

1. Company details

Name of entity:	SG Fleet Group Limited
ABN:	40 167 554 574
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	down	3.6% to	240,944
Profit from ordinary activities after tax attributable to the owners of SG Fleet Group Limited	up	3.9% to	25,467
Profit for the half-year attributable to the owners of SG Fleet Group Limited	up	3.9% to	25,467

Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2020, declared on 17 August 2020. The final dividend was paid on 6 October 2020 to shareholders registered on 15 September 2020.	3.053	3.053
Interim dividend for the year ending 30 June 2021, declared on 15 February 2021. The interim dividend will be paid on 13 April 2021 to shareholders registered on 16 March 2021.	7.192	7.192

Comments

The profit for the Group after providing for income tax amounted to \$25,467,000 (31 December 2019: \$24,513,000).

For a Review of Operations for the half-year ended 31 December 2020, please refer to the ASX announcement accompanying this Report.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(43.23)</u>	<u>(51.72)</u>

Net tangible assets calculations above include the right-of-use assets and lease liabilities.

4. Dividend reinvestment plans

The following dividend or distribution plans are in operation:

The Company has a Dividend Reinvestment Plan ('DRP') available to shareholders in pursuant to which any shareholder may elect that their dividends be reinvested, in whole or in part, in shares of the Company at a price to be determined by the Board of Directors from time to time at its absolute discretion. The DRP will not be activated in respect of the 2021 interim dividend.

5. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

6. Attachments

Details of attachments (if any):

The Interim Report of SG Fleet Group Limited for the half-year ended 31 December 2020 is attached.

7. Signed

As authorised by the Board of Directors

A handwritten signature in black ink, appearing to be 'AR', enclosed within a hand-drawn oval shape.

Signed _____

Date: 15 February 2021

Andrew Reitzer
Chairman
Sydney

SG Fleet Group Limited

ABN 40 167 554 574

Interim Report - 31 December 2020

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The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of SG Fleet Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

Directors

The following persons were Directors of the Company during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Andrew Reitzer (Chairman)
Robert (Robbie) Blau
Cheryl Bart AO
Graham Maloney
Peter Mountford
Edwin Jankelowitz
Kevin Wundram
Colin Brown (alternate for Peter Mountford)

Principal activities

During the financial half-year, the principal continuing activities of the Group consisted of motor vehicle fleet management, vehicle leasing, short-term hire, consumer vehicle finance and salary packaging services.

Review of operations

The profit for the Group after providing for income tax amounted to \$25,467,000 (31 December 2019: \$24,513,000).

For a Review of Operations for the half-year ended 31 December 2020, please refer to the ASX announcement accompanying this Report.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial half-year.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



Andrew Reitzer
Chairman



Robbie Blau
Chief Executive Officer

15 February 2021
Sydney



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of SG Fleet Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review of SG Fleet Group Limited for the half-year ended 31 December 2020 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

John Wigglesworth

Partner

Sydney

15 February 2021

SG Fleet Group Limited
Statement of profit or loss
For the half-year ended 31 December 2020

SG Fleet Group

		Consolidated	
	Note	31 Dec 2020	31 Dec 2019
		\$'000	\$'000
Revenue	5	240,621	249,206
Other income		-	250
Interest revenue calculated using the effective interest method		323	773
Total revenue and other income		<u>240,944</u>	<u>250,229</u>
Expenses			
Fleet management costs		(41,932)	(53,185)
End of lease cost of sale		(91,674)	(92,163)
Employee benefits expense		(39,852)	(39,846)
Occupancy costs		(1,241)	(1,146)
Depreciation and amortisation		(16,471)	(15,164)
Technology costs		(4,611)	(4,991)
Other expenses		(5,059)	(4,614)
Finance costs		(4,086)	(3,834)
Total expenses		<u>(204,926)</u>	<u>(214,943)</u>
Profit before income tax expense		36,018	35,286
Income tax expense		<u>(10,551)</u>	<u>(10,773)</u>
Profit after income tax expense for the half-year attributable to the owners of SG Fleet Group Limited		<u><u>25,467</u></u>	<u><u>24,513</u></u>
		Cents	Cents
Basic earnings per share	21	9.71	9.35
Diluted earnings per share	21	9.70	9.34

The above statement of profit or loss should be read in conjunction with the accompanying notes

SG Fleet Group Limited
Statement of other comprehensive income
For the half-year ended 31 December 2020

SG Fleet Group

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$'000	\$'000
Profit after income tax expense for the half-year attributable to the owners of SG Fleet Group Limited	25,467	24,513
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation difference for foreign operations	(486)	1,692
Effective portion of changes in fair value of cash flow hedges, net of tax	479	224
	<u>(7)</u>	<u>1,916</u>
Other comprehensive income for the half-year, net of tax		
Total comprehensive income for the half-year attributable to the owners of SG Fleet Group Limited	<u><u>25,460</u></u>	<u><u>26,429</u></u>

The above statement of other comprehensive income should be read in conjunction with the accompanying notes

SG Fleet Group Limited
Statement of financial position
As at 31 December 2020

SG Fleet Group

		Consolidated	
	Note	31 Dec 2020	30 Jun 2020
		\$'000	\$'000
Assets			
Cash and cash equivalents	6	134,687	111,115
Finance, trade and other receivables	7	49,915	54,746
Inventories	8	15,348	16,341
Prepayments		9,393	9,163
Investments in financial assets at fair value through profit or loss	9	2,590	1,742
Leased motor vehicle assets	10	79,239	64,115
Deferred tax		2,503	1,435
Property, plant and equipment		4,007	3,167
Intangibles	11	403,004	406,815
Right-of-use assets	12	10,686	12,119
Total assets		<u>711,372</u>	<u>680,758</u>
Liabilities			
Trade and other payables	13	80,838	80,665
Derivative financial instruments		3,497	4,085
Income tax		2,044	390
Employee benefits		10,670	9,566
Provisions	14	13,243	12,568
Lease portfolio borrowings	15	55,553	57,854
Borrowings	16	124,880	125,140
Lease liabilities - right-of-use assets		10,899	12,039
Vehicle maintenance funds		80,725	69,313
Contract liabilities		39,363	37,905
Total liabilities		<u>421,712</u>	<u>409,525</u>
Net assets		<u>289,660</u>	<u>271,233</u>
Equity			
Issued capital	17	291,370	291,370
Reserves		(121,623)	(122,587)
Retained profits		119,913	102,450
Total equity		<u>289,660</u>	<u>271,233</u>

The above statement of financial position should be read in conjunction with the accompanying notes

SG Fleet Group Limited
Statement of changes in equity
For the half-year ended 31 December 2020

SG Fleet Group

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2019	290,592	(120,296)	108,874	279,170
Profit after income tax expense for the half-year	-	-	24,513	24,513
Other comprehensive income for the half-year, net of tax	-	1,916	-	1,916
Total comprehensive income for the half-year	-	1,916	24,513	26,429
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	635	-	635
Transfer on exercise of options	778	(778)	-	-
Dividends paid (note 18)	-	-	(24,958)	(24,958)
Balance at 31 December 2019	<u>291,370</u>	<u>(118,523)</u>	<u>108,429</u>	<u>281,276</u>
Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2020	291,370	(122,587)	102,450	271,233
Profit after income tax expense for the half-year	-	-	25,467	25,467
Other comprehensive income for the half-year, net of tax	-	(7)	-	(7)
Total comprehensive income for the half-year	-	(7)	25,467	25,460
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	971	-	971
Dividends paid (note 18)	-	-	(8,004)	(8,004)
Balance at 31 December 2020	<u>291,370</u>	<u>(121,623)</u>	<u>119,913</u>	<u>289,660</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

	Note	Consolidated	
		31 Dec 2020	31 Dec 2019
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		277,069	279,699
Payments to suppliers and employees (inclusive of GST)		(199,336)	(222,423)
Interest received		323	773
Interest and other finance costs paid		(3,807)	(3,883)
Income taxes paid		(10,132)	(13,859)
		<u>64,117</u>	<u>40,307</u>
Cash flows from investing activities			
Payments for investments		(1,081)	(2,295)
Acquisition of lease portfolio assets	10	(38,092)	(23,716)
Proceeds from disposal of lease portfolio assets	10	14,346	13,942
Payments for property, plant and equipment		(1,839)	(428)
Proceeds from disposal of property, plant and equipment		56	-
Payments for intangibles	11	(1,732)	(3,103)
		<u>(28,342)</u>	<u>(15,600)</u>
Cash flows from financing activities			
Proceeds from borrowings		26,848	25,943
Repayment of borrowings		(28,649)	(28,635)
Repayment of lease liabilities - right-of-use assets		(2,364)	(2,318)
Dividends paid	18	(8,004)	(24,958)
		<u>(12,169)</u>	<u>(29,968)</u>
Net increase/(decrease) in cash and cash equivalents		23,606	(5,261)
Cash and cash equivalents at the beginning of the financial half-year		111,115	100,492
Effects of exchange rate changes on cash and cash equivalents		(34)	72
		<u>134,687</u>	<u>95,303</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover SG Fleet Group Limited as a Group consisting of SG Fleet Group Limited (the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year (the 'Group'). The financial statements are presented in Australian dollars, which is SG Fleet Group Limited's functional and presentation currency.

SG Fleet Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 2, Building 3
20 Bridge Street
Pymble NSW 2073

During the financial half-year, the principal continuing activities of the Group consisted of motor vehicle fleet management, vehicle leasing, short-term hire, consumer vehicle finance and salary packaging services.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 15 February 2021.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial half-year ended 31 December 2020 and are not expected to have any significant impact for the full financial year ending 30 June 2021.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Comparatives

Comparatives in the interim financial report have been realigned to the current period presentation. For clearer presentation, the Group has changed the disclosure within Revenue product lines of \$12,506,000 from 'End of Lease income' to 'Additional products and services' and realigned the expense of \$11,586,000 from 'End of lease cost of sales' to 'Fleet management costs'. There has been no effect on the comparative period profit, net assets or equity.

Note 3. Critical accounting judgements, estimates and assumptions

Coronavirus (COVID-19) pandemic

The Group has continued to apply significant critical judgments in the preparation of the financial statements, incorporating the Boards best estimates of the foreseeable impact of COVID-19 on the Groups statement of profit or loss and other comprehensive income and statement of financial position. Continued consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions within the Group.

Note 4. Operating segments

Identification of reportable operating segments

The Group is organised into geographic operating segments: Australia, New Zealand, United Kingdom and Corporate. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews underlying EBITDA (earnings before interest, tax, depreciation, amortisation, impairment and other non-recurring or significant transactions). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Operating segment information

Consolidated - 31 Dec 2020	Australia \$'000	New Zealand \$'000	United Kingdom \$'000	Corporate \$'000	Total \$'000
Revenue					
Revenue from contracts with customers	174,377	5,684	41,814	-	221,875
Rental income	2,173	1,610	14,963	-	18,746
Total sales revenue	176,550	7,294	56,777	-	240,621
Interest income	322	1	-	-	323
Total revenue	176,872	7,295	56,777	-	240,944
Underlying EBITDA	41,352	2,392	13,842	(1,011)	56,575
Depreciation and amortisation	(7,890)	(1,324)	(7,257)	-	(16,471)
Finance costs	(2,547)	(260)	(1,279)	-	(4,086)
Profit/(loss) before income tax expense	30,915	808	5,306	(1,011)	36,018
Income tax expense					(10,551)
Profit after income tax expense					25,467
Assets					
Segment assets	547,830	18,778	144,764	-	711,372
Total assets					711,372
Liabilities					
Segment liabilities	307,000	13,310	101,402	-	421,712
Total liabilities					421,712

Note 4. Operating segments (continued)

Consolidated - 31 Dec 2019	Australia \$'000	New Zealand \$'000	United Kingdom \$'000	Corporate \$'000	Total \$'000
Revenue					
Revenue from contracts with customers	187,251	4,423	37,661	-	229,335
Rental income	3,968	1,873	14,030	-	19,871
Total sales revenue	191,219	6,296	51,691	-	249,206
Interest income	765	2	6	-	773
Total revenue	191,984	6,298	51,697	-	249,979
Underlying EBITDA					
Depreciation and amortisation	43,872	2,193	8,820	(601)	54,284
Finance costs	(7,555)	(1,510)	(6,099)	-	(15,164)
	(2,628)	(193)	(1,013)	-	(3,834)
Profit/(loss) before income tax expense	33,689	490	1,708	(601)	35,286
Income tax expense					(10,773)
Profit after income tax expense					24,513
Consolidated - 30 Jun 2020					
Assets					
Segment assets	522,171	18,945	139,642	-	680,758
Total assets					680,758
Liabilities					
Segment liabilities	295,255	14,109	100,161	-	409,525
Total liabilities					409,525

Note 5. Revenue

	Consolidated	
	31 Dec 2020 \$'000	31 Dec 2019 \$'000
<i>Revenue from contracts with customers</i>		
Management and maintenance income	44,585	44,537
Additional products and services	46,190	60,593
Funding commissions	18,865	22,975
End of lease income	112,235	100,613
Other income	-	617
	221,875	229,335
<i>Other revenue</i>		
Rental income	18,746	19,871
Revenue	240,621	249,206

Note 5. Revenue (continued)

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$'000	\$'000
<i>Timing of revenue recognition</i>		
Revenue transferred at a point in time - upfront	30,275	42,444
Revenue transferred over time	68,992	70,470
Revenue transferred at a point in time - end of life	122,608	116,421
	<u>221,875</u>	<u>229,335</u>

Revenue from external customers by geographic regions is set out in note 4 operating segments.

Note 6. Cash and cash equivalents

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$'000	\$'000
Cash at bank	105,490	82,999
Secured deposits	29,197	28,116
	<u>134,687</u>	<u>111,115</u>

Secured deposits represent cash held by the Group as required under certain funding and insurance arrangements between the Group, the financiers under its lease portfolio facilities and its insurance providers. The secured deposits are not available as free cash for the purpose of operations of the Group.

Note 7. Finance, trade and other receivables

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$'000	\$'000
Trade receivables	50,964	55,584
Less: Allowance for expected credit losses	(1,049)	(838)
	<u>49,915</u>	<u>54,746</u>

The Coronavirus (COVID-19) pandemic driven market conditions that prevailed at 30 June 2020 have improved in the Australian and New Zealand markets. Market conditions have shown less of an improvement in the United Kingdom which is reflected in the increase in the allowance for expected credit loss.

Note 8. Inventories

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$'000	\$'000
End-of-term operating lease assets held for disposal	16,377	18,129
Less: Provision for impairment	(1,029)	(1,788)
	<u>15,348</u>	<u>16,341</u>

The market conditions as a result of COVID-19 prevalent as at 30 June 2020 have improved and this is reflected in the reduction of the impairment required.

Note 9. Investments in financial assets at fair value through profit or loss

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$'000	\$'000
Investments in listed equity securities	2,260	1,412
Investments in other companies	330	330
	<u>2,590</u>	<u>1,742</u>

Refer to note 19 for further information on fair value measurement.

Note 10. Leased motor vehicle assets

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$'000	\$'000
Lease portfolio assets - at cost	104,738	90,262
Less: Accumulated depreciation	(25,272)	(25,942)
Less: Impairment	(227)	(205)
	<u>79,239</u>	<u>64,115</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Leased assets \$'000
Balance at 1 July 2020	64,115
Additions	38,092
Disposals	(14,346)
Exchange differences	(704)
Impairment	(23)
Depreciation expense	<u>(7,895)</u>
Balance at 31 December 2020	<u>79,239</u>

Note 11. Intangibles

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$'000	\$'000
Goodwill - at cost	355,940	356,465
Customer contracts - at cost	59,465	59,613
Less: Accumulated amortisation	(29,345)	(26,514)
Less: Impairment	(70)	(70)
	<u>30,050</u>	<u>33,029</u>
Software - at cost	29,504	29,037
Less: Accumulated amortisation	(12,490)	(11,716)
	<u>17,014</u>	<u>17,321</u>
	<u><u>403,004</u></u>	<u><u>406,815</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Goodwill	Customer	Software	Total
	\$'000	contracts	\$'000	\$'000
		\$'000		
Balance at 1 July 2020	356,465	33,029	17,321	406,815
Additions	-	-	1,732	1,732
Exchange differences	(525)	(80)	(3)	(608)
Amortisation expense	-	(2,899)	(2,036)	(4,935)
	<u>355,940</u>	<u>30,050</u>	<u>17,014</u>	<u>403,004</u>

Note 12. Right-of-use assets

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$'000	\$'000
Right-of-use assets - at cost	23,267	22,062
Less: Accumulated amortisation	(12,581)	(9,943)
	<u>10,686</u>	<u>12,119</u>

Reconciliation

Reconciliation of the written down values at the beginning and end of the current financial half-year are set out below:

	Office	Motor	Others	Total
	premises	vehicles		
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2020	11,289	693	137	12,119
Additions	1,099	160	-	1,259
Exchange differences	(35)	-	-	(35)
Depreciation expense	(2,240)	(358)	(59)	(2,657)
	<u>10,113</u>	<u>495</u>	<u>78</u>	<u>10,686</u>

Note 13. Trade and other payables

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$'000	\$'000
Trade payables	69,154	70,049
Accrued expenses	11,684	10,616
	<u>80,838</u>	<u>80,665</u>

Trade payables include residual values payable to financiers, which are secured by the underlying operating lease asset, cash lock-up of \$29,197,000 (30 June 2020: \$28,134,000) and guarantees.

Note 14. Provisions

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$'000	\$'000
Lease make good	1,107	1,056
Residual risk	10,732	10,704
Other provisions	1,404	808
	<u>13,243</u>	<u>12,568</u>

The movement in provisions is due to the continued impact of COVID-19 on the potential loss arising from overdrawn vehicle running cost accounts in relation to novated leases.

Note 15. Lease portfolio borrowings

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$'000	\$'000
Lease portfolio borrowings	<u>55,553</u>	<u>57,854</u>

The lease portfolio borrowings are secured by the underlying funded assets and lease agreements, together with an irrevocable letter of credit, cash lock-ups and guarantees. These facilities are interest-bearing and are repaid monthly in accordance with the amortisation schedule of the underlying assets.

Lease portfolio borrowings - securitised

During the financial half-year, the Group established a \$100,000,000 limited recourse securitisation warehouse trust with commitments from external financiers totalling \$78,000,000. All amounts owing to parties to the warehouse are secured by fixed and floating charges over all assets of the warehouse, including cash balances and lease receivables and related leased motor vehicles. The financiers to the warehouse have no recourse to the Group, other than in relation to their role as originator and servicer of assets to the warehouse. As at 31 December 2020, the Group had utilised \$200,000 of securitised lease portfolio borrowings.

Note 16. Borrowings

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$'000	\$'000
Bank loans	<u>124,880</u>	<u>125,140</u>

Note 16. Borrowings (continued)

The total secured liabilities are as follows:

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$'000	\$'000
Bank loans	124,880	125,140
Lease portfolio borrowings - non-securitised (note 15)	55,353	57,854
Lease portfolio borrowings - securitised (note 15)	200	-
	<u>180,433</u>	<u>182,994</u>

Corporate borrowings

The corporate borrowings comprise of bank loans and ancillary facilities which are secured by guarantees and indemnities as well as fixed and floating charges or composite guarantees issued by the Group. The facilities are repayable in full on the maturity date being 14 December 2022.

Financing arrangements

The Group has access to the following lines of credit:

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$'000	\$'000
Total facilities		
Corporate borrowings	183,110	177,234
Lease portfolio borrowings - non-securitised (note 15)	85,945	79,938
Lease portfolio borrowings - securitised (note 15)	78,000	-
	<u>347,055</u>	<u>257,172</u>
Used at the reporting date		
Corporate borrowings	133,420	129,654
Lease portfolio borrowings - non-securitised (note 15)	55,353	57,854
Lease portfolio borrowings - securitised (note 15)	200	-
	<u>188,973</u>	<u>187,508</u>
Unused at the reporting date		
Corporate borrowings	49,690	47,580
Lease portfolio borrowings - non-securitised (note 15)	30,592	22,084
Lease portfolio borrowings - securitised (note 15)	77,800	-
	<u>158,082</u>	<u>69,664</u>

Note 17. Issued capital

	Consolidated			
	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	<u>262,159,900</u>	<u>262,159,900</u>	<u>291,370</u>	<u>291,370</u>

Note 18. Dividends

Dividends paid during the financial half-year were as follows:

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$'000	\$'000
Final dividend for the year ended 30 June 2020 of 3.053 cents per ordinary share paid on 6 October 2020 (31 December 2019: 9.520 cents)	8,004	24,958

On 15 February 2021, the Directors declared a fully franked interim dividend for the year ending 30 June 2021 of 7.192 cents per ordinary share, to be paid on 13 April 2021 to eligible shareholders on the register on 16 March 2021. This equates to a total estimated distribution of \$18,855,000 based on the number of ordinary shares on issue as at 31 December 2020. The financial effect of dividends declared after the reporting date are not reflected in the 31 December 2020 financial statements and will be recognised in subsequent financial reports.

Note 19. Fair value measurement

The following tables detail the Group's liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 Dec 2020	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Assets				
Investments in listed equity securities	2,260	-	-	2,260
Investment in other companies	-	-	330	330
Total assets	2,260	-	330	2,590
Liabilities				
Derivative financial instruments - Interest rate swap contracts	-	3,497	-	3,497
Total liabilities	-	3,497	-	3,497
Consolidated - 30 Jun 2020	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Assets				
Investments in listed equity securities	1,412	-	-	1,412
Investment in other companies	-	-	330	330
Total assets	1,412	-	330	1,742
Liabilities				
Derivative financial instruments - Interest rate swap contracts	-	4,085	-	4,085
Total liabilities	-	4,085	-	4,085

There were no transfers between levels during the financial half-year.

Unless otherwise stated, the carrying amounts of financial instruments reflects their fair value. The carrying amounts of trade receivables and trade payables approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Note 19. Fair value measurement (continued)

Valuation techniques for fair value measurements categorised within level 2 and level 3

Derivative financial instruments have been valued using observable market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Note 20. Contingent liabilities

The Group has entered into agreements with its lease portfolio financiers under which the residual value risk inherent in operating leases is transferred from the financier of the asset to the Group at the end of the lease. Under these agreements, at the end of the contractual lease term for each vehicle, the Group is obliged to pay the guaranteed residual value amount to the financier. The Group then sells the vehicles and realises a profit or loss on sale. Bank guarantees, letters of credit and cash lock-ups have been issued to lease portfolio financiers as security for these obligations.

An amount of \$10,732,000 (30 June 2020: \$10,704,000) has been recognised as a residual value provision and an amount of \$227,000 (30 June 2020: \$205,000) has been recognised as an impairment provision respectively, calculated on an onerous pool basis, to cover potential shortfalls on the disposal of these vehicles.

The Group has executed certain guarantees and indemnities, as well as fixed and floating charges over the assets of the Group in favour of funders as security for banking and lease portfolio facilities provided to the Group.

Note 21. Earnings per share

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$'000	\$'000
Profit after income tax attributable to the owners of SG Fleet Group Limited	<u>25,467</u>	<u>24,513</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	262,159,900	262,123,505
Adjustments for calculation of diluted earnings per share:		
Performance rights over ordinary shares	<u>409,952</u>	<u>204,641</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>262,569,852</u>	<u>262,328,146</u>
	Cents	Cents
Basic earnings per share	9.71	9.35
Diluted earnings per share	9.70	9.34

Note 22. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing, and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from the dividend declared as disclosed in note 18, no other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- 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 Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Andrew Reitzer
Chairman

15 February 2021
Sydney



Robbie Blau
Chief Executive Officer



Independent Auditor's Review Report

To the shareholders of SG Fleet Group Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying **Interim Financial Report** of SG Fleet Group Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of SG Fleet Group Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2020 and of its performance for the interim period ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- statement of financial position as at 31 December 2020;
- statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the interim period ended on that date;
- notes 1 to 22 comprising a summary of significant accounting policies and other explanatory information; and
- the Directors' Declaration.

The **Group** comprises SG Fleet Group Limited (the Company) and the entities it controlled at the Interim Period's end or from time to time during the Interim Period.

The **Interim Period** is the 6 months ended on 31 December 2020.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the interim financial report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. *ASRE 2410* requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



KPMG



John Wigglesworth
Partner

Sydney
15 February 2021