

Financial Statements
(Translation)

The Thirty-Fourth Fiscal Year

From January 1, 2024 to December 31, 2024

Mercedes-Benz Finance Co., Ltd.

Independent Auditor's Report
(English Translation*)

March, 7, 2025

To the Board of Directors of **Mercedes-Benz Finance Co., Ltd.**

PricewaterhouseCoopers Japan LLC
Tokyo office

,
Ryutaro Ohtsuji, CPA
Designated limited liability Partner
Engagement Partner

Opinion

We have audited, pursuant to Article 436 (2) (i) of the Companies Act of Japan, the accompanying financial statements, which comprise the balance sheet, profit and loss statement, statement of changes in net assets and notes to the financial statements, and the supplementary schedules of **Mercedes-Benz Finance Co., Ltd.** (hereinafter referred to as the "Company") for the **34th** fiscal year from **January 1, 2024 to December 31, 2024**.

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and its financial performance for the period covered by the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and the Supplementary Schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements and the supplementary schedules in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and the supplementary schedules. Management is responsible for the preparation and disclosure of the other information. In addition, those charged with governance are responsible for overseeing the directors' execution of their duties in designing and operating the reporting process over the other information.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or to remain alert for whether there are the indications that the other information appears to be materially misstated beyond such material inconsistencies.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and the Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan. Those charged with governance are responsible for overseeing the directors' execution of their duties in designing and operating the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and the Supplementary Schedules

Our objectives are to obtain reasonable assurance about whether the financial statements and the supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. 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 these financial statements and the supplementary schedules.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statement audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the financial statements and the supplementary schedules are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit and other matters required by auditing standards.

FEE-RELATED INFORMATION

In connection with our audit of the financial statements for the year ended December 31, 2024, the amounts of fees for the audit and the other services charged to the Company by PricewaterhouseCoopers Japan LLC and other PwC Network firms are disclosed in "Fee of Accounting Auditors for the relevant fiscal year" included in "7. Audit remuneration" in the Business Report.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

- * Notes to the Readers of Independent Auditor's Report
This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Mercedes-Benz Finance Co., Ltd.

Balance Sheet

As of December 31, 2024

(Unit: 1,000 yen)

ASSETS	Amount	LIABILITIES	Amount
Current assets:	669,481,037	Current liabilities:	368,356,188
Cash in banks	444,019	Trade accounts payable	11,747,473
Short-term loans receivable	123,748,882	Short-term loans payable	197,882,813
Investment in finance leases	198,422,867	Current portion of long-term loans payable	109,000,000
Installment sales receivables	317,409,896	Current portion of long-term payables under securitization of Installment sales receivables	23,858,600
Accrued interest	982,829	Other payables	425,924
Prepaid expenses	11,218,169	Accrued expenses	3,036,663
Other current assets	17,623,764	Income taxes payable	1,285,014
Allowance for doubtful accounts	△ 369,392	Advances received	2,690,494
		Allowance for bonuses	127,914
		Unrealized profit on installment sales	18,256,749
		Other current liabilities	44,539
Non-current assets:	13,950,642	Non-current liabilities:	243,178,691
Tangible fixed assets:	10,300,561	Bonds	58,175,975
Operating lease assets	9,913,387	Long-term loans payable	124,000,000
Leasehold improvements	199,137	Long-term payables under securitization of Installment sales receivables	60,724,715
Furniture and fixtures	26,761	Asset retirement obligation	133,000
Vehicles	161,276	Other non-current liabilities	145,000
Intangible fixed assets:	270,106	TOTAL LIABILITIES	611,534,879
Software	267,124	NET ASSETS	
Telephone rights	2,981	Shareholders' equity:	71,896,799
Investments and other assets:	3,379,974	Paid-in capital	4,400,000
Guarantee deposits	50,860	Capital surplus:	4,410,000
Deferred tax assets	1,113,191	Capital reserve	400,000
Claims provable in bankruptcy, claims provable in rehabilitation and other	2,356,304	Other capital surplus	4,010,000
Investment and others	100	Earned surplus:	63,086,799
Allowance for doubtful accounts	△ 140,482	Legal reserve	1,102,500
		Retained earnings	61,984,299
		TOTAL NET ASSETS	71,896,799
TOTAL ASSETS	683,431,679	TOTAL LIABILITIES AND NET ASSETS	683,431,679

(Note) Amounts are rounded down to the nearest thousand yen.

Mercedes-Benz Finance Co., Ltd.

Income Statement

For the fiscal year ended December 31, 2024

(Unit: 1,000 yen)

	Amount	
Sales:		
Installment sales	11,699,297	
Operating lease income	2,730,497	
Interest income on finance leases	6,919,355	
Interest income on loans	617,643	
Proceeds from sale of leased assets	3,563,566	
Other income	2,113,317	27,643,677
Cost of Sales:		
Cost of installment sales	3,325,961	
Cost of operating leases	2,624,361	
Financing costs	2,691,904	
Cost of leased assets sold	3,630,551	
Other costs	423,418	12,696,197
Gross profit		14,947,480
Selling, general and administrative expenses		5,847,808
Operating income		9,099,672
Non-operating income:		
Interest income		5,217
Recovery Prior Year Write-Offs		33,423
Miscellaneous income		9,442
Non-operating expense:		
Expenses related with office move		56,803
Ordinary income		9,090,953
Extraordinary loss		
Loss on retirement of fixed assets		2,661
Net income before taxes		9,088,291
Income taxes - current		2,465,326
Income taxes - deferred		282,854
Net income		6,340,111

(Note) Amounts are rounded down to the nearest thousand yen.

Mercedes-Benz Finance Co., Ltd.

Statement of Changes in Shareholders' Equity

For the fiscal year ended December 31, 2024

(Unit: 1,000 yen)

	Shareholders' equity								Total net assets
	Paid-in capital	Capital surplus			Earned surplus			Total shareholder's equity	
		Capital reserve	Other capital surplus	Total capital surplus	Legal reserve	Retained earnings	Total earned surplus		
Balance as of December 31, 2023	4,400,000	400,000	4,010,000	4,410,000	1,102,500	57,704,340	58,806,840	67,616,840	67,616,840
Adjustments to transitional accounts						473,776	473,776	473,776	473,776
Balance as of January 1, 2024	4,400,000	400,000	4,010,000	4,410,000	1,102,500	58,178,117	59,280,617	68,090,617	68,090,617
Changes during the year									
Dividend	-	-	-	-	-	△ 2,533,928	△ 2,533,928	△ 2,533,928	△ 2,533,928
Net income for the year	-	-	-	-	-	6,340,111	6,340,111	6,340,111	6,340,111
Total changes during the year	-	-	-	-	-	3,806,182	3,806,182	3,806,182	3,806,182
Balance as of December 31, 2024	4,400,000	400,000	4,010,000	4,410,000	1,102,500	61,984,299	63,086,799	71,896,799	71,896,799

(Note) Amounts are rounded down to the nearest thousand yen.

Notes to Financial Statements

Amounts included in the following notes to the financial statements are rounded down to the nearest thousand yen.

1. Significant Accounting Policies

(1) Depreciation and amortization

1) Tangible fixed assets

Operating lease assets are depreciated using the straight-line method over the lease contract period with an estimated disposal value at the expiry of the lease contract as a residual value. Tangible fixed assets other than operating lease assets are depreciated using the declining balance method. However Leasehold improvements acquired on or after April 1, 2016 are depreciated using straight-line method. Useful lives applied are as follows.

Operating lease assets	1	~	5	years
Leasehold improvements	6	~	50	years
Furniture and fixtures	5	~	20	years
Vehicles	6			years

2) Intangible fixed assets

Software for internal use is amortized using the straight-line method over the estimated useful life of five to ten years.

(2) Allowances

1) Allowance for doubtful accounts

The allowance for doubtful accounts is provided for at an estimated uncollectible amount based on historical default rates for general receivables, on individual assessment of receivable collectability, and receivables in bankruptcy or reorganization.

2) Allowance for bonuses

Allowance for bonuses has been established based on amounts incurred in the current year.

(3) Revenue recognition

1) Revenue from operating lease contracts is recognized as "operating lease income" on an accrual basis over the lease contract period.

2) Revenue from finance leases without ownership-transfer consists of interest income allocated to each period not including lease payments received from users.

3) Gross receivable from installment sales are recorded at execution of installment sales contracts. Interest on such receivables is recognized when each installment becomes due. Interest on installment receivables that have not fallen due is deferred as Unrealized profit on installment sales.

2. Accounting estimates (Unit: 1,000 yen)

Allowance for doubtful accounts

(1) Amount recorded in the financial statements for the current fiscal year	
Allowance for doubtful accounts(Current)	369,392
Allowance for doubtful accounts(Non current)	140,482

(2) Information about the nature of significant accounting estimates for identified items

1) Calculation Method

Estimates of bad debt losses are based on the actual rate of bad debts for general receivables, and for receivables such as claims of concern and bankruptcy rehabilitation claims, the estimated amount of uncollectible losses is recorded in consideration of the recoverability of individual claims.

2) Key Assumptions

The primary assumption used in estimating bad debt loss is the bad debt ratio. The bad debt ratio is calculated based on the ratio of bad debt losses to outstanding receivables over a certain period of time in the past.

3) Impact on the financial statements of the following fiscal year

The allowance for doubtful accounts is estimated based on information available as of the end of the current fiscal year, but the actual amount of losses on bad debts may deviate from the estimate due to changes in the credit conditions of customers, including delinquencies.

3. Notes to Revenue Recognition

Proceeds from sale of leased vehicles

Our company recognizes revenue when title to the vehicle is transferred to the customer. Specifically, the Company recognizes revenue based on the following criteria

1) Sale to a leaseholder

After confirming the intention to purchase, the transfer of risk and economic benefits is considered complete when the purchase acceptance letter is issued, and revenue is recognized.□

2) Sale to Mercedes-Benz Japan G.K.

Revenue is recognized upon issuance of a notice of sale after confirmation of the return of the leased vehicle.

4. Notes to the Balance Sheet

(Unit: 1,000 yen)

1) Receivables from and payables to affiliated companies	
Short-term monetary payables	203,526
2) Accumulated depreciation of tangible fixed assets	
Operating lease assets	2,437,794
Other tangible assets	139,582
Total	<u>2,577,376</u>
3) Securitized assets	
Installment sales receivables	92,409,432
Corresponding liabilities	
Long-term loan payables under securitization of Installment sales receivables	84,583,316
(including current portion of long-term loans payable)	

5. Notes to the Income Statement

(Unit: 1,000 yen)

1) Transactions with affiliated companies	
Cost of sales	317,719
Operating expenses	1,466,912

6. Notes to the Statement of Changes in Shareholders' Equity

1) Type and total number of outstanding shares

(Unit: Shares)

Share Type	Beginning Balance	Increase	Decrease	Ending Balance
Common stock	135,463	-	-	135,463

2) Dividends

Dividend payments

The following resolution regarding dividends was made at the regular shareholders' meeting held on March 25, 2024.

Dividends on Common Shares

1) Total dividend	2,533million yen
2) Dividend per share	18,705 yen
3) Date of record	December 31, 2023
4) Effective date	March 28, 2024

7. Deferred Tax Accounting

Main sources of deferred tax assets

The deferred tax assets mainly arise from allowances for doubtful accounts, accrued expenses and deferred subsidies.

8. Financial Instruments

(1) General information of financial instruments

The Company manages and controls credit risk and residual value risk inherent in its main business, lease and installment sales of cars, based on the transaction information accumulated in the database. The Company's main sources of funding are bond issue and loans from related companies and banks.

(2) Risk control system for financial instruments

The Company does not conduct qualitative analysis of market risk. Financial instruments that are subject to risk of interest rate fluctuations are mainly Investment in finance leases, Installment sales receivables, bonds, Long-term payables under securitization of lease receivables, and Long-term loans payable. Assuming all other risk factors remain unchanged, 10 basis point (0.1%) decrease of the market interest rate at December 31, 2024 would have caused an increase of fair value of net financial assets and liabilities by 540 million yen and 10 basis point (0.1%) increase would have caused a decrease of fair value of net financial assets and liabilities by 538 million yen.

(3) Fair values of financial instruments

The following table shows the carrying amounts and fair values of the financial instruments as of December 31, 2024. Cash is omitted from the notes and deposits are omitted from the notes because they are settled in a short period of time and their fair value approximates their book value.

(Unit: 1,000 yen)

	Carrying amount	Fair value	Difference
(1) Short-term loans receivable (*1)	123,748,882		
Allowance for doubtful accounts	△ 130,704		
	123,618,177	123,618,177	-
(2) Investment in finance leases (*1)(*2)	198,422,867		
Allowance for doubtful accounts	△ 238,686		
	198,184,180	188,791,530	△ 9,392,649
(3) Installment sales receivables(*2)	317,409,896		
Unrealized profit on installment sales	△ 18,256,749		
	299,153,146	295,778,921	△ 3,374,225
Financial assets total	621,399,524	608,632,647	△ 12,766,874
(1) Bonds	58,175,975	56,721,163	△ 1,454,812
(2) Short-term loans payable	197,882,813	197,571,539	△ 311,274
(3) Long-term loans payable(*3)	233,000,000	219,183,139	△ 13,816,860
(4) Long-term payables under securitization of lease receivables(*4)	84,583,316	85,435,155	851,838
Financial liabilities total	573,642,105	558,910,997	△ 14,731,108

(*1) Allowance for doubtful accounts are deducted.

(*2) Deferred subsidies are not deducted from carrying amounts.

(*3) Long-term loans payable due in one year are also included.

(*4) Long-term payables under securitization of lease receivables due in one year are also included.

(Note) The following methods and premises were used for calculation of the fair values of financial

Financial assets

(1) Short-term loans receivable

The fair values of loans with variable interest rates are estimated to be equal to the respective carrying amounts since the actual interest rates and those available on the market do not significantly differ unless credit conditions of debtors materially deteriorate. The fair values of loans with fixed interest rates are determined on the basis of discounted expected future cash flows. The discounting is based on the current interest rates at which similar loans could have been borrowed.

(2) Investment in finance leases and (3) Installment sales receivables

The fair values are determined on the basis of discounted expected future cash flows. The discounting is based on the current interest rates at which financial programs could have been utilized.

Financial liabilities

(1) Bonds, (2) Short-term loans payable, (3) Long-term loans payable, and (4) Long-term payables under securitization of lease receivables

The fair values of loans with variable interest rates are estimated to be equal to the respective carrying amounts since the actual interest rates and those available on the market do not significantly differ. The fair values of loans with fixed interest rates are calculated as the present values of the estimated future cash flows using current market interest rates.

9. Related Party Transactions

(1) Parent Companies

Relationship	Company name	Business	Ownership percentage of voting right	Details of relationship		Transaction details	Transaction amount (1,000 yen)	Account	Ending balance (1,000 yen)
				Concurrent directorship	Business relationship				
Parent company	Mercedes-Benz Mobility AG	Finance and mobility service provider	95.11% (direct)	-	IT service	IT service cost	426,497	Other payables	95,410
						MBM License fee	1,040,415		
Parent company	Mercedes-Benz AG	Production and sales of vehicles	95.11% (indirect)	-	Loan guarantee	Borrowing operating funds	317,719	Other payables	44,708

(2) Subsidiaries of Parent Companies

Relationship	Company name	Business	Ownership percentage of voting right	Details of relationship		Transaction details	Transaction amount (1,000 yen)	Account	Ending balance (1,000 yen)
				Concurrent directorship	Business relationship				
Subsidiary of parent company	Mercedes-Benz Japan G.K.	Import, sales of automobiles and related services	-	-	Borrowing Funds, Commission of administrative operation	Interest expense	118,758	Other current liabilities	13,642,983
						Outsourcing fee	201,887	Short-term loans payable	73,382,814
								Guarantee deposits	18,742
								Accrued expenses	196,704
								Other payables	8,731
Subsidiary of parent company	Mercedes-Benz International Finance B.V.	Financing of activities of Daimler AG as well as Group companies and affiliated companies.	-	-	Borrowing Funds	Interest expense	786,704	Short-term loans payable	107,000,000
								Current portion of long-term loans payable	29,000,000
								Long-term loans payable	58,000,000
								Accrued expenses	197,794

(3) Major shareholder

Relationship	Company name	Business	Ownership percentage of voting right	Details of relationship		Transaction details	Transaction amount (1,000 yen)	Account	Ending balance (1,000 yen)
				Concurrent directorship	Business relationship				
Major shareholder	YANASE & Co., Ltd.	Sales of automobiles	4.89% (direct)	-	Purchase of automobiles	Purchase of automobiles	66,632,484	Trade accounts payable	6,108,840
								Short-term loans receivable	83,523,771

(4) Transaction Terms and Policies to determine Transaction Terms, Etc.

1. Interest associated with the lending or borrowing of funds to or from the companies noted above is determined consistent with market conditions.
2. Outsourcing expenses are determined based on operating expenses incurred by Mercedes-Benz Japan Co., Ltd.
3. Transaction amounts do not include consumption taxes. Ending balances include consumption taxes.
4. MBM license fees are determined by the License Contract "MBM License Model".
5. IT service costs are determined by the "IT-Service Agreement" with Mercedes-Benz Mobility AG.
6. Our company has received guarantees for bank loans from Mercedes-Benz AG. The guarantee fee (borrowing operating funds) is determined in accordance with the "Mercedes-Benz Group AG Guarantee Framework Agreement".
7. The above purchase of automobiles are based on sales prices provided by Mercedes-Benz Japan G.K., and transactions are made at prices agreed upon in negotiations between Yanase Co. and customer.

10. Per Share Information

- | | |
|--------------------------|----------------|
| (1) Net assets per share | 530,748.62 yen |
| (2) Net income per share | 46,803.27 yen |

Supplementary Schedules of Financial Statements
(Translation)

The Thirty-third Fiscal Year

From January 1, 2024 to December 31, 2024

Mercedes-Benz Finance Co., Ltd.

1. Details of Tangible Fixed Assets and Intangible Fixed Assets

(Unit: 1,000 yen)

Category	Asset type	Net book value at beginning of year	Increase	Decrease	Depreciation and amortization	Net book value at end of year	Accumulated depreciation	Acquisition cost
Tangible fixed assets	Operating lease assets	8,391,644	6,203,851	2,674,536	2,007,573	9,913,387	2,437,794	12,351,181
	Leasehold improvements	80,360	156,256	13,533	23,945	199,137	39,664	238,802
	Vehicles	365,059	60,611	207,418	56,976	161,276	47,059	208,335
	Furniture and fixtures	17,197	17,525	137	7,824	26,761	52,858	79,619
	Total	8,854,261	6,438,245	2,895,626	2,096,319	10,300,561	2,577,376	12,877,938
Intangible fixed assets	Software	314,642	9,676	-	57,193	267,124	/	/
	Telephone rights	2,981	-	-	-	2,981		
	Total	317,624	9,676	-	57,193	270,106		

(Notes) 1. Major increases for the current year are as follows.

(Unit: 1,000 yen)

Operating lease assets	Purchase of operating lease assets	6,203,851
------------------------	------------------------------------	-----------

2. The major decrease for the current year is as follows.

(Unit: 1,000 yen)

Operating lease assets	Disposal and sale of lease assets	2,674,536
------------------------	-----------------------------------	-----------

2. Details of Allowances

(Unit: 1,000 yen)

Category	Beginning balance	Increase	Decrease		Ending balance
			Utilization	Others	
Allowance for doubtful accounts	466,222	409,315	365,663	-	509,874
Allowance for bonuses	155,757	127,914	155,757	-	127,914

3. Details of Selling, General and Administrative Expenses

(Unit: 1,000 yen)

Account	Amount
Salaries and bonuses	1,118,728
Social insurance	129,914
Temporary staff salaries	111,937
Other personnel expense	145,097
Retirement and severance benefits	120,360
Recruiting	25,761
Advertising	40,467
Bank charges	25,385
Entertainment	2,000
Travel	24,643
Transportation	20,489
Taxes and public dues	187,014
Rent	45,484
Communication	7,077
Supplies	2,746
Professional fees	286,203
Utilities	8,769
IT costs	1,367,265
Depreciation and amortization	145,940
Outside services	844,054
Provision for doubtful accounts	409,315
Incentives	749,392
Others	29,761
Total	5,847,808