**	(5,267)
(Increase) / decrease in derivative financial instruments	**2,361**	7,264
(Increase) / decrease in deferred tax assets (net)	**1,559**	(2,858)
Increase / (decrease) in employee entitlements	**(1,131)**	(1,276)
Increase / (decrease) in trade and other payables	**(10,482)**	(11,170)
Increase / (decrease) in interest payables	**(3,749)**	3,565
Unrealised gain / (loss) on derivatives	**2,272**	(1,593)
Net cash (used in)/ from operating activities	**290,204**	234,103

25 Notes to the statement of cash flows (continued)

Cash provided by financing activities
Cash provided by financing activities includes cash flows from hedging the currency risks of financial liabilities. In 2025, cash provided by financing activities included payments for the reduction of outstanding leasing liabilities of $0.1 million (2024: $0.5 million). The below table includes changes in liabilities arising from financing activities.

Change in liabilities arising from financing activities 2025	**Interest bearing liabilities $'000**	**Derivatives $'000**
Proceeds from borrowings	8,232,717	-
Repayment for borrowings	(8,495,299)	-
Repayment for lease liabilities	(226)	-
Settlement of derivatives	-	(1,559)
	(262,808)	(1,559)

Change in liabilities arising from financing activities 2024	Interest bearing liabilities $'000	Derivatives $'000
Proceeds from borrowings	6,852,507	-
Repayment for borrowings	(7,041,130)	-
Payment for lease liabilities	(194)	-
Settlement of derivatives	-	(7,264)
	(188,817)	(7,264)

26 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.

27 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 24 for details on the superannuation plan).

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

	2025 $'000	2024 $'000
Short-term employee benefits	3,473	3,544
Other long-term benefits	15	15
Termination benefits	-	-
Post-employment benefits	162	193
Share-based payments*	321	639
	3,971	4,391

27 Key management personnel (continued)

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, 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

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

28 Related party disclosures

The names of each person holding the position of director of the Company during the year ended 31 December 2025 are Ilka Fuerstenberger and Rafael Pasquet.

Details of directors' remuneration payments are included in Note 27.

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 2025 (2024: $71,102,000).

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 Company holds Class B notes of $157,000,000 as at 31 December 2025 (2024: $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 is a related party of the Group, which parent company is an associated company of the Company's ultimate parent company, Mercedes-Benz AG. 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 22.

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 21. The carrying amount for the financial assets is disclosed in Note 15.

28 Related party disclosures (continued)

Related entities (continued)

The Company paid commissions to Mercedes-Benz Australia/Pacific Pty Ltd totalling $1,984,936 (2024: $1,230,514) 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 $57,172,945 (2024: $42,732,805). The balance is disclosed as part of Trade and other receivables in Note 13.

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	2025 $'000	2024 $'000
Current assets			
Trade receivables	13	65,356	42,100
Derivative financial instruments	15	177	6,744
Current tax assets	19	4,129	2,755
		69,662	51,599
Non-current assets			
Trade receivables	13	5,664	3,637
Derivative financial instruments	15	7,183	12,352
		12,847	15,989
Current liabilities			
Trade and other payables	21	24,211	30,837
Interest payables		25,974	25,551
Interest bearing liabilities	22	1,133,840	413,442
Lease liabilities	22	265	227
Derivative financial instruments	15	154	-
		1,184,444	470,057
Non-current liabilities			
Interest bearing liabilities	22	379,606	783,076
Lease liabilities	22	10,031	10,295
Derivative financial instruments	15	14,206	1,566
		403,843	794,937

29 Events subsequent to balance date

In March 2025, the Board of Directors of the Company approved the establishment of a Euro Medium-Term Note ("EMTN") Programme for the purpose of issuing notes to be listed on the Euro Multilateral Trading Facility ("Euro MTF") market segment of the Luxembourg Stock Exchange ("LuxSE"). The initial issuance of notes under the Programme is expected to take place in 2026, subject to prevailing market conditions and the receipt of all necessary regulatory approvals. A new base prospectus will be prepared and approved in connection with such issuance. The proceeds from the issuance are intended to be used for the Company's general funding purposes.

In March 2026, the Company's board approved the renewal of the asset-backed securities ("ABS") warehouse, SAAT 2024-1, effective April 2026, with a reduced facility limit of $0.8 billion (down from $1.2 billion). Management anticipates that the agreement will be executed by the end of April.

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 Group, in future financial years.

30 Contingencies

On 15 May 2025, the Australian Transaction Reports and Analysis Centre ("AUSTRAC") issued a direction to the Company pursuant to the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth)* (AML/CTF Act), requiring the Company to appoint an external auditor to assess the Company's compliance with its obligations under the *AML/CTF Act and the Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (Cth)*. Based on management's assessment as at the reporting date, the Company is not aware of any matters arising in connection with this direction that would be material to the financial statements or that would require the recognition or the disclosure of a provision of a contingent liability according to the applicable accounting standards. The Company continues to cooperate with AUSTRAC as we progress the matter.

Other than above, the Directors are not aware of any contingent assets or liabilities requiring disclosure.

31 Capital and reserves

Issuance of ordinary shares

In 2025 no ordinary shares were issued (2024: 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.

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).

31 Capital and reserves (continued)

Dividends

Dividends totalling $26,000,000 were declared and paid in the year ended 31 December 2025 (2024: $31,500,000). Of the total dividend disclosed, $26,000,000 was a cash distribution to its immediate parent on 27 November 2025.

Auditor's Independence Declaration

As lead auditor of Mercedes-Benz Financial Services Australia Pty Ltd's financial report for the year ended 31 December 2025, I declare that, to the best of my knowledge and belief, there have been:

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

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

Jonathan Gerace
Partner
PricewaterhouseCoopers

Melbourne
15 April 2026

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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 2025 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 2025;
- 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 declaration of the directors.

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Basis for opinion

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

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

Independence

We are independent of the Company 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 2025, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial report

The directors 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/apzlwn0y/ar3_2024.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

PricewaterhouseCoopers

Jonathan Gerace
Partner

Melbourne
15 April 2026

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

Our opinion

We have checked the compliance of the accompanying financial statements of the Company as at 31 December 2025 with the relevant requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation") that are applicable to the accompanying financial statements of the Company. For the Company, it relates to the requirement that:

- the accompanying 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 2025, identified as MBFSAu_ESEF-2025-12-31-0-en.xhtml, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Responsibilities of the directors

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

Auditor's responsibilities

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

PricewaterhouseCoopers

PricewaterhouseCoopers

Jonathan Gerace	Melbourne
Partner	21 April 2026