

Mercedes-Benz Australia/Pacific Pty Ltd

ABN 23 004 411 410

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR 30 JUNE 2022**

Mercedes-Benz Australia/Pacific Pty Ltd

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2022

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Mercedes-Benz Australia/Pacific Pty Ltd

INTERIM MANAGEMENT REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2022

This interim management report is presented together with the interim financial report of Mercedes-Benz Australia/Pacific Pty Ltd ("the Company") for the half year ended 30 June 2022.

Principal activities

The principal activities of the Company during the half year ended 30 June 2022 were the importation, marketing and distribution of passenger and light commercial motor vehicles and their component parts.

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

Operating and financial review

The Company made a profit, after income tax, for the half year ended 30 June 2022 amounting to \$116.489 million (30 June 2021: \$72.243 million). During the half year, the company focused on its transition and successful implementation of the agency business model which contributed to 65% share of total passenger vehicles sold (under the new business model). In comparison to the prior half year, revenue declined 11% partly attributable to the reduction in passenger vehicle sales volume (down 23%). This was largely due to global supply chain constraints as a result of the ongoing semi-conductor shortages affecting production lines. Sustainability remains an integral part of the Company's initiatives. Following the introduction of the all-electric EQC in 2019 and the EQA in 2021, the all-electric EQS was launched during the half year, while a further two new all-electric passenger vehicles are in the line up for release in the remainder of 2022 including the EQE and the EQB SUV. Furthermore the first Mercedes-Benz electric people mover, the EQV, as well as commercial electric vans, the E Vito and E Vito Tourer, are due for release this year.

Important Events

On 1 February 2022, the ultimate parent entity of the Company renamed itself from Daimler AG to Mercedes-Benz Group AG. With the renaming of Daimler, the ultimate parent entity completes its realignment that began last year with the spin-off (named "Project Focus") of the truck and bus business and on 10 December 2021, Daimler Truck Holding AG was launched as an independent company on the Frankfurt Stock Exchange. The new Mercedes-Benz Group is thus fully concentrated on its passenger car brands Mercedes-Benz, Mercedes-AMG, Mercedes-Maybach, Mercedes EQ as well as Mercedes-Benz Vans.

Significant changes in the state of affairs

On 1 January 2022, the Company implemented the agency business model for the sale of the balance of its passenger car product range (the agency model was previously implemented for the sale of its EQ range in 2019), in response to changing retailing and consumer behaviour evident in Australia and in other major markets around the world. Under the agency model, the Company is the sole retail entity, whereby Dealers are the Agents for the sale and delivery of new passenger vehicles. The Company has also targeted the implementation of the agency model for the sale of light commercial vehicles during the second half of 2022. The operation of the Aftersales business has remained predominantly unchanged.

As such, the Company's results of operations for the first half of 2022 has been predominantly driven by the sale of passenger vehicles under the new agency business model.

Likely developments

Operations

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

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

Risk Report

Many factors could directly or indirectly affect the Company's business, financial position, financial performance and cash flows. These factors include, but are not limited to, changes in economic and market conditions, credit risk and currency risk. Global supply shocks and strong domestic demand have combined to generate cost pressures that are now being passed on, creating a potential for Australian economic slow down in the medium term as inflation rates increase putting pressure on the cost of living. This may lead to reduced consumption in the coming months across many industries. At present, the demand for automotive retail remains strong due to the constrained supply and ongoing impacts of the semiconductor shortages on vehicle production. The Company also continues to be exposed to legal and tax risks. Provisions are recognised in accordance with the relevant accounting standards for those risks if and insofar as they are likely to be utilised and the amounts of the obligations can be reasonably estimated. Further information regarding the Company's risk management strategies are described in the Company's 2021 Annual Financial Report.

Rounding off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005) and in accordance with that Class Order, amounts in the financial report and interim management report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Mercedes-Benz Australia/Pacific Pty Ltd

RESPONSIBILITY STATEMENT

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

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

Mr. Florian Seidler
CEO and Director

Melbourne

Mr. Stefan Bartholomeusz
Head of Accounting

Melbourne

Ms. Diane Tarr
Director

Melbourne

Mr. Steve McHutchon
Director

Melbourne

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

	30 June 2022 \$'000	31 Dec 2021 \$'000
Current assets		
Cash and cash equivalents	146,646	115,963
Trade and other receivables	866,517	1,283,222
Inventories	1,248,468	779,617
Total current assets	2,261,631	2,178,802
Non-current assets		
Trade and other receivables	843,643	762,364
Deferred tax assets	104,134	101,638
Intangible assets	477	871
Property, plant and equipment	91,326	75,329
Total non-current assets	1,039,580	940,202
Total assets	3,301,211	3,119,004
Current liabilities		
Trade and other liabilities	888,327	674,686
Loans and borrowings	466,600	701,083
Employee benefits	11,720	16,110
Provisions	73,718	58,337
Deferred income	3,356	1,218
Total current liabilities	1,443,721	1,451,434
Non-current liabilities		
Trade and other liabilities	55,813	55,698
Loans and borrowings	851,371	771,324
Employee benefits	3,095	1,781
Provisions	101,057	110,378
Deferred income	2,301	1,025
Total non-current liabilities	1,013,637	940,206
Total liabilities	2,457,358	2,391,640
Net assets	843,853	727,364
Share capital	70,000	70,000
Retained earnings	773,853	657,364
Total equity	843,853	727,364

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

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

	2022	2021
	\$'000	\$'000
Revenue	1,326,312	1,484,422
Cost of sales	(1,058,092)	(1,333,614)
Gross profit	268,220	150,808
Other income	10,493	15,347
Employee expenses	(26,180)	(23,778)
Depreciation expense	(3,782)	(5,087)
Other expenses	(93,504)	(38,175)
Result from operating activities	155,247	99,115
Net finance income/(expense)	11,918	4,436
Profit/(loss) before income tax	167,165	103,551
Income tax benefit/(expense)	(50,676)	(31,308)
Profit/(loss) for the period	116,489	72,243

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

Mercedes-Benz Australia/Pacific Pty Ltd

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2022

1 REPORTING ENTITY

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

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

2 BASIS OF PREPARATION

(a) Statement of compliance

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

The financial statements were authorised for issue by the Board of Management on 21 September 2022.

(b) Basis of measurement

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

- derivative financial instruments are measured at fair value
- liabilities for cash-settled share-based payment arrangements are measured at fair value
- the defined benefit asset is measured as the net total of the plan assets, plus unrecognised past service cost and unrecognised actuarial losses, less unrecognised actuarial gains and the present value of the defined benefit obligation.

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

(c) Functional and presentation currency

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

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005) and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand, unless otherwise stated.

3 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in these condensed interim financial statements are the same as those applied by the Company in its financial statements as at and for the year ended 31 December 2021.

4 DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

(a) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(b) Loans and borrowings

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