2023 Half Year results

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Strong market position and solid first half
$29.4m H1 2023 NPATA; 15.5cps fully franked interim dividend

385,000
Active customers

~3,700
Employer clients

~1.5m
Employees in existing employer client base

- ✓ Established player and market leader with scale
- ✓ Resilient earnings, high cash flow conversion and fully franked dividends
- ✓ Capital light business model and strong balance sheet
- ✓ Diversified, long term client base in attractive sectors
- ✓ Investing in technology and operational foundations to support future growth
- ✓ Opportunities exist to further support our customers, including e-mobility across novated leases and fleet

All figures as at 30 June 2023. Number of employees within existing employer client base is a management estimate.

2023 Half Year results

Solid leasing demand driving revenue growth; recent resourcing investments position us to continue earnings momentum

NPATA of $29.4m

Revenue of $116.6m
+3% v H1 2022
+5% v H2 2022

EBITDA of $47.0m
-5% v H1 2022
+7% v H2 2022

NPATA[1] of $29.4m
-9% v H1 2022
+2% v H2 2022

Solid leasing demand

Solid +27% growth in leasing leads[2] v pcp

+2% increase in yield v pcp

New lease vehicle order pipeline revenue +$1m to $20m

Vehicle delivery **timeframes stabilising**; good EV availability

Strong uptick in Electric Vehicle (EV) demand

c.17x increase in EV quotes v H1 2022, >2x higher than H2 2022

EVs 30% of H1 new car lease quotes

EV quote to order conversion in line with non-EVs

Car Leasing Portal

Car Leasing Portal live February 2023 to pilot group of c.100 clients

A total of **c.200 clients now live**, with progressive rollout during 2023

c.35% increase in quotes from first 100 pilot clients

High cash flow conversion and 2023 interim dividend at 70% of NPATA

High operating cash flow conversion at 101% of NPATA

2023 interim dividend of 15.5cps fully franked

1. NPATA is net profit after tax, adjusted to exclude the non-cash tax-effected amortisation of intangibles and significant non-operating items.
2. 2022 lead comparison excludes large client that transitioned out in October 2022. H1 2023 leasing leads were 22% above H1 2022 if that large client is included.

Financial performance

Half Year CY 2023

Continued revenue growth and building earnings momentum – strong EBITDA margin maintained through active cost management

	H1 2023[1]	H1 2022	Change %	H2 2022	Change %
Revenue	**116.6**	**113.6**	3%	**111.1**	5%
Product costs	(4.1)	(3.8)	9%	(3.8)	9%
Staff costs	(49.9)	(42.6)	17%	(44.5)	12%
Other overhead	(15.6)	(17.8)	(13%)	(18.8)	(17%)
Operating EBITDA	**47.0**	**49.4**	(5%)	**44.0**	7%
Operating EBITDA margin	*40%*	*43%*		*40%*	
Net finance costs	(1.3)	(0.8)	58%	(1.3)	(2%)
Depreciation	(2.3)	(1.9)	22%	(2.1)	10%
Amortisation	(1.4)	(2.2)	(37%)	(1.7)	(22%)
Joint venture contribution	0.2	0.2	(11%)	0.1	75%
Profit Before Tax	**42.2**	**44.7**	(7%)	**39.0**	8%
Tax expense	(12.9)	(13.8)	(8%)	(11.0)	17%
Net Profit After Tax	**29.3**	**30.9**	(5%)	**28.0**	5%
Tax-effective amort. of acquired intangibles and cash tax benefit	0.1	1.5	(95%)	0.8	(89%)
NPATA[2]	**29.4**	**32.4**	(9%)	**28.8**	2%

Revenue growth from increased novated leasing settlements and yield

Increase in product costs from increased novated lease settlements

Investments to meet novated leasing demand and remuneration reviews lifting staff costs. Active cost management to continue into H2

Lower add-backs of acquired amortisation (-$1.1m) and cash tax benefit (-$0.3m) versus H1 2022. H2 2023 Amortisation and add-backs of acquired amortisation and cash tax benefit to be in line with H1 2023

1. A reconciliation of the statutory accounts to adjusted earnings is contained in the Appendix.
2. NPATA is net profit after tax, adjusted to exclude the non-cash tax-effected amortisation of acquired intangibles and significant non-operating items.

High cash flow conversion of 101% of NPATA and reduced levels of IT development capex

$m	H1 2023 adjusted[1]	H1 2022 adjusted[1]
Receipts from customers (inclusive of GST)	134.0	144.6
Payments to suppliers and employees (inclusive of GST)	(90.2)	(86.1)
Interest received from operations	2.7	0.1
Interest paid	(1.7)	(0.4)
Interest paid on lease liabilities	(0.4)	(0.3)
Income taxes paid	(14.7)	(14.3)
Net cash from operating activities	**29.7**	**43.4**
As a % of NPATA	101%	134%
Capitalised IT development costs	**(0.3)**	**(6.4)**
Payments for funding of motor vehicles	**(2.9)**	**(1.8)**
Other capex	**(0.5)**	**(0.4)**

H1 2022 included one-off St George payment of future performance fees of $11.6m

Increase in RBA target cash rate leading to increase in interest received and interest paid

Reduction in IT development capex, with a focus on benefit realisation for digital assets delivered, and increased use of internal resourcing

Balance sheet funding pilot for fleet vehicles expanded by $2.9m to $8.4m

1. Excludes payments for M&A transaction costs (inclusive of GST) of $0.01m (H1 2022: nil). Net cash from operating activities excludes receipts and payments from customers' salary packaging accounts and significant non-operating items.

Conservative balance sheet with low 0.4x leverage

$m	30 Jun 2023 statutory	31 Dec 2022 statutory
Cash	*24.7*	*26.7*
Other current assets	*60.6*	*58.9*
Current assets	85.3	85.6
Non-current assets	318.7	320.2
Total assets	**404.0**	**405.8**
Current liabilities	100.2	102.1
Borrowings	*64.7*	*53.8*
Other non-current liabilities	*7.2*	*9.6*
Non-current liabilities	71.9	63.4
Total liabilities	**172.0**	**165.5**
Net assets	**232.0**	**240.3**
Net corporate debt[1]	**40.3**	**27.2**
Net corporate debt/last twelve months EBITDA	**0.4**	**0.3**

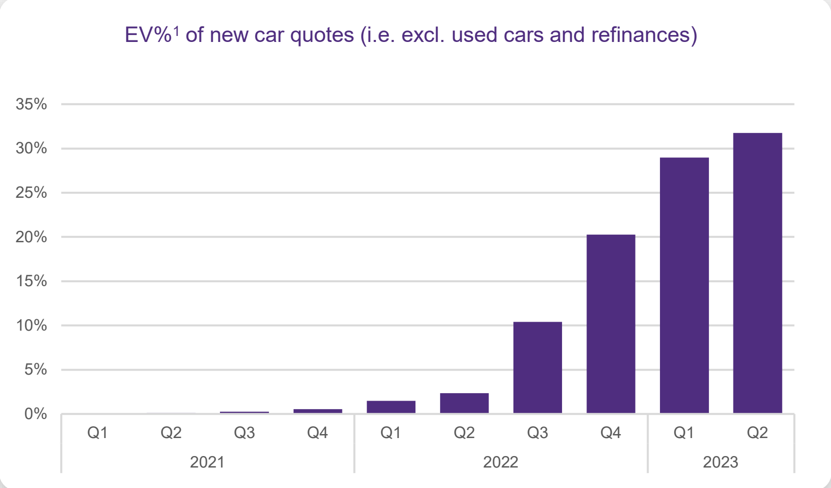
Increase in borrowings following payment of $18.5m special dividend in March 2023

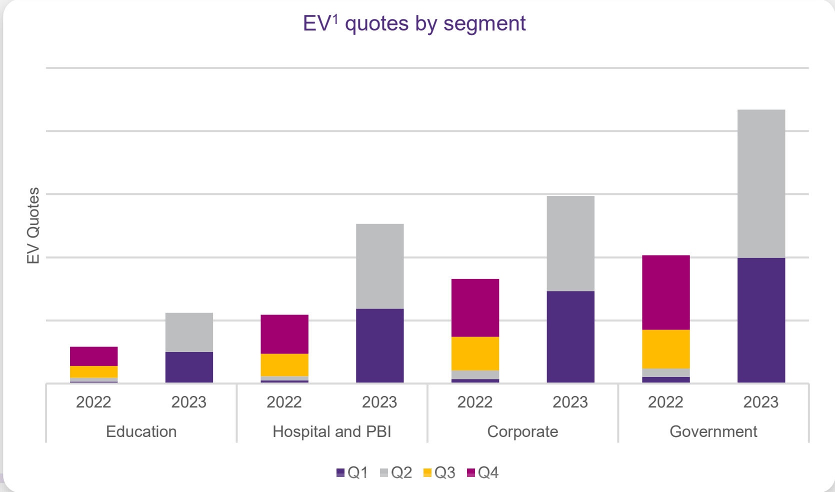
$13.1m increase in net debt position following payment of dividends and funding of additional c.$2.9m of on-balance sheet fleet vehicle leases

1. Excludes capitalised borrowing costs of $0.2m (30 June 2022: $0.2m) and vehicle borrowings of $2.0m (30 June 2022: $2.5m).

Government policy driving strong EV demand

- Government policy removes FBT for eligible EVs[1]
- EV demand increased significantly in H1 2023 and is high across all client segments
- EVs[1] 30% of new car lease quotes in H1 2023 (21% of all total quotes incl. used and refinance)
- EV Quote to Vehicle Order conversion broadly in line with non-EVs
- Significant number of new makes/models due for release in Australia in the near term





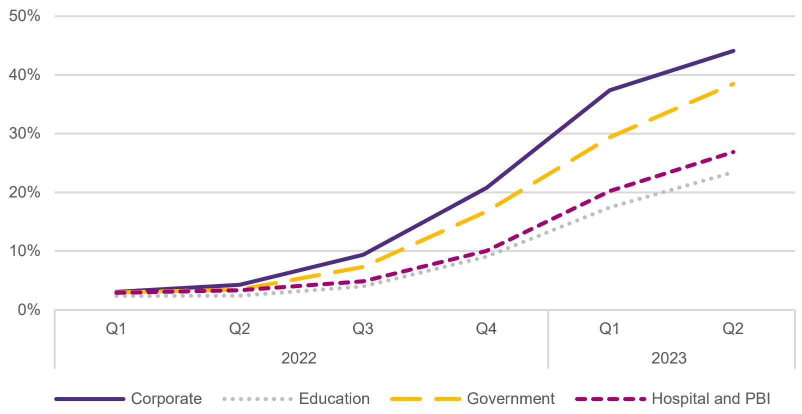
1. For EVs below the luxury car tax threshold of $84,916 (2022-2023), rising to $89,332 from 1 July 2023. Legislation also applies to plug-in hybrid vehicles until 31 March 2025.

EVs on track to dominate new car orders in several client segments

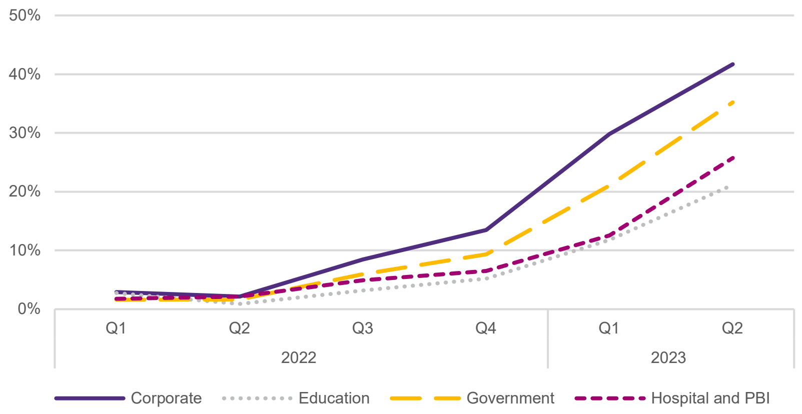
- EV proportion of new car lease orders and settlements growing across all client segments
- EVs approaching half of all new car orders and settlements in the Corporate segment
- EV supply varies by make/model, with good availability in general
- PBI (Not for profits) and Hospital uptake is expected to lift further when more EVs at cheaper price points become available

1. For EVs below the luxury car tax threshold of $84,916 (2022-2023), rising to $89,332 from 1 July 2023. Legislation also applies to plug-in hybrid vehicles until 31 March 2025.

EV%[1] of new car orders (i.e. excl. used cars and refinances)



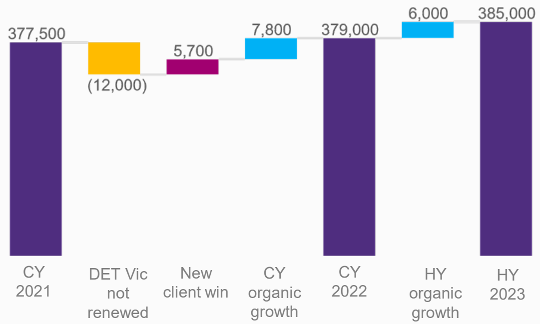
EV%[1] of new car settlements (i.e. excl. used cars and refinances)



Operational update

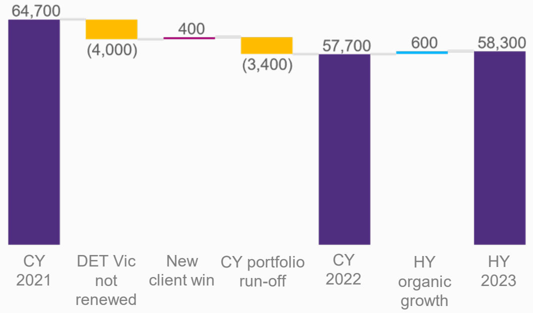
Growth in packages, with stable novated leases under management and fleet managed vehicles

Salary packages



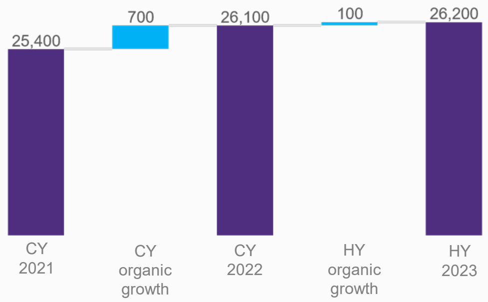
- Organic salary package growth from existing clients and smaller new client wins

Novated leases under management



- Growth in settlements has seen novated leases under management stabilise

Fleet managed vehicles



- Stable vehicles under management
- Vehicle supply constraints continue to impact volumes
- Smartgroup-funded lease pilot expanded, with c.300 vehicles funded for 25 organisations as at 30 June 2023

Solid leasing demand and improving yield

H1 2023	v. H1 2022[1]	v. H2 2022[1]
Total leasing leads	+27%	+20%
Total leasing quotes	+12%	+19%
New lease vehicle orders	+10%	+12%
Settlement volume	+15%	+18%
Leasing yield	+2%	+2%

	Jun 2023 v Jun 2022	Jun 2023 v Dec 2022
Open leasing leads at end of period[2]	+45%	+12%

Continued customer interest

- Customer enquiry levels remain strong

Electric Car Discount Policy is contributing to quote uplift

- EV quote to vehicle order conversion broadly in line with non-EVs
- Focus on customer education regarding new policy continues

Vehicle delivery timeframes are stabilising

- Increase in excess VO pipeline future revenue[3] to c.$16m from c.$15m at Dec 2022, with a total pipeline future revenue of c.$20m

Yield improvements are being maintained

- New car prices remain high compared to historic levels
- Higher yielding new novated leases stable at c.74% of total novated volumes for H1 2023, remaining lower than pre-COVID levels of c.78-80%
- Supplier renegotiation benefits flowing through

1. Comparison to pcp excludes a large client that transitioned out in October 2022. If included, H1 2023 total leads, quotes, orders and settlements were +22%, +7%, +3% and +9% versus pcp respectively, and +18%, +16%, +8% and +13% versus H2 2022 respectively.
2. 'Open' leads are those at the start of the sales process.
3. 'Excess' pipeline represents committed customer orders above pre-COVID levels.

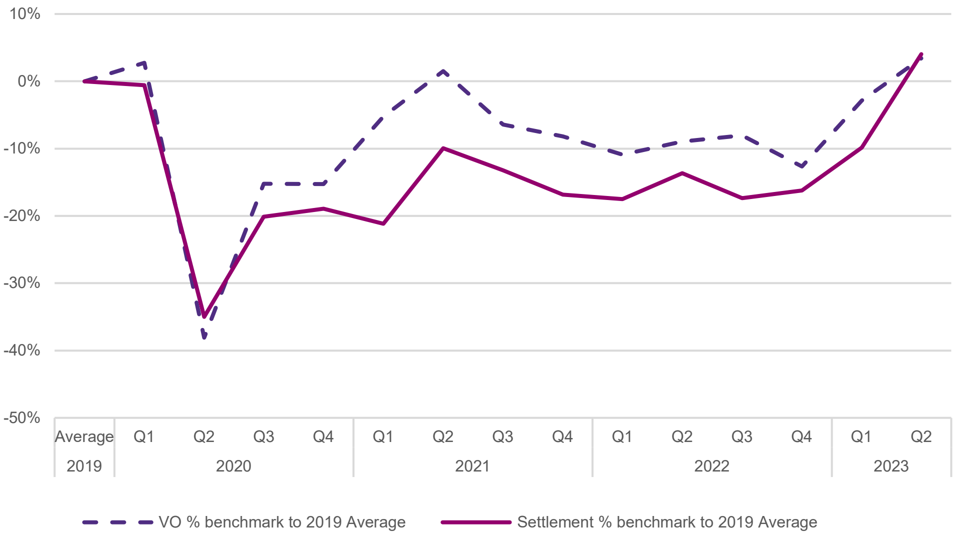
Vehicle delivery timeframes stabilising

- Delivery timeframes remain elevated but have stabilised. Significant variation exists across makes and models
- Increase in EV demand driving change in top 30 make-up and current good supply resulting in small improvement in average delivery timeframe
- Delays and vehicle price changes continue to result in credit re-approval rework for a large proportion of deals

1. Top 30 makes/models comprise over half of all Smartgroup new vehicle orders. H1 2023 updated for movement of several vehicles in/out of the top 30.

Stabilising delivery timeframes see settlements and new vehicle orders converging; vehicle orders now at pre-COVID levels[1]

New vehicle orders and settlements[1]



Cancellation and credit approval rates

- Cancellation rates remain at mid-single digit percentages
- Credit approval rates stable

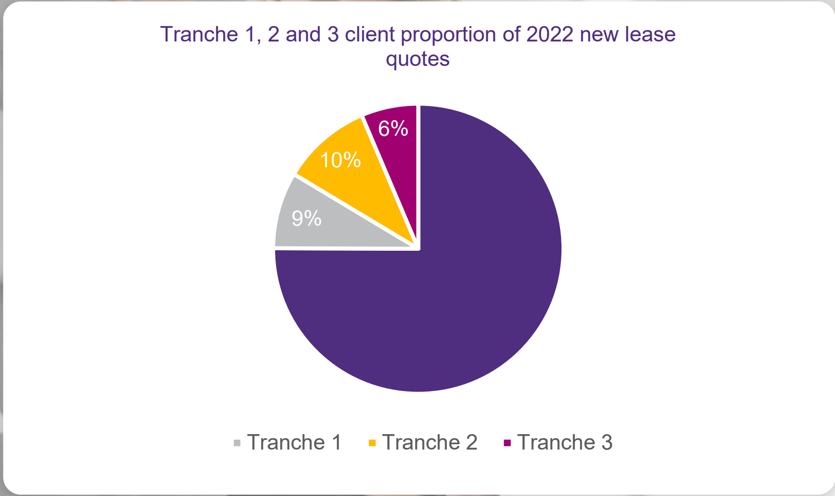
Car supply stabilising

- Vehicle delivery timeframes are stabilising, though with significant variability by make and model

1. Orders and settlements graph has been normalised to reflect current clients

Car Leasing Portal pilot
+35% increase in quotes

- Portal allows customers to obtain quotes and process credit applications 24/7
- Pilot (tranche 1) commenced Feb 2023 to c.100 clients. A further c.100 clients live Apr/May 2023 (tranches 2 and 3). Tranche 1, 2 and 3 clients represented c.25% of all 2022 new lease quotes
- +35% quote uplift for first 100 pilot clients in the 4 months post-release versus pcp against a 3% uplift for non-pilot clients
- Early data from tranche 2 also indicates meaningful uplifts in quote volumes
- Portal to be rolled out to most leasing clients during 2023



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Summary and Outlook

Positive trading and operational momentum

+6,000 salary package growth, both organic and from client wins

Continued solid leasing demand with 27% growth in leads v pcp[1]

Vehicle delivery timeframes are stabilising; good EV availability

Positive impact being seen from Car Leasing Portal – c.35% increase in quotes from pilot clients

Continued trend of EV demand, with good conversion rates, throughout H1

1. Comparison to pcp excludes a large client that transitioned out in October 2022. H1 2023 leads were +22% versus pcp, if that large client is included.

Revenue growth, with ongoing focus on cost management

- ✓ Positive momentum in revenue (+5%), EBITDA (+7%) and NPATA (+2%) versus H2 2022
- ✓ Revenue growth from increased novated leasing settlements and yield
- ✓ Higher costs from H2 2022 remuneration reviews and additional resourcing to meet novated demand
- ✓ Strong cashflow conversion and low net debt position of $40.3m
- ✓ Interim fully franked dividend of 15.5 cents per share, at 70% of NPATA

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Positive start to H2

- ✓ Fleet vehicles under management expected to grow in H2 by c.1,000 vehicles (+5%) from new clients
- ✓ Leasing demand continues to be stronger than 2022
- ✓ Active cost management continuing

Appendix

Reconciliation of earnings to statutory financial statements

$m	HY 2023 statutory	Non-IFRS measures	Add back: Restructuring costs	Add back: CEO transition costs	HY 2023 adjusted
Revenue	116.6	-	-	-	116.6
Operating EBITDA	**46.4**	-	0.3	0.3	**47.0**
Joint venture contribution	0.2	-	-	-	0.2
Segment note EBITDA	**46.6**	-	0.3	0.3	**47.2**
Depreciation expense	(2.3)	-	-	-	(2.3)
Amortisation expense	(1.4)	-	-	-	(1.4)
Net finance costs	(1.3)	-	-	-	(1.3)
PBT	**41.6**	-	0.3	0.3	**42.2**
Income tax expense	(12.7)	-	(0.1)	(0.1)	(12.9)
NPAT	**28.9**	-	0.2	0.2	**29.3**
Add back: amortisation of acquired intangibles	-	0.1	-	-	0.1
NPATA	**28.9**	**0.1**	**0.2**	**0.2**	**29.4**
Shares on issue (millions)					132.7
NPATA per share (cps)					22.2

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Balance sheet

$m	Note	30 June 2023 statutory	31 Dec 2022 statutory
Cash		24.7	26.7
Restricted cash	11	33.8	36.0
Trade and other current assets		26.8	22.9
Current assets		**85.3**	**85.6**
Property and equipment		2.3	1.9
Right-of-use assets – Smartgroup funded vehicles		8.4	6.5
Right-of-use assets – other		5.5	6.6
Intangible assets	4	287.8	288.9
Other non-current assets		14.6	16.3
Non-current assets		**318.7**	**320.2**
Total assets		**404.1**	**405.8**
Trade and other payables		35.6	31.9
Customer salary packaging liabilities	11	33.8	36.0
Lease liabilities		7.4	8.9
Provisions and other liabilities		30.6	34.9
Non-current interest-bearing loans	6	64.7	53.8
Total liabilities		**172.0**	**165.5**
Net assets		**232.0**	**240.3**
Issued capital	7	263.4	263.4
Retained earnings & reserves	8	(31.4)	(23.1)
Total capital		**232.0**	**240.3**
Net corporate debt		**40.3**	**27.2**
Net corporate debt / LTM EBITDA		**0.4**	**0.3**

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