

24 September 2021

ASX Market Announcements  
Australian Securities Exchange  
Level 14, Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

**2021 Annual Report, Notice of Annual General Meeting and Proxy Form**

In accordance with the Listing Rules, SG Fleet Group Limited (ASX: SGF) advises that the 2021 Annual Report, Notice of Annual General Meeting and Proxy Form will be sent to shareholders today. Copies of the documents to be mailed are attached.

The Annual General Meeting will be held on Tuesday, 26 October 2021 at the Barnet Room, Fullerton Hotel, 1 Martin Place, Sydney, NSW 2000 commencing at 3.00 pm AEDT. Venue details may change in line with COVID-19 restrictions imposed at the time of the AGM, and shareholders will be notified accordingly.

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**SG Fleet Group Limited**

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[www.sgfleet.com](http://www.sgfleet.com)

# SG Fleet Group

Integrated Mobility

**2021**  
Annual  
Report

**Value every journey**



SG FLEET GROUP LIMITED  
ABN 40 167 554 574



SG Fleet is a leading provider of integrated mobility solutions

## Our Purpose

To be the leading provider of mobility solutions in our chosen markets.

We offer highly efficient, and socially, environmentally and ethically responsible products and services to meet our customers' mobility needs.

### About SG Fleet Group

SG Fleet Group Limited is a leading provider of integrated mobility solutions, including fleet management, vehicle leasing and salary packaging services.

SG Fleet has a presence across Australia, as well as in New Zealand and the United Kingdom. The company employs over 700 staff worldwide and has approximately 140,000 vehicles under management. SG Fleet listed on the Australian Securities Exchange in March 2014.

The company has a unique position in the marketplace, built on the experience and product expertise of its team, its innovation capability, and a customer-centric approach to service delivery.

SG Fleet actively contributes to the global discussion about the future of transport and is shaping the new mobility landscape in cooperation with all levels of government, as well as leading corporates. SG Fleet continuously evolves its highly advanced fleet management capabilities and flexible mobility solutions, and selectively invests in new technologies and business models that are changing the way we move.

In the 2021 financial year, the company stepped up its involvement in the move towards lower emission mobility, driving the adoption of hybrid and electric vehicles (EVs) across fleets in Australia, New Zealand and the UK, and participating in a number of ground-breaking projects.

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# At the forefront of innovation

An innovative mindset is core to SG Fleet’s recognised ability to continuously add value for its customers.



In 2015, SG Fleet set out to play a leading role in developing a more efficient and therefore a more socially responsible solution for integrated mobility needs.

In the 2021 financial year, SG Fleet continued to evolve a number of the tech solutions it developed in-house to achieve this goal, moving towards the provision of Mobility-as-a-Service.

Spurred on by developments across the globe, 2021 was the year in which Low Emission Vehicles (LEVs) became front of mind more than ever. As an innovator, SG Fleet recognised the need for a solution that would facilitate their adoption, launching its eStart Zero Emission Vehicle Transition Planning service in 2019. Since then, eStart has helped numerous corporate and government organisations map out and implement a road towards an environmentally responsible approach to transport. eStart is now recognised as a benchmark-setting solution in all of SG Fleet’s markets.



SG Fleet was instrumental in the early introduction of hydrogen, or fuel cell, electric vehicles (FCEVs).

During the 2021 financial year, the company partnered with Hyundai Motors to register and manage the first hydrogen fleet in Australia for the ACT Government.

FCEVs are expected to become an integral part of Australia’s longer-term fleet landscape, including for commercial transport purposes. As the country’s first hydrogen fleet manager, SG Fleet has again demonstrated its ability to lead the way in the development and adoption of cutting-edge technologies.



Adding value for customers relies on the ability to develop a clear vision for the future of mobility and translate that vision into solutions that will cater to needs that are yet to fully emerge.

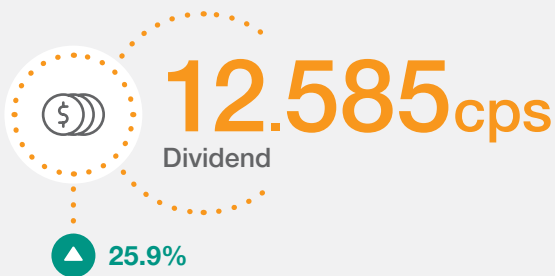
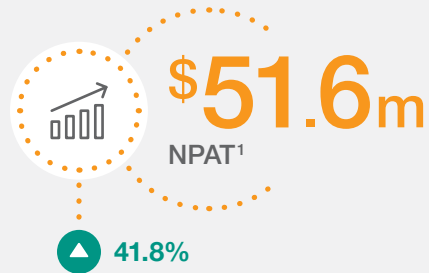
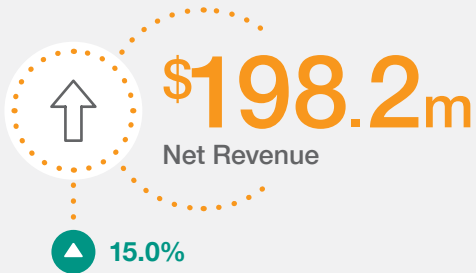
SG Fleet’s approach to this process is best demonstrated by its involvement in the REVS project, which investigates how EVs can contribute to energy stability by transferring power back and forth into the electricity grid (vehicle-to-grid or V2G). The use of EVs for this purpose may unlock economic benefits and make the vehicles a more viable and appealing option for fleet operators. SG Fleet is the exclusive mobility solutions provider in the REVS project, which received funding from the Australian Renewable Energy Agency (ARENA) and is due to complete in 2022.



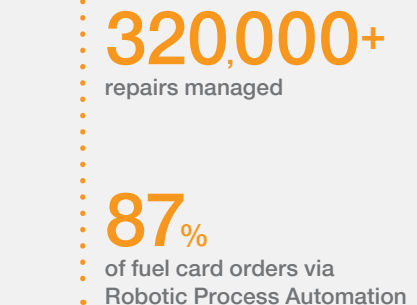
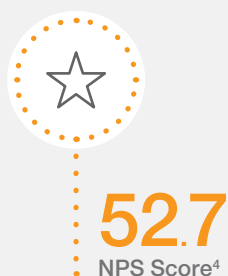
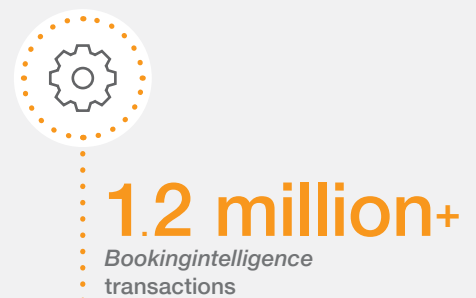
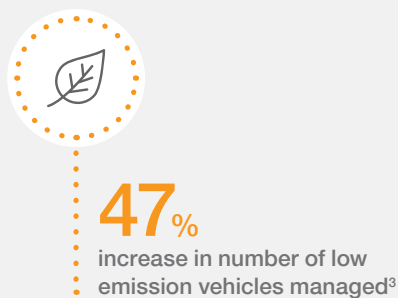
Fleetintelligence Bookingintelligence TradeAdvantage

# A year in numbers

## Financial



## Operational



1 Underlying 2 Group 3 AU/NZ 4 AU Novated – 11/2020

# Creating long-term value for all

SG Fleet aims to create long-term value for all of its stakeholders by applying its strengths to the disciplined execution of a well-defined strategy across its chosen markets.

## Our Strengths

We have successfully established a unique market position

### Unrivalled expertise



### Innovative mindset



### Customer-centricity



## What we do

We are a leading provider in all of our operational segments

### Fleet management

SG Fleet offers a full range of tailored fleet management solutions for corporate and government customers.

### Vehicle leasing

SG Fleet can advise on the most appropriate fleet funding for your business or organisation.

### Employee benefits

SG Fleet is a preferred employee benefits provider in Australia and the United Kingdom.

## Our Stakeholders

### Our People

**Our commitment**  
Our people are our most valued resource. We commit to providing a safe, nurturing and rewarding work environment, in which our staff can grow their skills and their careers.

### Customers

**Our commitment**  
A strong customer focus is one of the defining characteristics of our company. We commit to continuously pursuing further improvements in the way we deliver for our customers.

### Partners

**Our commitment**  
We believe that our service performance relies on strong partnerships. We commit to building mutually-beneficial relationships with our partners, based on efficiency, respect and trust.

### Shareholders

**Our commitment**  
Investors provide us with the necessary capital to grow our business. We commit to pursue the creation of sustainable, long-term performance and returns for our shareholders.

### Community

**Our commitment**  
We recognise that we are given the social license to operate from the communities in which we are based. We commit to reward that trust by giving back wherever possible.

# Sustainability statement

SG Fleet's approach to long-term value creation for all of its stakeholders is driven by the principle that industry-leading environmental, social and governance behaviours should be integrated into daily business practices.

SG Fleet established a Sustainability Committee, governed by a Charter, in 2019. Our aim is to move towards an Integrated Reporting approach ahead of the introduction of relevant regulation.

The company determines its sustainability reporting categories by considering the nature of its business operations, which are predominantly the provision of services in an office-based environment. These categories are then cross-referenced against globally recommended reporting standards as set out by a number of international bodies, including the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB).

The 2021 Sustainability Statement outlines the relevant actions taken by the company during the 2021 financial year.

## Key Highlights

**28%**  
reduction Scope 1  
and 2 CO<sub>2</sub> emissions

**ISO27001**  
standards framework  
implementation

**UN Global  
Compact**  
signatory

SG Fleet Group

Sustainability Committee

Charter

December 2019

## Environment

SG Fleet ensures its day-to-day operations minimise resource consumption, waste and emissions. In addition, we work with our customers and business partners to assist them with their environmental impact reduction initiatives.

### Minimising our environmental impact

The company is targeting a significant reduction in its environmental impact across a number of measures, including energy efficiency, waste management, and reduction in CO<sub>2</sub> emissions.



During the 2021 financial year, we transitioned all office lighting in our Australian offices to LED. This resulted in a 70% reduction of lighting-related electricity consumption, or a 14% net reduction in energy consumption overall.

In order to reduce the use of consumables, measures were introduced to significantly lower the amount of printing and promote the use of handheld devices in meetings. This resulted in a 30% reduction in paper usage, equivalent to ca. 4 tonnes of CO<sub>2</sub> emissions.



As SG Fleet does not produce meaningful levels of CO<sub>2</sub> in its day-to-day business operations, our reduction efforts have primarily targeted emissions related to travel. During the 2021 financial year, air travel was reduced by 90%, equating to a reduction in CO<sub>2</sub> emissions by about 250 tonnes. Road mileage by our staff (excluding commuting) was reduced by 20% during the year, a further reduction of CO<sub>2</sub> emission by approximately 77 tonnes. Where motor travel is essential, we are proactively increasing the proportion of low or zero-emission vehicles in our own fleet. Currently, 12% of our own fleet uses lower emission propulsion technology. This percentage is increasing rapidly as we replace older vehicles. Overall, we achieved a 28% reduction in Scope 1 and 2 emissions during the 2021 financial year.

#### Future Focus

SG Fleet is significantly stepping up its environmental initiatives for future years. In the 2022 financial year, we will introduce our Australian Environmental Impact and Performance Policy, which will further structure our efforts in this area and set clear targets for reductions in energy and consumables usage, and CO<sub>2</sub> emissions. This policy will complement the existing UK Environmental Policy. It is our intention to achieve certified carbon neutrality for our Australian business, which accounts for three quarters of our group revenues, for the full financial period. Separately, we will also explore further options for recycled waste collection across our offices.



#### Helping our customers minimise their environmental impact

Vehicle expertise is SG Fleet's lifeblood. We view it as our duty to deploy our knowledge and help others reduce the impact of their transport activities and make a positive contribution to the environment. We were one of the first providers to recognise the positive potential of lower emission vehicles in a fleet context and launched our eStart Zero Emission Vehicle Transition Planning service a number of years ago. As a result of our ability to plan and execute the transition from internal combustion to lower emission vehicles for our customers' fleets, we have seen a sharp rise in the use of more environmentally friendly transport solutions across the fleets we manage. At the end of the 2021 financial year, we achieved a 47% year-on-year increase in the number of low emission vehicles managed in our Australian and New Zealand fleets. In our novated business, we also offer drivers the possibility to carbon-offset their own vehicle.

#### Future Focus

Encouraged by the rapid increase in EV interest, SG Fleet has put in place a group EV strategy, and is the lead-contributor to an industry whitepaper, to further promote take-up of zero emission vehicles amongst its customers as well as in the wider community.

#### Encouraging and supporting our business partners' environmental initiatives

We offer our customers our unique expertise and services just as we rely on the specific skill sets of our business partners. We share with them the desire to operate in a responsible and ethical fashion and this extends to environmental practices. For this reason, we ask all our preferred suppliers to develop and submit their strategies and initiatives to reduce emissions.

**"We view it as our duty to deploy our knowledge and help others reduce the impact of their transport activities and make a positive contribution to the environment."**

**327 tonnes**

reduction in air and road travel-related CO<sub>2</sub> emissions





**“Safety is an important aspect of transport and mobility, and many of our solutions are specifically targeted at protecting our customers’ wellbeing.”**

## Social

SG Fleet respects and seeks to further the interests of its customers, its employees and the wider communities in which we operate. Our culture is one of respect, care and responsibility, and we aim to instil these values in all our interactions with every individual, as well as with community groups.

### Protecting customer privacy and ensuring data security

To be able to create value for its customers and conduct its business in an efficient manner, SG Fleet needs to collect and process certain personal and business information. The way we collect, use and retain this information is governed by strict protocols and detailed processes.

SG Fleet complies with all applicable privacy laws in each jurisdiction in which we operate (Australia, the United Kingdom and New Zealand) and processes customer information in accordance with our privacy policies. These policies are available to the public online. The SG Fleet Group Personal Data Protection Policy sets out how we protect the personal data we collect.

The hosting and management of data, including Disaster Recovery services and infrastructure management, is supported by external providers that hold all required certification. As an extra layer of protection, a Security Operations Centre provides 24/7 monitoring of the data environment and can alert the company to any cyber security threats. Formal Disaster Recovery and Business Continuity Plan policies are in place and tested on a regular basis. Penetration testing is also conducted on a regular basis by an independent provider.

The day-to-day management of the data environment involves standard safety processes such as encryption, two-factor authentication for remote access, geo-blocking to limit network access and multiple threat-detection layers.

The awareness of the importance of customer privacy and the need for secure handling of data is reinforced at the individual employee level through regular staff updates and continuous training via our e-learning portal.

Relevant modules include:

- Electronic communication
- Privacy awareness
- Cyber security awareness
- Email phishing awareness

## Future Focus

Further enhancements of SG Fleet’s relevant processes will be introduced as the cyber security environment continues to evolve. Currently, we are in the process of implementing the ISO27001 framework across the SG Fleet group, with full certification expected early in the 2022 financial year.

### Focusing on our customers’ satisfaction and safety

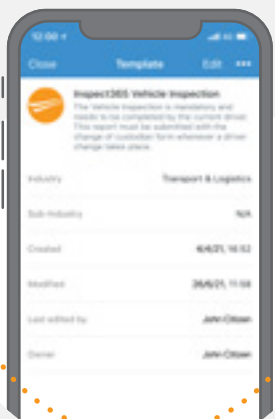
SG Fleet thrives as a business because we are able to create value for our customers. We aim to understand our customers’ needs and how those needs evolve. Our innovative thinking also ensures we are able to anticipate future needs, develop solutions and bring them to market rapidly. To this process we then apply a second layer of value-add, made possible by the ability to create flexible, tailor-made solutions addressing specific needs of our customers.

Feedback is invaluable to us and we ensure this information is collected and analysed to further improve how we deliver for our customers. We utilise Net Promoter Scores to track how we are doing. For the majority of the 2021 financial year, our NPS scores were near the 50 mark, a sign of strong customer satisfaction.

In addition to service delivery excellence, the quality of our products and solutions is the cornerstone of our reputation as a leader in our field. Before we bring new products to market, a lengthy assessment and development process is conducted to ensure these products deliver on our promise to help improve how our customers move.

Safety is an important aspect of transport and mobility, and many of our solutions are specifically targeted at protecting our customers’ wellbeing. We provide the ability to monitor driver behaviour and offer driver safety training to correct driving techniques. Reinforcing a responsible approach to sharing the roads in this way not only protects our customers but all members of the public.

SG Fleet’s Inspect365 is Australia’s most complete safety inspection solution for heavy vehicles. It helps our customers improve inspections and manage their compliance responsibilities. Inspect365’s ‘closed loop’ system provides an objective record of actions taken, which is a critical part of ensuring vehicle safety and demonstrating compliance. This safety focus is embedded in all the services we offer.



At SG Fleet, we believe that our solutions must always be fit-for-purpose and meet the specific requirements of our customers. We take great care to fully understand their needs and we make sure they are properly informed about every aspect of our products. Responsible selling practices are something we will not compromise on. In offering a product to a prospective customer, we provide fully transparent and detailed information, highlighting the range but also the limitations of its capabilities.

#### Future Focus

SG Fleet's unique in-house innovation capability ensures we are able to create and develop new products quickly and efficiently. The company plans to bolster this capability in future years as we continue to broaden our products and services offering.

#### Supporting our people

SG Fleet's business success is built on the expertise of its people. We recognise the importance of being an inclusive employer and have a strong commitment to equal opportunity and diversity, with a focus on gender diversity. Diversity drives the company's ability to attract, retain and develop the best talent, create an engaged workforce, deliver the highest quality of service to customers, and achieve sustainable growth.

SG Fleet celebrates the diverse range of cultural backgrounds and experiences of its employees and is committed to providing equal employment opportunities and a work environment that is free from harassment, discrimination and workplace bullying. The priority when recruiting is to ensure an appropriate mix of experience, expertise, and qualifications, regardless of age, nationality, gender, sexuality, religious beliefs or physical ability.

SG Fleet complies fully with the *Workplace Gender Equality Act (2012)* and is a complying employer with the Workplace Gender Equality Agency. As at 30 June 2021, the Company's workforce was made up of 46% women and 54% men. During the 2021 financial year, there was a 25% increase in female employees being promoted to management positions. SG Fleet continues its focus on the development of female leaders with its Women and Leadership Development Program.

As a part of SG Fleet's recruitment process, vacancies are evaluated for their suitability for flexible work arrangements and for arrangements other than full time.

Around 12% of employees are currently accessing formal flexible work arrangements including part-time work. This excludes informal team-based flexibility. Requests for formal flexibility within the financial year fluctuated in line with the prevalence of remote working environments resulting from COVID-19 response measures. Eligible employees continue to be able to participate in a 'Purchase Annual Leave' program to assist with balancing family commitments. Employer-funded paternal leave was introduced in the previous financial year.

Safety in the workplace is of paramount importance to SG Fleet. In addition to providing our staff with a healthy work environment, we conduct regular e-training on a range of topics that can impact their wellbeing.

These modules include:

- Sexual harassment prevention
- WH&S awareness
- Workplace bullying and occupational violence
- Discrimination and Equal Employment Opportunity

In the previous financial year, we also introduced a Group Exposure Control Policy and a COVID-19 awareness e-learning module.

In addition to risk mitigation education, we encourage our staff to proactively look after their physical and mental wellbeing. The company provides access to a range of staff wellness benefits and activities.

**“SG Fleet celebrates the diverse range of cultural backgrounds and experiences of its employees and is committed to providing equal employment opportunities and a work environment that is free from harassment, discrimination and workplace bullying.”**





“We are a proud member of Supply Nation, which aims to promote and support procurement through indigenous organisations and create a more inclusive economy, and we currently source a number of goods from these businesses.”

30+

charitable causes supported across Australia, New Zealand, and the United Kingdom

SG Fleet is committed to support the continued growth of its people. We have a reputation within the industry of developing the best available talent and expertise. Our staff are given access to internal and external development opportunities, such as training programs and courses.

The success of our initiatives to support our people in their professional growth, workplace wellbeing, and personal mental and physical health, as well as our approach to supporting staff through the COVID-19 pandemic, have been reflected consistently in our engagement measures. In our latest ‘pulse’ survey, our people reported strong positive sentiments around general wellbeing and resilience.

**Our community involvement**

SG Fleet has operations in Australia, New Zealand and the United Kingdom. We interact with local communities as a significant employer and as a purchaser of goods and services. However, we firmly believe that we have a responsibility to the communities in which we operate, as well as people elsewhere, to give back and make a positive contribution in other areas wherever we can.

SG Fleet supports a number of initiatives across a wide range of areas. As a company, our community contribution comes in the form of financial support, and the provision of goods or vehicles. Our people also contribute generously by collecting donations or by volunteering in their own communities or for charitable activities of their choice. Wherever possible, we look to deploy our mobility expertise to the advantage of organisations or individuals who have limited access to transport, or to support road safety initiatives.



During the 2021 financial year, we supported the following initiatives, amongst others:

**In Australia**



**In New Zealand**



**In the United Kingdom**



In Australia, SG Fleet is committed to furthering the cause of Aboriginal and Torres Strait Islander communities wherever possible. In addition to offering employment opportunities, we are also actively supporting their business ventures.

We are a proud member of Supply Nation, which aims to promote and support procurement through indigenous organisations and create a more inclusive economy, and we currently source a number of goods from these businesses.

**Future Focus**

We believe that supporting communities starts with understanding their history, their challenges and their strengths. With respect to indigenous Australians, we intend to introduce educational programs at SG Fleet that will help us build the right perspective amongst our leadership and our people to develop an effective and impactful Reconciliation Action Plan in the near future.

## Governance

Across our organisation, we ensure we adopt responsible business practices and policies in all aspect of our operations. As a listed entity, SG Fleet Group Limited also reports against the ASX Corporate Governance Council's Principles and Recommendations (4th Edition) via its Corporate Governance Statement. This statement describes the rules, systems and processes we have in place to manage our company and our operations in a responsible manner.

In addition to the requirements set out by the ASX Corporate Governance Council, we have a number of policies in place to instil and promote ethical behaviour across the organisation, as well as our supply chain. SG Fleet also ensures its people are aware and observant of these policies by conducting regular e-learning sessions.

### Code of Conduct

Our people are expected to conduct themselves in a manner consistent with current community and the company's own standards, and in compliance with all relevant legislation. The Code of Conduct outlines how the company expects its representatives to behave and conduct business in the workplace on a range of issues. It includes legal compliance and guidelines on appropriate ethical standards.

### Whistleblowing Policy

The Whistleblowing Policy is in place to encourage our people to raise concerns and flag reportable conduct where there are reasonable grounds to support such actions. We are committed to ensuring that serious misconduct or malpractice is identified and addressed appropriately.

### Anti-bribery and Corruption Policy

SG Fleet prohibits bribery and corruption in any form, whether direct or indirect, and in any country in which it operates. We take appropriate steps to ensure that we do not, directly or indirectly, offer, promise, give, accept or demand a bribe or other undue advantage in order to obtain or retain business. The company promotes employee awareness of, and compliance with, company policies against bribery and corruption through appropriate dissemination of our own procedures, policies and training programmes.

## Modern Slavery Policy and Statements

SG Fleet does not tolerate any form of enslavement or exploitation and we are committed to ensure measures are in place to minimise the risk of modern slavery in our business and in our supply chain. The company has voluntarily put in place a Modern Slavery Policy, which outlines our overall approach to combatting modern slavery. We also issue Modern Slavery Statements overviewing our initiatives during the respective reporting periods in Australia (pursuant to the *Modern Slavery Act 2018 (Cth)*) and the United Kingdom (pursuant to the *Modern Slavery Act 2015 (UK)*).

### UN Global Compact

During the 2021 financial year, SG Fleet became a signatory to UN Global Compact. We are committed to the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labour, the environment and anti-corruption.

### Procurement practices

We view it as our responsibility to promote ethical behaviour not just within our business operations, but also at supplier level. Across the group, we take great care in selecting suppliers of goods and services and we expect our suppliers to operate to recognised national and international standards, and appropriate codes of practice.

In order to do so, we have put in place a Supplier Code of Conduct and a Procurement Policy. These policies set out the requirements we set out for our suppliers in the areas of: ethical business practice, anti-competitive conduct, labour and human rights, work health & safety, environment, and confidentiality and provision of information.

### Future Focus

SG Fleet intends to introduce further policies, standards and processes to support its environmental, social and governance practices. In the 2022 financial year, we will adopt, amongst others, the ISO 20400 Sustainable Procurement and ISO 26000 Social Responsibility standards.



Visit the Governance section of our Investor Centre to read our Corporate Governance Statement.

## WE SUPPORT



**“We are committed to the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labour, the environment and anti-corruption.”**

Voluntary introduction of



# Chairman's report



Dear Shareholder

I have the pleasure of presenting you with the SG Fleet Group Limited Annual Report for the year ended 30 June 2021.

**“For many of our customers, the 2021 financial year will be remembered as a period during which SG Fleet was there to help more than ever.”**

In the 2021 financial year, your Company has operated in an environment that continued to be influenced by the COVID-19 pandemic. Throughout the period, the management team and people across the organisation proved their exceptional resilience by learning, adapting and responding to the new and diverse challenges faced by your Company and our customers. Thanks to this team effort, we have been able to maintain the progress made at the end of the previous financial year and then improve your Company's fortunes further as the year progressed. This allowed your Board to reinstate the dividend payout ratio to its previous levels at the end of the first period and declare a fully franked final dividend of 5.393 cents per share, bringing the total dividend for the 2021 financial year to 12.585 cents per share.

While COVID-19 remained a factor, our focus quickly turned to business as usual as we developed the necessary processes to manage disruptions in the workplace and in the supply chain. However, the year was not just about adversity. Our strong service focus allowed your Company to step up to the task and help our customers by being both aware of their evolving needs and agile in how we responded to them. For many of our customers, the 2021 financial year will be remembered as a period during which SG Fleet was there to help more than ever, a year in which we provided new and flexible solutions to help move people safely and assist individual drivers and organisations with their cash flow management challenges.

There is no doubt that our service performance over the past few periods has been recognised by our customers. Evidence of that is the steady upward trend in Net Promoter Scores, which measure customer satisfaction, in the Novated segment in the second half of the 2020 calendar year, when the impact of COVID-19 on people's financial situation was at its worst. Equally, there is ample evidence that the commendable efforts of our people helped us retain our existing accounts and record an impressive number of additional customer wins during the year. At the same time, the efficiency of the solutions we offer and the value-add they create resulted in a wider take-up of our products and services offering across existing and new accounts.

Our focus remains on evolving these products and services through continuous innovation and via selective investments in new capabilities. This strategy is part of your Company's evolution into a Mobility-as-a-Service, or MaaS provider. MaaS is a concept that I first introduced to you, our Shareholders, in the 2015 Annual report. Since then, we have continued to build our capabilities in the areas of fleet, vehicle and trip management. The next step in this process, the integration of these capabilities, will firmly put us in a leadership position in our industry in terms of end-to-end MaaS provision.

A further focal point of our innovation efforts in recent years has been low- and zero-emission vehicles. The introduction of alternative power sources is part of a growing awareness in the community of our environmental responsibilities. We view it as our duty to deploy our expertise in this area and help others reduce the impact of their transport activities and make a positive contribution in that regard. I encourage you to read our Sustainability Statement in this Annual Report. It outlines our actions, as well as the work we do with our customers and suppliers, to further improve our processes in the areas of environmental management, social capital, and governance.

Finally, I would like to turn to what is a truly momentous milestone in the growth journey of your Company. On the 31st of March of this year, we announced our intention to acquire the Australian and New Zealand businesses of LeasePlan. While at the time of writing to you, we are yet to fully complete the acquisition, there is no doubt this will be a transformational step in our history, allowing us to create significant long-term value for all our stakeholders. I look forward to reporting on the acquisition and its integration in next year's report.

I would like to thank everyone at SG Fleet for another year of committed effort in a challenging environment, as well as the Directors of the Board for supporting the Company's achievements. My thanks also go to Super Group, our majority shareholder, for actively supporting our strategy. Most importantly, I thank you, our Shareholders, for your continued support as we are set to embark on an exciting new phase in your Company's history.



**Andrew Reitzer**  
Chairman  
16 August 2021  
Sydney

# Chief Executive Officer's report



Dear Shareholder

I am pleased to report on the financial performance of SG Fleet Group Limited for the year ended 30 June 2021.

My review of this financial year will refer for comparison to the financial figures for the year ended 30 June 2020. Detailed financial data can be found in the full annual report.

## A significant improvement in financial performance

The 2021 financial year still stood in the context of the COVID-19 pandemic. Disruptions continued to occur, impacting consumer sentiment and consequently demand for novated leases, particularly in the first half. However, its effects became less pronounced as time passed. We take pride in our continued resilience in the face of these challenges as it allowed us to progress as the year went on.

Lower deliveries in the Novated segment during the first quarter of the financial year were offset by the strong performance of our Corporate segment in Australia, as well as the UK and New Zealand. Since then, novated orders recovered in line with improving consumer sentiment, despite COVID-19 still impacting employment in some industries. Again, as a Group we benefited from our diversification and the natural hedge of our business portfolio. This hedge manifested itself in the strong growth in end of lease income as the value of used vehicles remained at exceptional levels in all three countries because of supply issues and higher demand. This constraint however also meant that, throughout the year, delivering the growing number of orders we won was a challenge. As a consequence, the order pipeline at financial year-end almost doubled on the previous year, which means a significant number of orders will spill into the 2022 financial year.

Tender, as well as other business opportunity activity, rose throughout the year. Across the Group, we have again done an exceptional job retaining our existing customers and we added a significant number of accounts by winning the majority of tenders we pursued. At the same time, we have been able to upsell our products and services further, with more than half of our customers now taking up multiple products.

I am happy to report that as a result of this continued progress, we produced a significant improvement in our financial performance in the 2021 financial year. Total net revenue for the full financial year was \$198.2 million, up 15% on the previous year. Net profit after tax for the reported period was \$43.7 million. Underlying net profit after tax, which excludes \$7.9 million in costs related to the LeasePlan acquisition, was \$51.6 million, a 41.8% improvement on the 2020 financial year. Reported earnings per share was 16.22 cents, up 16.8% on the previous corresponding period, while Underlying cash earnings per share was up 31.6% to 21.75 cents.

New vehicle orders growth exceeded 25%, but frustratingly, the disruptions to new car supply meant that our growth in new funded deliveries was limited to 8.6%. The remainder of these vehicle orders banked up in our order pipeline. Fleet size reduced by 3.1% on the previous year. This reduction mostly came from the Novated segment as a result of early terminations from employees in the airline and university sectors, who were particularly impacted by COVID-19, and our inability to deliver ordered vehicles because of the supply chain challenges I referred to earlier.

Management and maintenance revenue declined marginally, to \$82.5 million, in line with the reduction in fleet under management. Additional products and services revenue and finance commissions, at \$99.3 million and \$36.1 million, down 9.2% and 8.8% respectively, were both impacted by the reduction in novated deliveries. The inability to deliver new orders meant that a large number of customers extended their leases. Finance commissions on these extensions are lower than those received on a new vehicle. As mentioned earlier, the natural hedge in our business portfolio meant that the new vehicle supply disruptions, coupled with increased demand for used vehicles, translated into unprecedented net end of lease income, which more than tripled to \$43.9 million. Finally, net rental income grew by 17.8% to \$16.1 million because of an increase in on-balance sheet lending, predominantly from the UK, with a small contribution from our new securitisation program.

**“We take pride in our continued resilience in the face of these challenges as it allowed us to progress as the year went on.”**

### Continued strength in Corporate businesses

The Corporate segment performed well across Australia, New Zealand and the United Kingdom, building further on the progress made in the second half of the 2020 financial year. Fleet additions in the parcel delivery space in particular, the consequence of the boom in online shopping, were of an unprecedented size. Sale and leaseback arrangements again were a very popular option as many companies continued to look for cash flow management benefits.

Throughout the period, we have been very agile in how we support our customers. This has undoubtedly contributed to the noted increase in interest in our growing range of products and services. There was a particularly strong demand for solutions that allow our customers to ensure they use their fleet as efficiently and safely as possible. Customers are also looking for flexible arrangements, such as subscription services and shorter-term leases.

In the context of the demand growth we saw in this segment, delivering orders remained our biggest challenge as vehicle supply did not recover during the period. Fortunately for us, we have always nurtured our relationships with our business partners and there is no doubt this helped us source a significant amount of available stock from dealers.

### Novated orders pass pre-COVID-19 levels

In the July to September quarter of the 2021 financial year, demand in the Novated segment was still affected by COVID-19, but as restrictions were lifted, we saw leads and subsequently orders starting to rebound. We continued to work very hard with our lenders and with drivers in industries most affected by the pandemic to manage the impact of redundancies on drivers with novated leases. Unfortunately, some drivers had to early-terminate their leases, which affected total fleet numbers.

There is no doubt that we have been able to improve our reputation further by providing customers with the advice and help they needed through these challenging times. A greater prominence of educational content aimed at communicating the cost and flexibility benefits of novated leases was combined with the digitisation of processes across the full spectrum of customer interaction. The resulting improvement in the customer's digital experience also allowed us to become more targeted in our approach.

As the environment improved during the year, we made a significant effort to maximise the benefits of improving consumer sentiment. Combined with the very strong retention of existing accounts and additional wins, this led to a sustained recovery in demand for our product. Initially, this manifested itself in a rebound in leads, and subsequently in the form of firm new orders, which passed pre-COVID-19 levels by financial year-end. In addition, we increased our share of wallet per lease by increasing the penetration of accessory products.

### UK performs strongly throughout challenging period

The economic situation in the United Kingdom evolved rapidly as the country started getting control of COVID-19. At the beginning of the year, the UK was facing a far more challenging environment than that seen in Australia and New Zealand, with multiple lockdowns leading to a stop-start economy. Since then, the country started to open up, helped by aggressive financial support from its government.

Nevertheless, cash flow management remained front of mind for many companies and this led to strong interest in sale and leasebacks. Demand for light commercial vehicles was also particularly strong and as we operate in that segment with a well-targeted niche product, we did very well out of that trend. In terms of business development, we continued to register good wins across the corporate, SME and Employee Benefits segments, with the latter doing particularly well as consumer sentiment improved rapidly in the second half. Significant progress was made in terms of upsell of a wider range of our products and services, both with new account wins and with existing customers.

For reasons similar to those seen in Australia, second-hand car values were very strong in the UK and this obviously benefited us. However, inevitable supply challenges meant we continued to see extended lead times and a further lengthening of the order book. Nevertheless, our UK business was extraordinarily resilient during the worst of the COVID-19 period, performing strongly throughout and now benefiting from the opening up of the country.

### New Zealand order pipeline at record levels

New Zealand responded early and hard to the COVID-19 crisis and reaped the benefits of that in economic terms. General business sentiment improved, and our business largely operated on a business-as-usual basis. Tender activity remained steady, with competitive behaviour fairly rational.

As in our other markets, balance sheet optimisation efforts manifested themselves in a greater appetite for funding and sale and leasebacks. As a consequence, we converted a number of accounts from managed-only to funded. New business opportunities continued to emerge throughout the year. The main challenge for the business was to clear the order pipeline, which remained at record levels at year-end. As was the case in Australia and the UK, stock availability was a problem. In line with that, used vehicle pricing remained exceptionally strong.

### Environment creates stronger interest in products and services offering

Evidence that the Company kept its stride despite the unique external environment can also be seen in one of the features of the 2021 financial year, namely the rapid evolution and the accelerating take-up of our products and services offering. The unique requirements coming out of the COVID-19 crisis undoubtedly accelerated a number of trends that were starting to emerge in previous years, and many of our existing products helped solve a wide range of problems our customers faced.

Examples of that include a greater need to manage so-called grey fleets via asset management solutions such as Bookingintelligence as the reluctance to utilise shared transport and the move to work-from-home arrangements has led to the use of personal vehicles for work-related transport. Not surprisingly, Bookingintelligence use grew rapidly, with booking transactions tripling during the 2021 financial year to over 1.2 million. Infection concerns also led to greater interest in DingGo's digital contactless repair management process, which has now been integrated into our own service offering. We noticed an uptick in interest in short-term and more flexible arrangements, such as the subscription service offered by Carly. Elsewhere, the expansion of eCommerce boosted the demand for delivery vehicles. At a financial level, a renewed focus on balance sheet optimisation led to greater interest in outsourcing, sale and leasebacks and greater fleet efficiency. These demand trends are likely to remain present long after the pandemic has been brought under control.

### Evolving our capabilities

During the year, we also witnessed a global shift towards greater acceptance and penetration of low- and zero-emission vehicles (LEVs and ZEVs), including in corporate fleets. The electric vehicle (EV) conversation is certainly high on the agenda with many of our larger customers.

We were one of the first providers to recognise the positive potential of lower emission vehicles in a fleet context and launched the eStart Zero Emission Vehicle Transition Planning service a few years ago. In the past year, in addition to our work with government customers, some of the biggest names in Corporate Australia approached us for assistance with the development of their own low- and zero-emission strategies. eStart effectively wraps up the entire EV universe for our customers, from development of the transition process to implementation of the EV strategy. In the first half of the financial year, we were also the first in Australia to register a fleet of fuel-cell or hydrogen powered cars.

Not surprisingly, this work led to a sharp rise in the use of more environmentally friendly transport solutions across the fleets we manage. At the end of the 2021 financial year, we achieved a 47% year-on-year increase in the number of low emission vehicles managed in Australia and New Zealand. In the UK, low or zero-emission vehicles now account for about one-fifth of our fleet. Currently, 12% of our internal fleet uses lower emission technology. This percentage is increasing rapidly as we replace older vehicles.

Our innovation in these areas continues. We are also participating as the only mobility solutions provider in the ground-breaking REVS project, which is doing pioneering research to reduce the overall cost of EVs while at the same time supporting the electricity grid. We have carved out a strong reputation for ourselves in this lower emission vehicle space and as these trends accelerate, we will be in a leading position to provide existing and new customers with market-leading solutions.

The ultimate goal is to bring our innovation in the areas of vehicle technology and management, enhanced fleet management and trip management more broadly together to offer a Mobility-as-a-Service capability. We will manage the full mobility process, from journey planning, transport data and access, to booking and payment. Developing this capability is a journey we have been leading in our industry over the past six years and I look forward to sharing more about this exciting journey in coming years.

### A transformational year

The 2021 financial year has been another momentous period in our journey as a company, both in terms of the environment we operated in and the many exciting developments within the business.

Our Australian Corporate segment continued its strong performance, helped by strong interest in new products and solutions. Used car values remained very supportive throughout the period. In the Novated segment, while the impact of COVID-19 was still felt in the beginning of the financial year, sentiment recovered steadily despite the occasional lockdown. The UK's fortunes improved significantly in the last six months of the financial year and evidence of that was most pronounced in our employee benefits business there. In New Zealand, we continued to pick up blue-chip accounts. Retention levels in our businesses were close to 100% and we reported further gains in terms of tender win rates and customer penetration.

Interest in low and zero-emission vehicles is growing in all geographies and an increasing number of large customers are enlisting our help to organise and implement their vehicle transition processes. The solutions we have already brought to market and are currently under development are paving the way towards the creation of an end-to-end integrated Mobility-as-a-Service capability. Because these solutions generate revenue on an ongoing basis, they are also further shifting our revenue profile towards recurring income.

At the time of writing this report, we were nearing the completion of the LeasePlan acquisition, which we announced during the 2021 financial year. The acquisition will be a truly transformational moment for SG Fleet, and we look forward to delivering on the benefits the acquisition will create for us, once completed. Combined with the excellent progress we have achieved across the Group during the financial year, and the rapid evolution of our products and services offering, it is a very exciting time for both businesses to come together and the future holds great promise for the combined entity.

My heartfelt thanks and appreciation go to my Executive team and my colleagues across the Group. This year, more than ever before, we stood up together to the challenges we faced, and I firmly believe this has made SG Fleet stronger. With the continued support of you, our Shareholders, we will further build our industry leadership and grow the value we are creating for our customers, for our shareholders, and for all our stakeholders.

**“The ultimate goal is to bring our innovation in the areas of vehicle technology and management, enhanced fleet management and trip management more broadly together to offer a Mobility-as-a-Service capability.”**



**Robbie Blau**  
Chief Executive Officer  
16 August 2021  
Sydney



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# Directors' report

30 June 2021

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 year ended 30 June 2021.

## Directors

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

Andrew Reitzer (Chairman)

Robert (Robbie) Blau

Cheryl Bart AO

Graham Maloney

Peter Mountford

Edwin Jankelowitz

Kevin Wundram

Colin Brown (alternate for Peter Mountford)

Details of the Directors are set out in the section 'Information on Directors' below.

## Principal activities

During the financial 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.

## Dividends

Dividends paid during the financial year were as follows:

|   | <b>Consolidated</b> |        |
|---|---------------------|--------|
|   | <b>2021</b>         | 2020   |
|   | <b>\$'000</b>       | \$'000 |
| Final dividend for the year ended 30 June 2020 of 3.053 cents per ordinary share paid on 6 October 2020 (2020: Final dividend for the year ended 30 June 2019 of 9.520 cents) | <b>8,004</b>        | 24,958 |
| Interim dividend for the year ended 30 June 2021 of 7.192 cents per share paid on 13 April 2021 (2020: Interim dividend for the year ended 30 June 2020 of 6.943 cents)       | <b>18,855</b>       | 18,201 |
|   | <b>26,859</b>       | 43,159 |

On 16 August 2021, the Directors declared a fully franked final dividend for the year ended 30 June 2021 of 5.393 cents per ordinary share, to be paid on 9 September 2021 to eligible shareholders on the register on 26 August 2021. This equates to a total estimated distribution of \$16,039,000, based on the number of ordinary shares on issue as at 30 June 2021. The financial effect of dividends declared after the reporting date are not reflected in the 30 June 2021 financial statements and will be recognised in subsequent financial reports.

# Directors' report

30 June 2021

## Review of operations

The profit for the Group after providing for income tax amounted to \$43,705,000 (30 June 2020: \$36,381,000).

The fleet size of the Group as at 30 June 2021 was 138,797 (30 June 2020: 143,278).

Refer to Chairman's report and Chief Executive Officer's report for further commentary on the review of operations.

## Significant changes in the state of affairs

On 31 March 2021, the Group entered into an agreement to acquire the LeasePlan Australian and New Zealand businesses from LeasePlan Corporation N.V. for a cash consideration of \$273,000,000 and a 13% post-acquisition equity interest in the Company. In addition to the purchase consideration, pre-completion profits, surplus cash on the LeasePlan ANZ Balance sheet and capital invested in the lease portfolio will be released to LeasePlan Corporation N.V. subject to a floor value of \$207,000,000.

The acquisition is expected to complete late in the third quarter or early in the fourth quarter of 2021. The cash consideration will be funded by a capital raising of \$86,329,000 made during the current financial year (refer to note 27 of the financial statements), an increase in corporate debt of \$175,000,000 and surplus cash resources.

## Matters subsequent to the end of the financial year

Apart from the dividend declared and the pending LeasePlan acquisition as discussed above, no other matter or circumstance has arisen since 30 June 2021 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.

## Likely developments and expected results of operations

Likely developments in the operations of the Group and the expected results of those operations are contained in the Chairman's report and Chief Executive Officer's report.

## Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

## Information on Directors

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|   |  |
|---|--|
| <b>Name:</b>                                | <b>Andrew Reitzer</b>  |
| <b>Title:</b>                               | Independent Non-Executive Director and Chairman  |
| <b>Qualifications:</b>                      | Bachelor of Commerce and a Master of Business Leadership from the University of South Africa   |
| <b>Experience and expertise:</b>            | Andrew has over 40 years of global experience in both the retail and wholesale industry. He has served as the Chief Executive Officer ('CEO') of Metcash Limited between 1998 and 2013. Prior to his appointment as CEO of Metcash, Andrew held various management roles at Metro Cash & Carry Limited and was appointed to lead the establishment of Metro's operations in Israel and Russia and served as the Group Operations Director. |
| <b>Other current directorships:</b>         | None   |
| <b>Former directorships (last 3 years):</b> | Non-executive Chairman of Webcentral Group Limited (ASX: WCG) – resigned on 10 November 2020 and Non-executive Chairman of Amaysim Australia Limited (ASX: AYS) – delisted on 6 April 2021.  |
| <b>Special responsibilities:</b>            | Chairman of the Nomination and Remuneration Committee and Chairman of the Innovation and Technology Committee  |
| <b>Interests in shares:</b>                 | 94,461 ordinary shares in the Company  |

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|---|--|
| <b>Name:</b>                                | <b>Robert (Robbie) Blau</b>  |
| <b>Title:</b>                               | Executive Director and Chief Executive Officer ('CEO')   |
| <b>Qualifications:</b>                      | Bachelor of Commerce (Accounting and Law), Bachelor of Laws (Cum Laude) from the University of the Witwatersrand, Higher Diploma in Tax Law from Johannesburg University   |
| <b>Experience and expertise:</b>            | Robbie was appointed CEO of SG Fleet in July 2006 and has significant experience in the fleet management and leasing industry. Robbie has overall responsibility for the strategic development of the Group and manages its relationships with financial services partners. Previously, Robbie was Managing Director of Nucleus Corporate Finance in South Africa, which he founded in 1999. During his time at Nucleus Corporate Finance, Robbie advised South African listed entity Super Group Limited on corporate advisory and strategic projects. He also spent a year working with the Operations Director of South African Breweries Limited and practised as a commercial attorney for five years at Werksmans Attorneys in South Africa. |
| <b>Other current directorships:</b>         | Carly Holdings Limited (previously Collaborate Corporation Ltd) (ASX: CL8)   |
| <b>Former directorships (last 3 years):</b> | None   |
| <b>Special responsibilities:</b>            | Member of the Innovation and Technology Committee  |
| <b>Interests in shares:</b>                 | 7,862,588 ordinary shares in the Company   |
| <b>Interests in options:</b>                | 2,653,020 options over ordinary shares in the Company  |
| <b>Interests in rights:</b>                 | 222,904 performance rights over ordinary shares in the Company   |

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|---|---|
| <b>Name:</b>                                | <b>Cheryl Bart AO</b>   |
| <b>Title:</b>                               | Independent Non-Executive Director  |
| <b>Qualifications:</b>                      | Bachelor of Commerce and Bachelor of Laws from the University of New South Wales, Fellow of the Australian Institute of Company Directors   |
| <b>Experience and expertise:</b>            | Cheryl is a qualified lawyer and company director with experience across industries including financial services, utilities, energy, renewable energy, television and film. Cheryl previously worked as a lawyer specialising in Banking and Finance at Mallesons Stephen Jaques (now King & Wood Mallesons). Cheryl is currently a director of Shaw Australia Pty Ltd, Chairman of Powering Australian Renewables and Chairman of TEDxSydney. Cheryl is immediate past Chairman of ANZ Trustees Ltd, the Environment Protection Authority of South Australia, the South Australian Film Corporation, Adelaide Film Festival and the Foundation for Alcohol Research and Education ('FARE'). She is the 31st person in the world to complete The Explorer's Grand Slam, and is a Patron of SportsConnect. Cheryl has also previously been a director of Football Federation Australia, ME Bank, The Prince's Trust Australia, Australian Himalayan Foundation and Invictus Games Sydney 2018. |
| <b>Other current directorships:</b>         | Audio Pixels Holdings Limited (ASX: AKP)  |
| <b>Former directorships (last 3 years):</b> | None  |
| <b>Special responsibilities:</b>            | Member of the Audit, Risk and Compliance Committee, member of the Nomination and Remuneration Committee and member of the Innovation and Technology Committee   |
| <b>Interests in shares:</b>                 | 30,665 ordinary shares in the Company   |

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|   |  |
|---|--|
| <b>Name:</b>                                | <b>Graham Maloney</b>  |
| <b>Title:</b>                               | Independent Non-Executive Director   |
| <b>Qualifications:</b>                      | Bachelor of Arts from the University of Sydney, Associate of the Institute of Actuaries of Australia, Fellow of the Australian Institute of Company Directors  |
| <b>Experience and expertise:</b>            | Graham has over 40 years of experience in financial services, including superannuation, life insurance, commercial banking, investment banking and stockbroking. He is the CEO of Stratagm, which he established in 2009 to provide strategic and financial advisory services to both businesses and individuals. He is also the Chair of Connective Group, a leading mortgage aggregation business. Graham's experience includes roles as Division Director at Macquarie Capital and as Group Treasurer at National Australia Bank and director at Shadforth Financial Group and Circus OZ Australia Ltd. |
| <b>Other current directorships:</b>         | None   |
| <b>Former directorships (last 3 years):</b> | None   |
| <b>Special responsibilities:</b>            | Chairman of the Audit, Risk and Compliance Committee   |
| <b>Interests in shares:</b>                 | 31,487 ordinary shares in the Company  |

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# Directors' report

30 June 2021

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| <b>Name:</b>                                | <b>Peter Mountford</b>   |
| <b>Title:</b>                               | Non-Executive Director   |
| <b>Qualifications:</b>                      | Bachelor of Commerce and Bachelor of Accountancy from the University of the Witwatersrand, Chartered Accountant, Higher Diploma in Taxation from the University of Witwatersrand and MBA (With Distinction) from Warwick University  |
| <b>Experience and expertise:</b>            | Peter is the nominee for Super Group Limited, has over 25 years of senior management experience and since 2009 has served as the CEO of Super Group Limited. Prior to becoming the CEO of Super Group Limited, he served as the Managing Director of Super Group's Logistics and Transport division and later its Supply Chain division. Peter's experience also includes six years as the CEO of Imperial Holdings Limited's Consumer Logistics division and as Managing Director of South African Breweries Limited's Diversified Beverages. He is currently a Director of The Road Freight Association in South Africa and Bluefin Investments Limited (Mauritius). |
| <b>Other current directorships:</b>         | Super Group Limited (JSE: SPG)   |
| <b>Former directorships (last 3 years):</b> | None   |
| <b>Special responsibilities:</b>            | Member of the Audit, Risk and Compliance Committee and member of the Nomination and Remuneration Committee   |
| <b>Interests in shares:</b>                 | 580,000 ordinary shares in the Company   |

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|   |  |
|---|--|
| <b>Name:</b>                                | <b>Edwin Jankelowitz</b>   |
| <b>Title:</b>                               | Non-Executive Director   |
| <b>Qualifications:</b>                      | Bachelor of Commerce from the University of the Witwatersrand, Chartered Accountant (South Africa)   |
| <b>Experience and expertise:</b>            | Edwin has spent over 40 years in corporate offices and has been Chairman of a number of listed companies. He was a member of the Income Tax Special Court in South Africa for 20 years. Prior to joining the Group, Edwin was Finance Director of Metcash Trading Limited and Metcash Limited from May 1998 to January 2011, and a Non-Executive Director of the company until August 2015. Edwin held the positions of Finance Director, Managing Director and then Chairman at Caxton Limited from 1983 to 1997. Edwin was a consultant in business management and tax between 1980 and 1983. Edwin was with Adcock Ingram Ltd from 1967 to 1979 in the Head Office and was promoted over time to Group Company Secretary and then Finance Director. |
| <b>Other current directorships:</b>         | None   |
| <b>Former directorships (last 3 years):</b> | None   |
| <b>Special responsibilities:</b>            | Member of the Audit, Risk and Compliance Committee   |
| <b>Interests in shares:</b>                 | 22,688 ordinary shares in the Company  |

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|---|--|
| <b>Name:</b>                                | <b>Kevin Wundram</b>   |
| <b>Title:</b>                               | Executive Director, Chief Financial Officer ('CFO') and Head of Risk   |
| <b>Qualifications:</b>                      | Bachelor of Commerce from the University of the Witwatersrand, Honours Bachelor of Accounting Science degree from the University of South Africa, Chartered Accountant   |
| <b>Experience and expertise:</b>            | Kevin has been CFO of SG Fleet Group since July 2006 and has significant experience in the fleet management and leasing industry. He is responsible for the effective management of the finance, treasury, risk and corporate governance functions across the Group. Prior to joining the Group, Kevin was responsible for special projects at Super Group Limited, including the execution of acquisitions, disposals and due diligence. Kevin was also a member of the management committees of the Automotive Parts, Commercial Dealerships and Supply Chain Divisions. Prior to joining Super Group, Kevin worked in the audit and corporate finance divisions of KPMG South Africa for six years. |
| <b>Other current directorships:</b>         | Alternative Director for Robbie Blau at Carly Holdings Limited (previously Collaborate Corporation Ltd) (ASX: CL8)   |
| <b>Former directorships (last 3 years):</b> | None   |
| <b>Special responsibilities:</b>            | Member of the Innovation and Technology Committee  |
| <b>Interests in shares:</b>                 | 803,713 ordinary shares in the Company   |
| <b>Interests in options:</b>                | 994,882 options over ordinary shares in the Company  |
| <b>Interests in rights:</b>                 | 83,589 performance rights over ordinary shares in the Company  |

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|---|--|
| <b>Name:</b>                                | <b>Colin Brown</b>   |
| <b>Title:</b>                               | Alternate Director for Peter Mountford   |
| <b>Qualifications:</b>                      | Bachelor of Accounting Science degree from the University of South Africa ('UNISA'), Honours Bachelor of Accounting Science degree from UNISA, Certificate in the Theory of Accounting from UNISA, Chartered Accountant (South Africa), Master in Business Leadership degree from the UNISA School of Business Leadership  |
| <b>Experience and expertise:</b>            | Colin provided support services to Super Group Limited's treasury activities in Johannesburg from June 2009 to February 2010, and was appointed to the Super Group Limited's board as CFO in February 2010. Prior to that, Colin was CFO and a member of the board of Celcom Group Limited, a business in the mobile phone industry and previously listed on the Alternative Exchange ('AltX') of the Johannesburg Stock Exchange ('JSE'). Colin has also held the Financial Director position at Electronic Data Systems ('EDS') Africa Limited and Fujitsu Services South Africa, both multi-national companies in the information technology services industry and Bluefin Investments Limited (Mauritius). |
| <b>Other current directorships:</b>         | Super Group Limited (JSE: SPG)   |
| <b>Former directorships (last 3 years):</b> | None   |
| <b>Special responsibilities:</b>            | Alternative director and member of the Audit, Risk and Compliance Committee for Peter Mountford  |
| <b>Interests in shares:</b>                 | 122,639 ordinary shares in the Company   |

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'Other current directorships' set out above are current directorships for listed entities only and exclude directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and exclude directorships of all other types of entities, unless otherwise stated.

# Directors' report

30 June 2021

## Company secretary

Tawanda Mutengwa (Bachelor of Laws (with distinction), University of Witwatersrand, Master of Laws, UNSW, AGIA) has held the role of company secretary since 10 December 2019. Tawanda first practised law at Bowman Gilfillan in South Africa before taking on legal, governance and secretariat roles at Macquarie Bank, Chubb Insurance, Elanor Investors and most recently at PwC Australia.

## Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2021, and the number of meetings attended by each Director were:

|                   | Board of Directors |      | Audit, Risk and Compliance Committee |      | Nomination and Remuneration Committee |      |
|-------------------|--------------------|------|--------------------------------------|------|---------------------------------------|------|
|                   | Attended           | Held | Attended                             | Held | Attended                              | Held |
| Andrew Reitzer    | 13                 | 13   | –                                    | –    | 5                                     | 5    |
| Robbie Blau       | 13                 | 13   | –                                    | –    | –                                     | –    |
| Cheryl Bart AO    | 13                 | 13   | 4                                    | 4    | 5                                     | 5    |
| Graham Maloney    | 13                 | 13   | 4                                    | 4    | –                                     | –    |
| Peter Mountford   | 13                 | 13   | 4                                    | 4    | 5                                     | 5    |
| Edwin Jankelowitz | 13                 | 13   | 4                                    | 4    | –                                     | –    |
| Kevin Wundram     | 13                 | 13   | –                                    | –    | –                                     | –    |

|                | Innovations and Technology Committee |      |
|----------------|--------------------------------------|------|
|                | Attended                             | Held |
| Andrew Reitzer | 2                                    | 2    |
| Robbie Blau    | 2                                    | 2    |
| Cheryl Bart AO | 2                                    | 2    |
| Kevin Wundram  | 2                                    | 2    |

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

Colin Brown did not attend any meetings in his capacity as an Alternate Director during the financial year.

## Remuneration report (audited)

The remuneration report, which has been audited, details the Key Management Personnel ('KMP') remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to KMP

### Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms to market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage/alignment of executive compensation; and
- transparency.

The main role of the Nomination and Remuneration Committee ('NRC') is to assist the Board in fulfilling its corporate governance responsibilities and to review and make recommendations in relation to the remuneration arrangements for its Directors and executives. The NRC comprises two independent Non-Executive Directors and one Non-Executive Director and meets regularly throughout the financial year. The CEO and CFO attend certain committee meetings by invitation, where management input is required. The CEO and CFO are not present during any discussions related to their own remuneration arrangements.

The performance of the Group depends on the quality of its Directors and executives. The remuneration philosophy is to attract, motivate and retain high performing, quality executives.

The remuneration framework has been structured to be market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:

- having economic profit as a key component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for the achievement of strategic objectives and contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of Non-Executive Directors and executive remunerations are separate.



# Directors' report

30 June 2021

## Non-Executive Directors' remuneration

Fees and payments to Non-Executive Directors reflect the demands that are made on, and the responsibilities of, these Directors. Non-Executive Directors' fees and payments are reviewed annually by the NRC. The NRC may, from time to time, receive advice from independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of other Non-Executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration. Non-Executive Directors do not receive retirement benefits, share options or other cash incentives.

The remuneration of Non-Executive Directors consists of Directors' fees and committee fees. The Chairman of the Board attends all committee meetings but does not receive committee fees in respect of his role as Chairman or member of any committee.

ASX listing rules require the aggregate Non-Executive Directors remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 12 February 2014, where the shareholders approved the aggregate remuneration be fixed at a maximum of \$1,000,000 per annum.

Non-Executive Director fees (Directors' fees and committee fees) (inclusive of superannuation) are summarised as follows:

| Name – Position  | Fees per annum |
|--|----------------|
| Andrew Reitzer – Independent Non-Executive Chairman    | \$200,004      |
| Cheryl Bart AO – Independent Non-Executive Director    | \$117,502      |
| Graham Maloney – Independent Non-Executive Director    | \$120,000      |
| Peter Mountford – Non-Executive Director               | \$117,502      |
| Edwin Jankelowitz – Independent Non-Executive Director | \$110,002      |

## Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base salary and non-monetary benefits;
- short-term performance incentives;
- share-based payments; and
- other remuneration, such as superannuation and long service leave.

The combination of these comprise the executive's total remuneration.

Total Fixed Remuneration ('TFR') consisting of base salary, annual leave, superannuation and non-monetary benefits, is reviewed annually by the NRC, based on individual performance and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

## Short-term incentives

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. The STI program has a non-financial component and a financial component.

### Non-financial component of STI

The non-financial component comprises 20% of the STI and the financial component 80%.

An individual performance gateway applies in relation to the award of the STI. For an executive to receive payment under the STI program, their performance must be assessed as being fully satisfactory. This includes their individual contribution to the Group's organisational culture and demonstrating and upholding the shared values that underpin the Group's purpose and ambition.

Upon successfully passing through the performance gateway, in order to earn the non-financial component of their STI, the Executive is appraised according to the achievement of key performance indicators (KPI's) as well as the achievement of key strategic initiatives. KPI's include productivity and product profitability measures. Key Strategic Initiatives are defined annually as part of the Group's strategic planning and each year an assessment is made of the achievements against the initiatives set twelve months before. Strategic Initiatives include for example, new product development, significant technology and business systems development, innovation, customer wins and internal efficiency initiatives.

### Group performance and link to remuneration – Financial component of STI

At the beginning of each year, the NRC sets the growth target for the business units and for the Group as a whole for the purpose of the STI. A minimum profit growth gateway of 60% of the target growth rate applies in order for an executive to be entitled to the financial component of the STI.

The performance condition for the financial component of the STI is based on the compound annual growth rate ('CAGR') of the Group's earnings per share ('EPS'). EPS is determined by dividing the Company's NPAT ('net profit after tax') by the weighted average number of ordinary shares on issue during the financial year. The growth achieved for the year, and the achievement against the performance conditions for the purpose of the STI is determined by the Board in its absolute discretion, having regard to any matters that it considers relevant. To determine EPS for the purposes of the STI, the Board typically exercises its discretion to adjust the NPAT for the impact of non-recurring or significant transactions.

The STI is subject to a 12 month payment deferral in equity in respect of 25% of amount determined as payable.

## Long-term incentives

Long-term incentives ('LTI') are typically granted annually to KMP ('Participants') in order to align remuneration with the creation of shareholder value over the long term. LTI include long service leave and share-based payments.

LTI awards to Participants are made under the Equity Incentive Plan ('EIP') and are currently delivered in the form of share options and performance rights ('LTI Instruments'). The number of LTI Instruments granted is based on a fixed percentage of the relevant Participant's TFR and is issued to the Participant at no cost.

LTI Instruments currently granted to KMP typically vest over a three year period although from time to time the Board may approve a two year vesting period when deemed appropriate (the 'Performance Period').

The 2020 LTI offer will be assessed over a Performance Period of 1 July 2020 to 30 June 2022 with vesting to occur in August 2022 if the performance conditions are met.

The 2021 LTI offer will be assessed over a Performance Period of 1 July 2020 to 30 June 2023 with vesting to occur in August 2023 if the performance conditions are met.

The 2020 LTI and 2021 LTI to the Executive Directors were approved by the shareholder's at the Annual General Meeting held on 27 October 2020. The 2020 LTI and 2021 LTI were granted to KMP other than the Executive Directors on 25 November 2019 and 28 October 2020 respectively.

# Directors' report

30 June 2021

## Group performance and link to remuneration – LTI

The performance conditions for the LTI Instruments are based on the compound annual growth rate ('CAGR') of the Group's earnings per share ('EPS'). EPS was selected as the performance condition for the LTI since it is a measure of economic profit and is a key driver of the share price which is a key component in delivering sustained growth in shareholder wealth.

EPS is determined by dividing the Company's NPAT ('net profit after tax') by the weighted average number of ordinary shares on issue during the financial year. The CAGR, and the achievement against the performance conditions for the purpose of the LTI is determined by the Board in its absolute discretion, having regard to any matters that it considers relevant. To determine the EPS CAGR for the purposes of the LTI, the Board typically exercises its discretion to adjust the NPAT for the impact of non-recurring or significant transactions.

The Performance Period and applicable performance conditions for any future LTI opportunities will be determined by the Board and specified in the relevant offer document.

For the current LTI offers, the percentage of options that vest and become exercisable, if any, is determined by reference to the vesting schedule, summarised as follows:

| CAGR of EPS over the Performance Period | % of options that become exercisable                |
|---|---|
| Less than 3%                            | Nil   |
| 3% (Threshold performance)              | 60%   |
| Between 3% and 7%                       | Straight-line pro-rata vesting between 60% and 100% |
| 7% or above (Stretch performance)       | 100%  |

Any LTI Instruments that remain unvested at the end of the Performance Period will lapse immediately. The Participant is entitled to receive one share for each right that vests. The Participant is entitled to receive one share for each option that vests and is exercised. The Participant must exercise any vested options within 3 years of vesting. After 3 years, any unexercised options will lapse. The Board may make an equivalent cash payment in lieu of providing shares to the participant. Any cash payment is at the Group's discretion only. The Board may determine to implement a cashless exercise arrangement under which, in lieu of paying cash, the Board may permit a participant to pay the exercise price by forfeiting some of the vested options or forgoing some of the shares that would otherwise be allocated to the participant on exercise.

The LTI Instruments do not carry dividends or voting rights prior to vesting and exercise. Participants must not sell, transfer, encumber, hedge or otherwise deal with the options.

The EIP provides the Board with broad 'clawback' powers if, amongst other things, the Participant has: acted fraudulently or dishonestly, engaged in gross misconduct or has acted in a manner that has brought the Group into disrepute; or there is a material financial misstatement; or the Group is required or entitled under law or Company policy to reclaim remuneration from the Participant; or the Participant's entitlements vest as a result of fraud, dishonesty or breach of obligations of any other person and the Board is of the opinion that the incentives would not have otherwise vested.

If the Participant ceases employment for cause, the unvested LTI Instruments automatically lapse unless the Board determines otherwise. In other circumstances, the LTI Instruments will remain on issue with a broad discretion for the Board to vest or lapse some or all of the LTI Instruments. The Board will ordinarily lapse LTI Instruments in the case of resignation.

Where there may be a change of control event, the Board has the discretion to accelerate vesting of some or all of the LTI Instruments and the Board will notify the Participant of the date on which any vested but unexercised options will expire. Where only some of the LTI Instruments are vested on a change of control event, the remainder of the LTI Instruments will immediately lapse.

The EIP also provides flexibility for the Group to grant, subject to the terms of individual offers, restricted shares.

## Use of remuneration consultants

During the financial year ended 30 June 2021, the Group engaged Egan Associates to perform a remuneration benchmarking review for Executive Directors and other KMP. The benchmarking review report was issued after the end of the financial year and remains subject to Board review and deliberation.

## Voting and comments made at the Company's 2020 Annual General Meeting ('AGM')

At the 2020 AGM, the shareholders voted to approve the adoption of the remuneration report for the year ended 30 June 2020. The feedback the Company received in the lead up to the AGM regarding its remuneration practices has been reflected in this remuneration report.

## Details of remuneration

### Amounts of remuneration

Details of the remuneration of the KMP of the Group are set out in the following tables.

The KMP of the Group consisted of the Directors of SG Fleet Group Limited and the following persons:

- Andy Mulcaster – Managing Director, Australia
- Geoff Tipene – Managing Director, New Zealand
- Peter Davenport – Managing Director, United Kingdom

| 2021                            | Short-term benefits  |                                   |                    | Non-monetary | Post-employment benefits | Long-term benefits | Share-based payments | Total     |
|---------------------------------|----------------------|-----------------------------------|--------------------|--------------|--------------------------|--------------------|----------------------|-----------|
|                                 | Cash salary and fees | Deferred bonus from previous year | Current year bonus |              | Super-annuation          | Leave benefits     | Equity-settled       |           |
|                                 | \$                   | \$                                | \$                 | \$           | \$                       | \$                 | \$                   | \$        |
| <b>Non-Executive Directors:</b> |                      |                                   |                    |              |                          |                    |                      |           |
| Andrew Reitzer (Chairman)       | 182,652              | -                                 | -                  | -            | 17,352                   | -                  | -                    | 200,004   |
| Cheryl Bart AO                  | 107,308              | -                                 | -                  | -            | 10,194                   | -                  | -                    | 117,502   |
| Graham Maloney                  | 120,000              | -                                 | -                  | -            | -                        | -                  | -                    | 120,000   |
| Peter Mountford                 | 117,502              | -                                 | -                  | -            | -                        | -                  | -                    | 117,502   |
| Edwin Jankelowitz               | 100,459              | -                                 | -                  | -            | 9,544                    | -                  | -                    | 110,003   |
| <b>Executive Directors:</b>     |                      |                                   |                    |              |                          |                    |                      |           |
| Robbie Blau (CEO)               | 1,043,629            | (23,917)                          | 781,365            | -            | 21,694                   | 25,244             | 641,739              | 2,489,754 |
| Kevin Wundram (CFO)             | 510,984              | (13,046)                          | 279,551            | -            | 21,694                   | 12,092             | 240,652              | 1,051,927 |
| <b>Other KMP:</b>               |                      |                                   |                    |              |                          |                    |                      |           |
| Andy Mulcaster                  | 430,070              | 4                                 | 189,787            | -            | 21,694                   | 9,584              | 55,109               | 706,248   |
| Geoff Tipene*                   | 269,907              | 3                                 | 116,314            | 29,183       | 8,097                    | -                  | 34,004               | 457,508   |
| Peter Davenport*                | 300,866              | 400                               | 133,188            | 2,013        | -                        | 11,363             | 35,988               | 483,818   |
|                                 | 3,183,377            | (36,556)                          | 1,500,205          | 31,196       | 110,269                  | 58,283             | 1,007,492            | 5,854,266 |

\* Total remuneration in local currency paid to Geoff Tipene amounts to NZ\$490,573. Total remuneration in local currency paid to Peter Davenport amounts to £267,987.

Colin Brown (Alternate Director) received no remuneration during the year ended 30 June 2021.

# Directors' report

30 June 2021

|                                 | Short-term benefits     |                                      |                       | Non-monetary \$ | Post-employment benefits | Long-term benefits | Share-based payments | Total \$  |
|---------------------------------|-------------------------|--------------------------------------|-----------------------|-----------------|--------------------------|--------------------|----------------------|-----------|
|                                 | Cash salary and fees \$ | Deferred bonus from previous year \$ | Current year bonus \$ |                 | Super-annuation \$       | Leave benefits \$  | Equity-settled \$    |           |
| <b>2020</b>                     |                         |                                      |                       |                 |                          |                    |                      |           |
| <b>Non-Executive Directors:</b> |                         |                                      |                       |                 |                          |                    |                      |           |
| Andrew Reitzer (Chairman)       | 168,954                 | –                                    | –                     | –               | 16,051                   | –                  | –                    | 185,005   |
| Cheryl Bart AO                  | 99,260                  | –                                    | –                     | –               | 9,430                    | –                  | –                    | 108,690   |
| Graham Maloney                  | 111,000                 | –                                    | –                     | –               | –                        | –                  | –                    | 111,000   |
| Peter Mountford                 | 108,690                 | –                                    | –                     | –               | –                        | –                  | –                    | 108,690   |
| Edwin Jankelowitz               | 92,925                  | –                                    | –                     | –               | 8,828                    | –                  | –                    | 101,753   |
| <b>Executive Directors:</b>     |                         |                                      |                       |                 |                          |                    |                      |           |
| Robbie Blau (CEO)               | 984,677                 | 50,519                               | –                     | –               | 21,003                   | 36,526             | (365,379)            | 727,346   |
| Kevin Wundram (CFO)             | 482,402                 | 27,556                               | –                     | –               | 21,003                   | 16,901             | (130,493)            | 417,369   |
| <b>Other KMP:</b>               |                         |                                      |                       |                 |                          |                    |                      |           |
| Andy Mulcaster                  | 400,965                 | 18,420                               | –                     | –               | 21,003                   | 19,923             | (39,311)             | 421,000   |
| Geoff Tipene*                   | 257,248                 | 10,114                               | –                     | 26,608          | 7,717                    | –                  | (21,515)             | 280,172   |
| Peter Davenport*                | 291,030                 | (928)                                | –                     | 12,513          | –                        | 1,719              | 29,149               | 333,483   |
|                                 | 2,997,151               | 105,681                              | –                     | 39,121          | 105,035                  | 75,069             | (527,549)            | 2,794,508 |

\* Total remuneration in local currency paid to Geoff Tipene amounts to NZ\$293,917. Total remuneration in local currency paid to Peter Davenport amounts to £176,488.

The remuneration of the Non-Executive Directors, Executive Directors and other KMP was reduced for the period April to June 2020 in line with the Group's response to the adverse financial impact of COVID-19. As a result of the non-vesting of Tranche 2 of the 2018 LTI, the share-based payment accrual in respect of Equity-settled remuneration was reversed.

Colin Brown (Alternate Director) received no remuneration during the year ended 30 June 2020.

Non-Executive Directors' salaries are 100% fixed. The fixed proportion and the proportion of remuneration linked to performance of Executive Directors and KMP are as follows:

| Name                        | Fixed remuneration |      | At risk – STI |      | At risk – LTI |      |
|-----------------------------|--------------------|------|---------------|------|---------------|------|
|                             | 2021               | 2020 | 2021          | 2020 | 2021          | 2020 |
| <b>Executive Directors:</b> |                    |      |               |      |               |      |
| Robbie Blau                 | 44%                | 95%  | 30%           | 5%   | 26%           | –    |
| Kevin Wundram               | 52%                | 95%  | 25%           | 5%   | 23%           | –    |
| <b>Other KMP:</b>           |                    |      |               |      |               |      |
| Andy Mulcaster              | 65%                | 96%  | 27%           | 4%   | 8%            | –    |
| Geoff Tipene                | 68%                | 97%  | 25%           | 3%   | 7%            | –    |
| Peter Davenport             | 65%                | 92%  | 28%           | –    | 7%            | 8%   |

The proportion of the cash bonus paid/payable or forfeited is as follows:

| Name                        | Cash bonus paid/<br>payable |      | Cash bonus forfeited |      |
|-----------------------------|-----------------------------|------|----------------------|------|
|                             | 2021                        | 2020 | 2021                 | 2020 |
| <b>Executive Directors:</b> |                             |      |                      |      |
| Robbie Blau                 | 74%                         | 7%   | 26%                  | 93%  |
| Kevin Wundram               | 53%                         | 10%  | 47%                  | 90%  |
| <b>Other KMP:</b>           |                             |      |                      |      |
| Andy Mulcaster              | 42%                         | 13%  | 58%                  | 87%  |
| Geoff Tipene                | 42%                         | 12%  | 58%                  | 88%  |
| Peter Davenport             | 43%                         | 14%  | 57%                  | 86%  |

### Service agreements

KMP are employed under individual employment agreements. The agreements are continuous (i.e. not of a fixed duration) unless otherwise stated. These agreements provide for a total compensation including a base salary, superannuation contribution and incentive arrangements; variable notice and termination provisions; provisions for redundancy.

Details of these agreements are provided below:

#### Robbie Blau – CEO

- Total fixed remuneration ('TFR') of \$1,061,208 per annum, which includes base salary, statutory superannuation contributions and any salary sacrifice arrangements
- Participate in the STI with a maximum STI opportunity of 98% of TFR
- Participate in the LTI with a maximum LTI opportunity of 60% of TFR

#### Kevin Wundram – CFO

- TFR of \$530,604 per annum, which includes base salary, statutory superannuation contributions and any salary sacrifice arrangements
- Participate in the STI with a maximum STI opportunity of 70% of TFR
- Participate in the LTI with a maximum LTI opportunity of 45% of TFR

#### Other KMP

- Other KMP have employment agreements setting out the terms and conditions of their employment. The agreements are not of a fixed duration.
- Total compensation inclusive of a base salary and statutory superannuation contributions and any salary sacrifice arrangements
- Eligibility to participate in the STI with a maximum STI Opportunity of 56% of TFR
- Eligibility to participate in the LTI with a maximum LTI Opportunity of 30% of TFR

#### Terms of STI payments:

STI payments are granted to Executive Directors based on specific financial targets and an appraisal of the executive's performance and KPI's.

The growth achieved for the year, and the achievement against the performance conditions for the purpose of the STI is determined by the Board in its absolute discretion, having regard to any matters that it considers relevant. To determine EPS for the purposes of the STI, the Board typically exercises its discretion to adjust the NPAT for the impact of non-recurring or significant transactions.

The STI determined annually for each of the above KMP is subject to a 12 month payment deferral in equity in respect of 25% of the amount determined as payable.

#### Terms of termination:

In general the contract is terminated by providing 4 weeks' notice by the Company and 3 months' notice by the KMP. The KMP have no entitlement to termination payments in the event of removal for misconduct.

# Directors' report

30 June 2021

## Share-based compensation

### Issue of shares

There were no shares issued to Directors and other KMP during the year ended 30 June 2021 as a result of the exercise of options as part of compensation (2020: Nil).

### Option holding

The number of options over ordinary shares in the Company held during the financial year and at the date of this report by each Director, members of the KMP and other employees of the Group, including their personally related parties, is set out below:

| Options over ordinary shares  | Balance at the start of the year | Granted          | Exercised | Expired/ forfeited/ other | Balance at the end of the year | Expired/ forfeited after 30/06/2021 | Vesting after 30/06/2021 | Balance at the Directors' report date |
|-------------------------------|----------------------------------|------------------|-----------|---------------------------|--------------------------------|-------------------------------------|--------------------------|---------------------------------------|
| Robbie Blau                   | 512,931                          | 2,653,020        | –         | (512,931)                 | 2,653,020                      | –                                   | –                        | 2,653,020                             |
| Kevin Wundram                 | 183,190                          | 994,882          | –         | (183,190)                 | 994,882                        | –                                   | –                        | 994,882                               |
| Andy Mulcaster                | 306,966                          | 281,250          | –         | (115,928)                 | 472,288                        | –                                   | –                        | 472,288                               |
| Geoff Tipene                  | 184,384                          | 173,542          | –         | (67,400)                  | 290,526                        | –                                   | –                        | 290,526                               |
| Peter Davenport               | 126,657                          | 183,665          | –         | –                         | 310,322                        | –                                   | –                        | 310,322                               |
| Total Directors and other KMP | 1,314,128                        | 4,286,359        | –         | (879,449)                 | 4,721,038                      | –                                   | –                        | 4,721,038                             |
| Non-KMP                       | 785,624                          | 773,292          | –         | (259,323)                 | 1,299,593                      | –                                   | –                        | 1,299,593                             |
| <b>Total options</b>          | <b>2,099,752</b>                 | <b>5,059,651</b> | <b>–</b>  | <b>(1,138,772)</b>        | <b>6,020,631</b>               | <b>–</b>                            | <b>–</b>                 | <b>6,020,631</b>                      |

### Options:

The terms and conditions of each grant of options over ordinary shares affecting remuneration of Directors, KMP and other employees in this financial year or future reporting years are as follows:

| Grant date     | Balance at the start of the year | Granted          | Exercised | Expired/ forfeited/ other | Balance at the end of the year | Expired/ forfeited after 30/06/2021 | Vesting after 30/06/2021 | Balance at the Directors' report date |
|----------------|----------------------------------|------------------|-----------|---------------------------|--------------------------------|-------------------------------------|--------------------------|---------------------------------------|
| 25/10/2017 (a) | 1,138,772                        | –                | –         | (1,138,772)               | –                              | –                                   | –                        | –                                     |
| 25/11/2019 (b) | 960,980                          | –                | –         | –                         | 960,980                        | –                                   | –                        | 960,980                               |
| 28/10/2020 (c) | –                                | 1,823,951        | –         | –                         | 1,823,951                      | –                                   | –                        | 1,823,951                             |
| 28/10/2020 (d) | –                                | 3,235,700        | –         | –                         | 3,235,700                      | –                                   | –                        | 3,235,700                             |
|                | <b>2,099,752</b>                 | <b>5,059,651</b> | <b>–</b>  | <b>(1,138,772)</b>        | <b>6,020,631</b>               | <b>–</b>                            | <b>–</b>                 | <b>6,020,631</b>                      |

| Grant date of options | Vesting date and exercisable date | Expiry date | Exercise price | Fair value per option at grant date |
|-----------------------|-----------------------------------|-------------|----------------|-------------------------------------|
| 25/10/2017 (a)        | 18/08/2020                        | 17/08/2023  | \$3.66         | \$1.08                              |
| 25/11/2019 (b)        | 21/08/2022                        | 20/08/2025  | \$2.35         | \$0.70                              |
| 28/10/2020 (c)        | 21/08/2022                        | 20/08/2025  | \$1.68         | \$0.45                              |
| 28/10/2020 (d)        | 21/08/2023                        | 20/08/2026  | \$1.68         | \$0.46                              |

Options granted carry no dividend or voting rights and can be exercised only once the vesting conditions have been met until their expiry date. The share option plan is subject to a service condition and a performance condition. The performance condition is based on the compound annual growth rate ('CAGR') of the Group's earnings per share.

**Performance rights holding:**

The number of performance rights over ordinary shares in the Company held during the financial year and at the date of this report by each Director, members of the KMP and other employees of the Group, including their personally related parties, is set out below:

| Performance rights over ordinary shares (LTI) | Balance at the start of the year | Granted          | Vested   | Expired/ forfeited/ other | Balance at the end of the year | Expired/ forfeited after 30/06/2021 | Vesting after 30/06/2021 | Balance at the Directors report date |
|---|----------------------------------|------------------|----------|---------------------------|--------------------------------|-------------------------------------|--------------------------|--------------------------------------|
| Robbie Blau                                   | 45,910                           | 222,904          | –        | (45,910)                  | 222,904                        | –                                   | –                        | 222,904                              |
| Kevin Wundram                                 | 16,397                           | 83,589           | –        | (16,397)                  | 83,589                         | –                                   | –                        | 83,589                               |
| Andy Mulcaster                                | 26,371                           | 24,457           | –        | (10,376)                  | 40,452                         | –                                   | –                        | 40,452                               |
| Geoff Tipene                                  | 15,828                           | 15,091           | –        | (6,033)                   | 24,886                         | –                                   | –                        | 24,886                               |
| Peter Davenport                               | 10,605                           | 15,971           | –        | –                         | 26,576                         | –                                   | –                        | 26,576                               |
| Total Directors and other KMP                 | 115,111                          | 362,012          | –        | (78,716)                  | 398,407                        | –                                   | –                        | 398,407                              |
| Non-KMP                                       | 577,732                          | 916,070          | –        | (23,211)                  | 1,470,591                      | –                                   | –                        | 1,470,591                            |
| <b>Total rights (LTI)</b>                     | <b>692,843</b>                   | <b>1,278,082</b> | <b>–</b> | <b>(101,927)</b>          | <b>1,868,998</b>               | <b>–</b>                            | <b>–</b>                 | <b>1,868,998</b>                     |

| Performance rights over ordinary shares (STI) | Balance at the start of the year | Granted  | Vested           | Expired/ forfeited/ other | Balance at the end of the year | Expired/ forfeited after 30/06/2021 | Vesting after 30/06/2021 | Balance at the Directors report date |
|---|----------------------------------|----------|------------------|---------------------------|--------------------------------|-------------------------------------|--------------------------|--------------------------------------|
| Robbie Blau                                   | 20,817                           | –        | (20,817)         | –                         | –                              | –                                   | –                        | –                                    |
| Kevin Wundram                                 | 11,355                           | –        | (11,355)         | –                         | –                              | –                                   | –                        | –                                    |
| Andy Mulcaster                                | 9,595                            | –        | (9,595)          | –                         | –                              | –                                   | –                        | –                                    |
| Geoff Tipene                                  | 5,824                            | –        | (5,824)          | –                         | –                              | –                                   | –                        | –                                    |
| Peter Davenport                               | 7,418                            | –        | (7,418)          | –                         | –                              | –                                   | –                        | –                                    |
| Total Directors and other KMP                 | 55,009                           | –        | (55,009)         | –                         | –                              | –                                   | –                        | –                                    |
| Non-KMP                                       | 98,564                           | –        | (89,373)         | (9,191)                   | –                              | –                                   | –                        | –                                    |
| <b>Total rights (STI)</b>                     | <b>153,573</b>                   | <b>–</b> | <b>(144,382)</b> | <b>(9,191)</b>            | <b>–</b>                       | <b>–</b>                            | <b>–</b>                 | <b>–</b>                             |



# Directors' report

30 June 2021

## Performance rights

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of Directors, KMP and other employees in this financial year or future reporting years are as follows:

| Grant date         | Balance at the start of the year | Granted   | Vested    | Expired/ forfeited/ other | Balance at the end of the year | Expired/ forfeited after 30/06/2021 | Vesting after 30/06/2021 | Balance at the Director' report date |
|--------------------|----------------------------------|-----------|-----------|---------------------------|--------------------------------|-------------------------------------|--------------------------|--------------------------------------|
| <b>LTI</b>         |                                  |           |           |                           |                                |                                     |                          |                                      |
| 25/10/2017 (e)     | 101,927                          | -         | -         | (101,927)                 | -                              | -                                   | -                        | -                                    |
| 25/11/2019 (f)     | 590,916                          | -         | -         | -                         | 590,916                        | -                                   | -                        | 590,916                              |
| 28/10/2020 (g)     | -                                | 147,888   | -         | -                         | 147,888                        | -                                   | -                        | 147,888                              |
| 28/10/2020 (h)     | -                                | 1,130,194 | -         | -                         | 1,130,194                      | -                                   | -                        | 1,130,194                            |
| Total rights (LTI) | 692,843                          | 1,278,082 | -         | (101,927)                 | 1,868,998                      | -                                   | -                        | 1,868,998                            |
| <b>STI</b>         |                                  |           |           |                           |                                |                                     |                          |                                      |
| 19/09/2019 (i)     | 153,573                          | -         | (144,382) | (9,191)                   | -                              | -                                   | -                        | -                                    |

| Grant date of rights | Vesting date and exercisable date | Expiry date | Exercise price | Fair value per right at grant date |
|----------------------|-----------------------------------|-------------|----------------|------------------------------------|
| 25/10/2017 (e)       | 18/08/2020                        | N/A         | \$0.00         | \$3.70                             |
| 25/11/2019 (f)       | 21/08/2022                        | N/A         | \$0.00         | \$2.46                             |
| 28/10/2020 (g)       | 21/08/2022                        | N/A         | \$0.00         | \$1.55                             |
| 28/10/2020 (h)       | 21/08/2023                        | N/A         | \$0.00         | \$1.47                             |
| 19/09/2019 (i)       | 01/07/2020                        | N/A         | \$0.00         | \$3.02                             |

Performance rights granted carry no dividend or voting rights and will vest when the performance conditions have been met. The performance rights are subject to a service condition and a performance condition. The performance condition is based on the compound annual growth rate of the Group's earnings per share.

## Additional information

The earnings of the Group for the five years to 30 June 2021 are summarised below:

|                         | 2021<br>\$'000 | 2020<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 | 2017<br>\$'000 |
|-------------------------|----------------|----------------|----------------|----------------|----------------|
| Revenue                 | 482,080        | 452,896        | 509,722        | 515,207        | 293,225        |
| Profit after income tax | 43,705         | 36,381         | 60,462         | 67,455         | 59,592         |
| Dividends paid          | 26,859         | 43,159         | 47,035         | 46,440         | 38,338         |

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

|  | 2021  | 2020  | 2019  | 2018  | 2017  |
|--|-------|-------|-------|-------|-------|
| Share price at financial year end (\$)     | 3.00  | 1.60  | 2.95  | 3.70  | 3.80  |
| Basic earnings per share (cents per share) | 16.22 | 13.88 | 23.20 | 26.30 | 23.58 |

## Additional disclosures relating to KMP

### Shareholding

The number of shares in the Company held during the financial year by each Director and other members of KMP of the Group, including their personally related parties, is set out below:

|                        | Balance at the start of the year | Received as part of remuneration | Additions*       | Disposals/ other | Balance at the end of the year |
|------------------------|----------------------------------|----------------------------------|------------------|------------------|--------------------------------|
| <b>Ordinary shares</b> |                                  |                                  |                  |                  |                                |
| Andrew Reitzer         | 83,269                           | –                                | 11,192           | –                | 94,461                         |
| Cheryl Bart AO         | 27,032                           | –                                | 3,633            | –                | 30,665                         |
| Graham Maloney         | 27,756                           | –                                | 3,731            | –                | 31,487                         |
| Peter Mountford        | 540,540                          | –                                | 39,460           | –                | 580,000                        |
| Edwin Jankelowitz      | 20,000                           | –                                | 2,688            | –                | 22,688                         |
| Colin Brown            | 108,108                          | –                                | 14,531           | –                | 122,639                        |
| Robbie Blau            | 6,910,184                        | 20,817                           | 931,587          | –                | 7,862,588                      |
| Kevin Wundram          | 697,132                          | 11,355                           | 95,226           | –                | 803,713                        |
| Andy Mulcaster         | 534,846                          | 9,595                            | 73,177           | –                | 617,618                        |
| Geoff Tipene           | 701                              | 5,824                            | –                | –                | 6,525                          |
| Peter Davenport        | 352,656                          | 7,418                            | –                | –                | 360,074                        |
|                        | <b>9,302,224</b>                 | <b>55,009</b>                    | <b>1,175,225</b> | <b>–</b>         | <b>10,532,458</b>              |

\* Additions relate to participation in the rights issue.

**This concludes the remuneration report, which has been audited.**

### Shares under option

Unissued ordinary shares of SG Fleet Group Limited under option at the date of this report are as follows:

| Grant date | Expiry date | Exercise price | Number under option |
|------------|-------------|----------------|---------------------|
| 25/11/2019 | 20/08/2025  | \$2.35         | 960,980             |
| 28/10/2020 | 20/08/2025  | \$1.68         | 1,823,951           |
| 28/10/2020 | 20/08/2026  | \$1.68         | 3,235,700           |
|            |             |                | <b>6,020,631</b>    |

### Shares under performance rights

Unissued ordinary shares of SG Fleet Group Limited under performance rights at the date of this report are as follows:

| Grant date | Vesting date | Number under rights |
|------------|--------------|---------------------|
| 25/11/2019 | 21/08/2022   | 590,916             |
| 28/10/2020 | 21/08/2022   | 147,888             |
| 28/10/2020 | 21/08/2023   | 1,130,194           |
|            |              | <b>1,868,998</b>    |

# Directors' report

30 June 2021

## Shares issued on the exercise of options

There were no ordinary shares of SG Fleet Group Limited issued on the exercise of options during the year ended 30 June 2021 and up to the date of this report.

## Shares issued on the exercise of performance rights

There were no ordinary shares of SG Fleet Group Limited issued on the exercise of performance rights during the year ended 30 June 2021 and up to the date of this report.

144,382 performance rights exercised during the year were settled through the on-market purchase of the Company's shares.

## Indemnity and insurance of officers

The Company has indemnified the Directors, executives and employees of the Company for costs incurred, in their capacity as a director, executive or employee, for which they may be held personally liable, except where there is a lack of good faith.

The Company's subsidiary, SG Fleet Australia Pty Limited on behalf of the Company paid a premium in respect of a contract to insure the Directors and executives of the Company and of any related bodies corporates defined in the insurance policy, against a liability to the extent permitted by the Corporations Act 2001.

## Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. The Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

## Proceedings on behalf of the Company

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

## Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 33 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 33 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermines the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing economic risks and rewards.

## Officers of the Company who are former partners of KPMG

There are no officers of the Company who are former partners of KPMG.

## 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 immediately follows this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors



**Andrew Reitzer**  
Chairman

16 August 2021  
Sydney



**Robbie Blau**  
Chief Executive Officer

# Auditor's independence declaration



## 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 audit of SG Fleet Group Limited for the financial year ended 30 June 2021 there have been:

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

KPMG

John Wigglesworth

Partner

Sydney

16 August 2021

# Statement of profit or loss

For the year ended 30 June 2021

|  |      | <b>Consolidated</b> |                              |
|--|------|---------------------|------------------------------|
|  | Note | 2021<br>\$'000      | 2020<br>\$'000<br>(Restated) |
| <b>Revenue</b>   | 6    | <b>481,580</b>      | 451,616                      |
| Interest revenue calculated using the effective interest method  |      | 500                 | 1,280                        |
| <b>Total revenue</b>   |      | <b>482,080</b>      | 452,896                      |
| <b>Expenses</b>  |      |                     |                              |
| Fleet management costs   |      | (91,474)            | (99,262)                     |
| End of lease cost of sale  |      | (173,702)           | (163,494)                    |
| Employee benefits expense  |      | (80,942)            | (73,523)                     |
| Occupancy costs  |      | (2,439)             | (2,256)                      |
| Depreciation and amortisation  | 7    | (32,899)            | (32,078)                     |
| Impairment of intangible assets  | 7    | -                   | (70)                         |
| Technology costs   |      | (10,947)            | (11,747)                     |
| Other expenses   |      | (14,584)            | (10,333)                     |
| Finance costs  | 7    | (11,551)            | (8,130)                      |
| <b>Total expenses</b>  |      | <b>(418,538)</b>    | (400,893)                    |
| <b>Profit before income tax expense</b>  |      | <b>63,542</b>       | 52,003                       |
| Income tax expense   | 8    | (19,837)            | (15,622)                     |
| <b>Profit after income tax expense for the year attributable to the owners of SG Fleet Group Limited</b> |      | <b>43,705</b>       | 36,381                       |
|  |      | <b>Cents</b>        | Cents                        |
| Basic earnings per share   | 41   | <b>16.22</b>        | 13.88                        |
| Diluted earnings per share   | 41   | <b>16.17</b>        | 13.86                        |

Refer to note 4 for detailed information on Restatement of comparatives.

# Statement of other comprehensive income

For the year ended 30 June 2021

|  | <b>Consolidated</b> |                      |
|--|---------------------|----------------------|
|  | <b>2021</b>         | 2020                 |
|  | <b>\$'000</b>       | \$'000<br>(Restated) |
| <b>Profit after income tax expense for the year attributable to the owners of SG Fleet Group Limited</b> | <b>43,705</b>       | 36,381               |
| <b>Other comprehensive income</b>  |                     |                      |
| <i>Items that may be reclassified subsequently to profit or loss</i>                                     |                     |                      |
| Foreign currency translation difference for foreign operations   | 1,277               | (433)                |
| Effective portion of changes in fair value of cash flow hedges, net of tax                               | 2,271               | (649)                |
| Other comprehensive income for the year, net of tax  | 3,548               | (1,082)              |
| <b>Total comprehensive income for the year attributable to the owners of SG Fleet Group Limited</b>      | <b>47,253</b>       | 35,299               |

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

# Statement of financial position

As at 30 June 2021

|  |      | <b>Consolidated</b> |                              |                              |
|--|------|---------------------|------------------------------|------------------------------|
|  | Note | 2021<br>\$'000      | 2020<br>\$'000<br>(Restated) | 2019<br>\$'000<br>(Restated) |
| <b>Assets</b>  |      |                     |                              |                              |
| Cash and cash equivalents  | 9    | 231,117             | 111,115                      | 100,492                      |
| Finance, trade and other receivables                                 | 10   | 66,303              | 54,746                       | 72,945                       |
| Inventories  | 11   | 10,719              | 16,341                       | 10,120                       |
| Prepayments  | 12   | 8,844               | 9,163                        | 9,918                        |
| Investments in financial assets at fair value through profit or loss | 13   | 2,627               | 1,742                        | 240                          |
| Leased motor vehicle assets  | 14   | 94,176              | 64,115                       | 57,258                       |
| Deferred tax   | 8    | 4,328               | 1,435                        | –                            |
| Property, plant and equipment  | 15   | 5,461               | 3,167                        | 4,092                        |
| Intangibles  | 16   | 401,006             | 405,822                      | 411,603                      |
| Right-of-use assets  | 17   | 8,690               | 12,119                       | 13,586                       |
| <b>Total assets</b>  |      | <b>833,271</b>      | 679,765                      | 680,254                      |
| <b>Liabilities</b>   |      |                     |                              |                              |
| Trade and other payables   | 18   | 100,793             | 80,665                       | 108,656                      |
| Derivative financial instruments                                     | 19   | 1,877               | 4,085                        | 3,157                        |
| Income tax   | 8    | 4,701               | 390                          | 5,659                        |
| Deferred tax   | 8    | –                   | –                            | 1,645                        |
| Employee benefits  | 20   | 10,967              | 9,566                        | 8,768                        |
| Provisions   | 21   | 13,691              | 12,568                       | 10,528                       |
| Lease portfolio borrowings   | 22   | 65,041              | 57,854                       | 46,178                       |
| Borrowings   | 23   | 125,841             | 125,140                      | 125,320                      |
| Lease liabilities – right-of-use assets                              | 24   | 9,015               | 12,039                       | 13,931                       |
| Vehicle maintenance funds  | 25   | 82,542              | 69,313                       | 42,273                       |
| Contract liabilities   | 26   | 40,617              | 37,905                       | 35,608                       |
| <b>Total liabilities</b>   |      | <b>455,085</b>      | 409,525                      | 401,723                      |
| <b>Net assets</b>  |      | <b>378,186</b>      | 270,240                      | 278,531                      |
| <b>Equity</b>  |      |                     |                              |                              |
| Issued capital   | 27   | 376,661             | 291,370                      | 290,592                      |
| Reserves   | 28   | (116,772)           | (122,581)                    | (120,290)                    |
| Retained profits   |      | 118,297             | 101,451                      | 108,229                      |
| <b>Total equity</b>  |      | <b>378,186</b>      | 270,240                      | 278,531                      |

Refer to note 4 for detailed information on Restatement of comparatives.

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

# Statement of changes in equity

For the year ended 30 June 2021

| <b>Consolidated</b>  | Issued capital<br>\$'000 | Reserves<br>\$'000 | Retained profits<br>\$'000 | Total equity<br>\$'000 |
|--|--------------------------|--------------------|----------------------------|------------------------|
| Balance at 1 July 2019                                       | 290,592                  | (120,296)          | 108,874                    | 279,170                |
| Adjustment for change in accounting policy (note 4)          | –                        | 6                  | (645)                      | (639)                  |
| Balance at 1 July 2019 – restated                            | 290,592                  | (120,290)          | 108,229                    | 278,531                |
| Profit after income tax expense for the year                 | –                        | –                  | 36,381                     | 36,381                 |
| Other comprehensive income for the year, net of tax          | –                        | (1,082)            | –                          | (1,082)                |
| Total comprehensive income for the year                      | –                        | (1,082)            | 36,381                     | 35,299                 |
| <i>Transactions with owners in their capacity as owners:</i> |                          |                    |                            |                        |
| Share-based payments (note 42)                               | –                        | (178)              | –                          | (178)                  |
| Transfer on vesting of performance rights                    | 778                      | (778)              | –                          | –                      |
| Other changes  | –                        | (253)              | –                          | (253)                  |
| Dividends paid (note 29)                                     | –                        | –                  | (43,159)                   | (43,159)               |
| Balance at 30 June 2020                                      | <b>291,370</b>           | <b>(122,581)</b>   | <b>101,451</b>             | <b>270,240</b>         |

Refer to note 4 for detailed information on Restatement of comparatives.

| <b>Consolidated</b>  | Issued capital<br>\$'000 | Reserves<br>\$'000 | Retained profits<br>\$'000 | Total equity<br>\$'000 |
|--|--------------------------|--------------------|----------------------------|------------------------|
| Balance at 1 July 2020                                       | 291,370                  | (122,581)          | 101,451                    | 270,240                |
| Profit after income tax expense for the year                 | –                        | –                  | 43,705                     | 43,705                 |
| Other comprehensive income for the year, net of tax          | –                        | 3,548              | –                          | 3,548                  |
| Total comprehensive income for the year                      | –                        | 3,548              | 43,705                     | 47,253                 |
| <i>Transactions with owners in their capacity as owners:</i> |                          |                    |                            |                        |
| Contributions of equity, net of transaction costs (note 27)  | 85,291                   | –                  | –                          | 85,291                 |
| Share-based payments (note 42)                               | –                        | 2,321              | –                          | 2,321                  |
| Other changes  | –                        | (60)               | –                          | (60)                   |
| Dividends paid (note 29)                                     | –                        | –                  | (26,859)                   | (26,859)               |
| Balance at 30 June 2021                                      | <b>376,661</b>           | <b>(116,772)</b>   | <b>118,297</b>             | <b>378,186</b>         |

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



# Statement of cash flows

For the year ended 30 June 2021

|  |      | <b>Consolidated</b>   |                              |
|--|------|-----------------------|------------------------------|
|  | Note | <b>2021</b><br>\$'000 | 2020<br>\$'000<br>(Restated) |
| <b>Cash flows from operating activities</b>                      |      |                       |                              |
| Receipts from customers (inclusive of GST)                       |      | 532,624               | 527,548                      |
| Payments to suppliers and employees (inclusive of GST)           |      | (387,012)             | (419,010)                    |
| Interest received  |      | 500                   | 1,280                        |
| Interest and other finance costs paid                            |      | (11,551)              | (8,121)                      |
| Income taxes paid  |      | (19,039)              | (23,695)                     |
| Net cash from operating activities                               | 40   | 115,522               | 78,002                       |
| <b>Cash flows from investing activities</b>                      |      |                       |                              |
| Payment for investments  |      | (2,746)               | (2,295)                      |
| Proceeds from disposal of lease portfolio assets                 | 14   | 28,520                | 29,642                       |
| Acquisition of lease portfolio assets                            | 14   | (73,316)              | (53,178)                     |
| Payments for property, plant and equipment                       | 15   | (3,980)               | (824)                        |
| Proceeds from disposal of property, plant and equipment          |      | 161                   | 44                           |
| Payments for intangibles   | 16   | (3,397)               | (4,052)                      |
| Net cash used in investing activities                            |      | (54,758)              | (30,663)                     |
| <b>Cash flows from financing activities</b>                      |      |                       |                              |
| Proceeds from issue of shares                                    | 27   | 86,329                | –                            |
| Share issue transaction costs                                    |      | (1,483)               | –                            |
| Proceeds from borrowings   | 40   | 53,581                | 71,857                       |
| Repayment of borrowings  | 40   | (47,906)              | (58,756)                     |
| Repayment of lease liabilities – right-of-use assets             | 40   | (4,696)               | (5,809)                      |
| Other payments   |      | (60)                  | (253)                        |
| Dividends paid   | 29   | (26,859)              | (43,159)                     |
| Net cash (used in)/from financing activities                     |      | 58,906                | (36,120)                     |
| Net increase in cash and cash equivalents                        |      | 119,670               | 11,219                       |
| Cash and cash equivalents at the beginning of the financial year |      | 111,115               | 100,492                      |
| Effects of exchange rate changes on cash and cash equivalents    |      | 332                   | (596)                        |
| Cash and cash equivalents at the end of the financial year       | 9    | 231,117               | 111,115                      |

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

# Notes to the financial statements

30 June 2021

## 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 subsidiaries it controlled at the end of, or during, the 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 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 16 August 2021. The Directors have the power to amend and reissue the financial statements.

## Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, 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.

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

The following Accounting Standards and Interpretations adopted during the year are most relevant to the Group:

### Conceptual Framework for Financial Reporting (Conceptual Framework)

The Group has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Group's financial statements.

### Going concern

The Group prepares and reviews cash flow forecasts quarterly and in recent months due to the impact of COVID-19 has been doing so monthly. These forecasts demonstrate that the Group has sufficient cash, other liquid resources and undrawn credit facilities to enable the Group to meet its obligations as they fall due. As such the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial report.

### Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

### Historical cost convention

The financial statements have been prepared under the historical cost convention, except for certain financial instruments measured at fair value.

### Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

### Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 37.

# Notes to the financial statements

30 June 2021

## Note 2. Significant accounting policies continued

### Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of SG Fleet Group Limited as at 30 June 2021 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control at the end of, or during the year. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of common control subsidiaries is accounted for using the common control method. The acquisition of other subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM are responsible for the allocation of resources to operating segments and assessing their performance.

### Foreign currency translation

The financial statements are presented in Australian Dollars, which is SG Fleet Group Limited's functional and presentation currency.

### Foreign currency transactions

Foreign currency transactions are translated into the entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

### Foreign operations

The assets and liabilities of foreign operations are translated into Australian Dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian Dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

### Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

### Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as a contract liability.

### Management and maintenance income

Fleet management income and management fees are brought to account over time on a straight-line basis over the term of the lease, due to the continuous service received by customers over the term of lease.

Maintenance income is recognised for each performance obligation at a point in time when the service is provided and obligation fulfilled. Maintenance costs are expensed as and when incurred.

### Additional products and services

Revenue from the sale of additional products and services is recognised when it is received or when the right to receive payment is established and the performance obligation has been satisfied. Specifically, upfront establishment fees levied to the customer to establish the contract for the services to be provided for the term of the contract, are recognised over the term of the contract. Revenue related to the waiver of the lessee's wear and tear obligations is recognised at the point in time, being at the end of the lease term.

### Funding commissions

Introductory commissions earned are recognised in profit or loss in full at a point in time, being in the month in which the finance is introduced to the relevant financier. Trailing commissions earned for the collection and distribution of ongoing customer rentals to the financier are recognised over time.

### End of lease income

Income earned after the expiry of the lease is recognised when it is received or when the performance obligation, being the sale of vehicle, transferring the risk and reward to the end buyer, has been satisfied and the right to receive payment is established. The gross selling price of the vehicle is recognised as End of Lease income and the value of the vehicle at the end of the lease period payable to the financier, is recognised as End of Lease cost of sale.

### Rental income

Rental income from operating leases is recognised in profit or loss over time, on a straight-line basis over the lease term.

### Other income

Other income is recognised when it is received or when the right to receive payment is established.

### Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

### Government grants

Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and that the Group will comply with all attached conditions.

### Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities, and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

SG Fleet Group Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

# Notes to the financial statements

30 June 2021

## Note 2. Significant accounting policies continued

### Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### Finance, trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

For finance lease and contract purchase agreements see the 'Leases – Group as lessor' accounting policy.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

### Inventories

End-of-term operating lease assets are stated at the lower of cost and net realisable value. Cost comprises purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the lower of (i) estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and (ii) cost less residual value provision.

### Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The Group has elected to adopt the general hedge accounting model in AASB 9. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness. Where derivative instruments do not qualify for hedge accounting, changes in the fair value are recognised immediately in profit or loss.

### Cash flow hedges

Cash flow hedges are used to cover the Group's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the hedging reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were classified in equity are immediately reclassified to profit or loss.

### Property, plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

|  |                      |
|--|----------------------|
| Leasehold improvements                 | five years           |
| Computer hardware and office equipment | three to eight years |
| Motor vehicles                         | four years           |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

For leased motor vehicles see the 'Leases – Group as lessor – leased motor vehicles assets' accounting policy.

## Leases

### Group as lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, and the Group obtains substantially all the economic benefits of the use of the assets.

The Group has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component.

### Right-of-use assets

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of lease incentives received, any initial direct costs incurred, and an estimate of costs required for dismantling and removing the underlying asset, site restoral and asset restoral. Right-of-use assets are subsequently measured applying a cost model such that the asset is depreciated and impaired as required or adjusted for any remeasurement of the lease liability.

Where the lease transfers ownership of the asset to the lessee by the end of the lease term, or if the cost of the asset reflects that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset to the end of the asset's useful life, otherwise, the assets are depreciated to the earlier of the end of their useful lives or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits.

The lease term represents the non-cancellable period of the lease and includes periods covered by an option to extend if the Group is reasonably certain to exercise that option. Lease terms shall only be revised if there is a change in the non-cancellable period or there is a reassessment upon a significant event or a change in circumstances that is both within the control of the lessee and affects whether or not the lessee is reasonably certain to exercise an option. Lease terms range from 1 to 14 years. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

### Lease liabilities – right-of-use assets

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments comprise fixed lease payments less incentives receivable, variable lease payments, residual value guarantees payable, exercise price of purchase options where exercise is reasonably certain, and any anticipated termination penalties made over the expected term of the lease which includes optional periods where option exercise is considered reasonably certain. Variable lease payments include those dependent upon an index, interest rate or market but are included only using the index or rate existing at commencement date.

The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred. Variable lease payments include rent concessions in the form of rent forgiveness or a waiver as a direct consequence of the Coronavirus (COVID-19) pandemic and which relate to payments originally due on or before 30 June 2021.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change in lease term such as if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or to the profit or loss to the extent that the carrying amount has been reduced to zero. Interest on the lease liability and variable lease payments not included in the measurement of the lease liability are recognised in profit or loss.

The Group has elected to apply the practical expedient not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

### Group as lessor

A lease is classified as a finance lease if it transfers all the risks and rewards incidental to ownership of the assets. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

Amounts due from customers under finance leases and contract purchase agreements are recorded as receivables. Finance and contract purchase receivables are initially recognised at an amount equal to the present value of the minimum instalment payments receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the contract term. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the contracts.

### Group as lessor – leased motor vehicle assets

Full maintenance lease assets are stated at historical cost less accumulated depreciation. The cost of full maintenance lease assets includes the purchase cost including non-refundable purchase taxes and other expenditure that is directly attributable to the acquisition of the assets to bring the assets held-for-use in the lease asset portfolio to working condition for the intended use.

The depreciable amount of the asset is depreciated over its estimated useful life of two to five years on a straight-line basis.

Lease rentals receivable and payable on operating leases are recognised in profit or loss in periodic amounts over the effective lease term on a straight line basis.

# Notes to the financial statements

30 June 2021

## Note 2. Significant accounting policies continued

### Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method of amortisation and the useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

### Goodwill

Where an entity or operation is acquired in a business combination, that is not a common control transaction, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of the acquisition over the fair value of the identifiable net assets acquired is brought to account as goodwill. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

### Customer contracts

The customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite useful lives of ten years.

### Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite useful lives of between two and eight years.

### Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

### Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

### Maintenance deferred income liability

Maintenance income is recognised for each performance obligation at the point in time when the service is provided and the obligation is completed. Maintenance costs are expensed when incurred.

### Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

### Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

### Residual values

The Group has entered into various agreements with its financiers that govern the transfer of the residual value risk inherent in operating lease assets from the financier to the Group at the end of the underlying lease agreement. These agreements include put/call options, sale direction deeds and guaranteed buyback arrangements. The residual value provision is created on an onerous pool basis to cover future shortfalls on the disposal of these vehicles. Assets are grouped into homogenous groups which are then analysed further into maturity pools. A provision is raised for a maturity pool if the forecast loss on disposal of the assets in the pool exceeds the future fee income that the pool will generate between the reporting date and the maturity date. Maturity pools in a net profit position are not offset against maturity pools in a net loss position.

## Employee benefits

### Short-term employee benefits

Employee benefits expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

### Other long-term employee benefits

The liability for employee benefits not expected to be settled within 12 months of the reporting date is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date based on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

### Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

### Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award are treated as if they were a modification.

### Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.



# Notes to the financial statements

30 June 2021

## Note 2. Significant accounting policies continued

### Vehicle maintenance funds

Vehicle maintenance funds represents amounts collected from customers for vehicles under management, with such amounts subsequently used for payments for ongoing vehicle maintenance expenses such as fuel, service cost, registration and other charges. Any unused amounts at the end of the lease period are refunded to the customers.

### Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### Dividends

Dividends are recognised when declared during the financial year and are no longer at the discretion of the Company.

### Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

### Earnings per share

#### Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of SG Fleet Group Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

#### Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### Comparatives

Comparatives in the financial report have been realigned to the current period presentation. For clearer presentation, the Group has changed the disclosure within Revenue product lines of \$20,412,000 from 'End of Lease income' to 'Additional products and services' and \$3,553,000 from 'Management and maintenance income to 'Rental income' and also realigned the expense of \$19,028,000 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.

### 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.

### New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2021. The adoption of these Accounting Standards and Interpretations is not expected to have any significant impact on the Group's financial statements.

## Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### Coronavirus (COVID-19) pandemic

The Group has applied significant critical judgements in the preparation of the financial statements, incorporating the Board's best estimates of the foreseeable impact of COVID-19 on the Group's statement of profit or loss and other comprehensive income and statement of financial position. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates.

### Revenue from maintenance income

As discussed in note 2, the Group estimates the maintenance income to be recognised for each performance obligation at a point in time when the service is provided and the obligation fulfilled. These calculations require the use of assumptions, including an estimation of the profit margin to be achieved over the life of the contract for each performance obligation.

### Goodwill

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units, to which these assets belong, have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to note 16 for further information.

### Residual values

As discussed in note 2, the Group has entered into various agreements with its financiers relating to residual value risk inherent in operating lease assets being transferred to the Group at the end of the underlying lease agreement. A provision is raised where the forecast loss on disposal of the assets in the pool exceeds the expected future fee income that the pool will generate. The expected future income is estimated based on past experience and likely market conditions at the time of disposal of the assets.

### Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

# Notes to the financial statements

30 June 2021

## Note 4. Restatement of comparatives

### Change in accounting policy

#### Software as a Service (SaaS) arrangements

The Group's accounting policy has historically been to capitalise all costs related to the customisation and configuration of SaaS arrangements as intangible assets in the statement of financial position. During the year, the International Financial Reporting Standards Interpretations Committee ('IFRIC') issued a clarification regarding accounting for expenses due to SaaS arrangements. In accordance with the IFRIC clarification, the Group has changed its accounting policy retrospectively to account for such arrangements as an expense in the statement of profit or loss.

The impact of the retrospective adoption of the accounting policy is summarised below:

### Statement of profit or loss and other comprehensive income

| Extract  | Consolidated               |                      |                            |
|--|----------------------------|----------------------|----------------------------|
|  | 2020<br>\$'000<br>Reported | \$'000<br>Adjustment | 2020<br>\$'000<br>Restated |
| <b>Expenses</b>  |                            |                      |                            |
| Depreciation and amortisation  | (32,279)                   | 201                  | (32,078)                   |
| Technology costs   | (11,192)                   | (555)                | (11,747)                   |
| <b>Profit before income tax expense</b>  | 52,357                     | (354)                | 52,003                     |
| Income tax expense   | (15,622)                   | -                    | (15,622)                   |
| <b>Profit after income tax expense for the year attributable to the owners of SG Fleet Group Limited</b> | 36,735                     | (354)                | 36,381                     |
| Other comprehensive income for the year, net of tax  | (1,082)                    | -                    | (1,082)                    |
| <b>Total comprehensive income for the year attributable to the owners of SG Fleet Group Limited</b>      | 35,653                     | (354)                | 35,299                     |
|  | Cents<br>Reported          | Cents<br>Adjustment  | Cents<br>Restated          |
| Basic earnings per share   | 14.01                      | (0.13)               | 13.88                      |
| Diluted earnings per share   | 14.00                      | (0.14)               | 13.86                      |

### Statement of financial position at the beginning of the earliest comparative period

| Extract             | Consolidated               |                      |                            |
|---------------------|----------------------------|----------------------|----------------------------|
|                     | 2019<br>\$'000<br>Reported | \$'000<br>Adjustment | 2019<br>\$'000<br>Restated |
| <b>Assets</b>       |                            |                      |                            |
| Intangibles         | 412,242                    | (639)                | 411,603                    |
| <b>Total assets</b> | 680,893                    | (639)                | 680,254                    |
| <b>Net assets</b>   | 279,170                    | (639)                | 278,531                    |
| <b>Equity</b>       |                            |                      |                            |
| Reserves            | (120,296)                  | 6                    | (120,290)                  |
| Retained profits    | 108,874                    | (645)                | 108,229                    |
| <b>Total equity</b> | 279,170                    | (639)                | 278,531                    |

## Statement of financial position at the end of the earliest comparative period

| Extract             | Consolidated               |                      |                            |
|---------------------|----------------------------|----------------------|----------------------------|
|                     | 2020<br>\$'000<br>Reported | \$'000<br>Adjustment | 2020<br>\$'000<br>Restated |
| <b>Assets</b>       |                            |                      |                            |
| Intangibles         | 406,815                    | (993)                | 405,822                    |
| <b>Total assets</b> | 680,758                    | (993)                | 679,765                    |
| <b>Net assets</b>   | 271,233                    | (993)                | 270,240                    |
| <b>Equity</b>       |                            |                      |                            |
| Reserves            | (122,587)                  | 6                    | (122,581)                  |
| Retained profits    | 102,450                    | (999)                | 101,451                    |
| <b>Total equity</b> | 271,233                    | (993)                | 270,240                    |

### Statement of cash flows:

In accordance with the above, comparatives in the statement of cash flows have been restated to reflect changes in accounting policy with regard to recognition of Software as a Service (SaaS) arrangements. Accordingly, payments for intangibles have been reduced by \$555,000 with a corresponding increase in payments to suppliers and employees. As a result of this, net cash used in operating activities increased by \$555,000 with a corresponding impact on net cash used in investing activities.

## Note 5. 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 review 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.

The information regarding products and services are detailed in note 6.

### 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.

### Major customers

There are no major customers that contributed more than 10% of revenue to the Group.

# Notes to the financial statements

30 June 2021

## Note 5. Operating segments continued

### Operating segment information

| <b>Consolidated – 2021</b>                     | <b>Australia<br/>\$'000</b> | <b>New Zealand<br/>\$'000</b> | <b>United<br/>Kingdom<br/>\$'000</b> | <b>Corporate<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|--|-----------------------------|-------------------------------|--------------------------------------|-----------------------------|-------------------------|
| <b>Revenue</b>                                 |                             |                               |                                      |                             |                         |
| Revenue from contracts with customers          | 345,822                     | 10,173                        | 79,624                               | –                           | 435,619                 |
| Rental income                                  | 12,277                      | 3,094                         | 30,590                               | –                           | 45,961                  |
| Total sales revenue                            | 358,099                     | 13,267                        | 110,214                              | –                           | 481,580                 |
| Interest income                                | 497                         | 2                             | 1                                    | –                           | 500                     |
| <b>Total revenue</b>                           | <b>358,596</b>              | <b>13,269</b>                 | <b>110,215</b>                       | <b>–</b>                    | <b>482,080</b>          |
| <b>Underlying EBITDA</b>                       |                             |                               |                                      |                             |                         |
| Depreciation and amortisation                  | (15,566)                    | (2,587)                       | (14,746)                             | –                           | (32,899)                |
| Finance costs                                  | (8,003)                     | (1,081)                       | (2,467)                              | –                           | (11,551)                |
| <b>Profit/(loss) before income tax expense</b> | <b>58,890</b>               | <b>735</b>                    | <b>10,040</b>                        | <b>(6,123)</b>              | <b>63,542</b>           |
| Income tax expense                             |                             |                               |                                      |                             | (19,837)                |
| <b>Profit after income tax expense</b>         |                             |                               |                                      |                             | <b>43,705</b>           |
| <b>Assets</b>                                  |                             |                               |                                      |                             |                         |
| Segment assets                                 | 649,295                     | 17,233                        | 166,743                              | –                           | 833,271                 |
| <b>Total assets</b>                            |                             |                               |                                      |                             | <b>833,271</b>          |
| <b>Liabilities</b>                             |                             |                               |                                      |                             |                         |
| Segment liabilities                            | 325,815                     | 11,696                        | 117,574                              | –                           | 455,085                 |
| <b>Total liabilities</b>                       |                             |                               |                                      |                             | <b>455,085</b>          |

| <b>Consolidated – 2020</b>                     | <b>Australia<br/>\$'000</b> | <b>New Zealand<br/>\$'000</b> | <b>United<br/>Kingdom<br/>\$'000</b> | <b>Corporate<br/>\$'000</b> | <b>Total<br/>\$'000<br/>(Restated)</b> |
|--|-----------------------------|-------------------------------|--------------------------------------|-----------------------------|--|
| <b>Revenue</b>                                 |                             |                               |                                      |                             |  |
| Revenue from contracts with customers          | 333,848                     | 8,284                         | 67,158                               | –                           | 409,290                                |
| Rental income                                  | 9,858                       | 3,635                         | 28,833                               | –                           | 42,326                                 |
| Total sales revenue                            | 343,706                     | 11,919                        | 95,991                               | –                           | 451,616                                |
| Interest income                                | 1,268                       | 3                             | 9                                    | –                           | 1,280                                  |
| <b>Total revenue</b>                           | <b>344,974</b>              | <b>11,922</b>                 | <b>96,000</b>                        | <b>–</b>                    | <b>452,896</b>                         |
| <b>Underlying EBITDA</b>                       |                             |                               |                                      |                             |  |
| Depreciation and amortisation                  | (15,082)                    | (2,989)                       | (14,007)                             | –                           | (32,078)                               |
| Impairment of assets                           | (70)                        | –                             | –                                    | –                           | (70)                                   |
| Finance costs                                  | (5,555)                     | (377)                         | (2,198)                              | –                           | (8,130)                                |
| <b>Profit/(loss) before income tax expense</b> | <b>49,579</b>               | <b>1,002</b>                  | <b>2,448</b>                         | <b>(1,026)</b>              | <b>52,003</b>                          |
| Income tax expense                             |                             |                               |                                      |                             | (15,622)                               |
| <b>Profit after income tax expense</b>         |                             |                               |                                      |                             | <b>36,381</b>                          |
| <b>Assets</b>                                  |                             |                               |                                      |                             |  |
| Segment assets                                 | 521,465                     | 18,945                        | 139,355                              | –                           | 679,765                                |
| <b>Total assets</b>                            |                             |                               |                                      |                             | <b>679,765</b>                         |
| <b>Liabilities</b>                             |                             |                               |                                      |                             |  |
| Segment liabilities                            | 295,255                     | 14,109                        | 100,161                              | –                           | 409,525                                |
| <b>Total liabilities</b>                       |                             |                               |                                      |                             | <b>409,525</b>                         |

## Note 6. Revenue

|  | <b>Consolidated</b> |                              |
|--|---------------------|------------------------------|
|  | 2021<br>\$'000      | 2020<br>\$'000<br>(Restated) |
| <b>Revenue from contracts with customers</b> |                     |                              |
| Management and maintenance income            | 82,502              | 83,250                       |
| Additional products and services             | 99,312              | 109,315                      |
| Funding commissions                          | 36,113              | 39,612                       |
| End of lease income                          | 217,570             | 176,168                      |
| Other income                                 | 122                 | 945                          |
|  | <b>435,619</b>      | <b>409,290</b>               |
| <b>Other revenue</b>                         |                     |                              |
| Rental income                                | 45,961              | 42,326                       |
| Revenue                                      | <b>481,580</b>      | <b>451,616</b>               |

### Disaggregation of revenue

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

|  | <b>Consolidated</b> |                              |
|--|---------------------|------------------------------|
|  | 2021<br>\$'000      | 2020<br>\$'000<br>(Restated) |
| <b>Timing of revenue recognition</b>                 |                     |                              |
| Revenue transferred at a point in time – upfront     | 58,983              | 71,763                       |
| Revenue transferred over time                        | 131,349             | 134,191                      |
| Revenue transferred at a point in time – end of life | 245,287             | 203,336                      |
|  | <b>435,619</b>      | <b>409,290</b>               |

Revenue from external customers by geographic regions is set out in note 5 operating segments.

# Notes to the financial statements

30 June 2021

## Note 7. Expenses

|  | <b>Consolidated</b> |            |
|--|---------------------|------------|
|  | <b>2021</b>         | 2020       |
|  | <b>\$'000</b>       | \$'000     |
|  |                     | (Restated) |
| Profit before income tax includes the following specific expenses: |                     |            |
| <b>Depreciation</b>  |                     |            |
| Leasehold improvements   | 58                  | 60         |
| Computer hardware and office equipment                             | 1,412               | 1,496      |
| Motor vehicles   | 186                 | 164        |
| Leased motor vehicle assets  | 16,326              | 15,579     |
| Right-of-use assets  | 5,071               | 5,383      |
| Total depreciation   | 23,053              | 22,682     |
| <b>Amortisation</b>  |                     |            |
| Customer contracts   | 5,796               | 5,864      |
| Software   | 4,050               | 3,532      |
| Total amortisation   | 9,846               | 9,396      |
| Total depreciation and amortisation                                | 32,899              | 32,078     |
| <b>Impairment</b>  |                     |            |
| Intangibles – customer contracts                                   | –                   | 70         |
| <b>Finance costs</b>   |                     |            |
| External borrowing costs for corporate debt                        | 5,270               | 5,298      |
| External borrowing costs for lease portfolio                       | 4,772               | 2,291      |
| Net foreign exchange losses (gains)                                | 21                  | (7)        |
| Net movement in fair value of derivatives                          | 991                 | (21)       |
| Interest on lease liabilities – right-of-use assets                | 433                 | 532        |
| Interest on lease make good  | 64                  | 37         |
| Total finance costs  | 11,551              | 8,130      |
| <b>Net fair value loss</b>   |                     |            |
| Net fair value loss on investments                                 | 1,861               | 793        |
| <b>Superannuation expense</b>                                      |                     |            |
| Defined contribution superannuation expense                        | 5,398               | 5,132      |

During the year, the Group refunded, on a voluntary basis, the grant of \$223,000 received from the UK Government in 2020 with respect to support for furloughed employees. The Group was not entitled to the Australian Government's JobKeeper wage subsidy program.

Deal costs in relation to the LeasePlan acquisition of \$8,994,000 have been expensed in the statement of profit or loss in the current year. \$5,211,000 is included within other expenses and \$3,783,000 in finance costs.

## Note 8. Income tax

|  | <b>Consolidated</b> |                              |
|--|---------------------|------------------------------|
|  | 2021<br>\$'000      | 2020<br>\$'000<br>(Restated) |
| <b>Income tax expense</b>  |                     |                              |
| Current tax  | 23,354              | 18,391                       |
| Deferred tax – origination and reversal of temporary differences                     | (3,517)             | (2,769)                      |
| Aggregate income tax expense   | 19,837              | 15,622                       |
| Deferred tax included in income tax expense comprises:                               |                     |                              |
| Increase in deferred tax assets  | (3,517)             | (2,769)                      |
| <b>Numerical reconciliation of income tax expense and tax at the statutory rate</b>  |                     |                              |
| Profit before income tax expense   | 63,542              | 52,003                       |
| Tax at the statutory tax rate of 30%   | 19,063              | 15,601                       |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income: |                     |                              |
| Entertainment expenses   | 7                   | 92                           |
| Non-deductible expenses  | 2,265               | (92)                         |
| Other  | –                   | 106                          |
|  | 21,335              | 15,707                       |
| Difference in overseas tax rates   | (1,119)             | (292)                        |
| Adjustment recognised for prior periods  | (331)               | 301                          |
| Assessed loss  | (48)                | (94)                         |
| Income tax expense   | 19,837              | 15,622                       |

|   | <b>Consolidated</b> |                |
|---|---------------------|----------------|
|   | 2021<br>\$'000      | 2020<br>\$'000 |
| <b>Amounts charged/(credited) directly to equity</b>                  |                     |                |
| Deferred tax assets   | 587                 | (310)          |
| <b>Tax losses not recognised</b>                                      |                     |                |
| Unused tax losses for which no deferred tax asset has been recognised | 13,334              | 13,178         |
| Potential tax benefit at statutory tax rates                          | 2,534               | 2,504          |

The above potential tax benefit for tax losses and temporary differences, relating to United Kingdom, has not been recognised in the statement of financial position.



# Notes to the financial statements

30 June 2021

## Note 8. Income tax continued

|   | <b>Consolidated</b> |                |
|---|---------------------|----------------|
|   | 2021<br>\$'000      | 2020<br>\$'000 |
| <b>Deferred tax asset</b>   |                     |                |
| Deferred tax asset/(liability) comprises temporary differences attributable to: |                     |                |
| Amounts recognised in profit or loss:   |                     |                |
| Allowance for expected credit losses  | 355                 | 386            |
| Contract liabilities  | 4,907               | 4,367          |
| Employee benefits   | 3,286               | 2,866          |
| Accrued expenses  | 2,849               | 1,640          |
| Provisions  | 3,469               | 3,753          |
| Assessed loss   | –                   | (2)            |
| Property, plant and equipment   | (3,281)             | (2,280)        |
| Prepayments   | (1,701)             | (1,903)        |
| Intangibles   | (7,236)             | (8,776)        |
|   | <b>2,648</b>        | 51             |
| Amounts recognised in equity:   |                     |                |
| Transaction costs on share issue  | 345                 | –              |
| Derivative financial instruments  | 1,335               | 1,384          |
|   | <b>1,680</b>        | 1,384          |
| Deferred tax asset  | <b>4,328</b>        | 1,435          |
| Amount expected to be settled after more than 12 months                         | <b>4,328</b>        | 1,435          |
| Movements:  |                     |                |
| Opening balance   | 1,435               | (1,645)        |
| Credited to profit or loss  | 3,517               | 2,769          |
| Credited/(charged) to equity  | (587)               | 310            |
| Exchange differences  | (37)                | 1              |
| Closing balance   | <b>4,328</b>        | 1,435          |
|   | <b>Consolidated</b> |                |
|   | 2021<br>\$'000      | 2020<br>\$'000 |
| <b>Provision for income tax</b>   |                     |                |
| Provision for income tax  | 4,701               | 390            |
| Amount expected to be settled within 12 months                                  | 4,701               | 390            |

## Note 9. Cash and cash equivalents

|  | Consolidated   |                |
|--|----------------|----------------|
|  | 2021<br>\$'000 | 2020<br>\$'000 |
| Cash at bank                                     | 202,394        | 82,999         |
| Secured deposits                                 | 28,723         | 28,116         |
|  | <b>231,117</b> | 111,115        |
| Amount expected to be recovered within 12 months | <b>231,117</b> | 111,115        |

In April 2021 the Group raised \$86,329,000 as a result of the issue of new share capital to partially fund the acquisition of the LeasePlan Australia and New Zealand businesses. As at 30 June 2021, this acquisition had not completed and as such this additional capital had not been deployed.

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, which is short-term in nature, are not available as free cash for the purpose of operations of the Group.

## Note 10. Finance, trade and other receivables

|  | Consolidated   |                |
|--|----------------|----------------|
|  | 2021<br>\$'000 | 2020<br>\$'000 |
| Trade receivables                                | 67,033         | 55,584         |
| Less: Allowance for expected credit losses       | (783)          | (838)          |
|  | <b>66,250</b>  | 54,746         |
| Finance lease receivables                        | 53             | –              |
|  | <b>66,303</b>  | 54,746         |
| Amount expected to be recovered within 12 months | <b>66,303</b>  | 54,746         |

### Allowance for expected credit losses

The Group has recognised a reversal of credit loss of \$69,000 (2020: credit loss of \$366,000) in profit or loss in respect of the expected credit losses for the year ended 30 June 2021.

The Coronavirus (COVID-19) pandemic driven market conditions that prevailed at 30 June 2020 have improved in the Australian and New Zealand markets, which is reflected in the decrease in the allowance for expected credit loss.

The ageing of the receivables and allowance for expected credit losses using the simplified method is provided for above are as follows:

|                        | Expected credit loss rate |           | Carrying amount |                | Allowance for expected credit losses |                |
|------------------------|---------------------------|-----------|-----------------|----------------|--------------------------------------|----------------|
|                        | 2021<br>%                 | 2020<br>% | 2021<br>\$'000  | 2020<br>\$'000 | 2021<br>\$'000                       | 2020<br>\$'000 |
| Consolidated           |                           |           |                 |                |                                      |                |
| Not overdue            | –                         | –         | 53,050          | 46,844         | –                                    | –              |
| 0 to 30 days overdue   | –                         | –         | 12,286          | 6,041          | –                                    | –              |
| 30 to 60 days overdue  | 39.3%                     | 29.1%     | 649             | 1,363          | 255                                  | 397            |
| 60 to 90 days overdue  | 39.4%                     | 30.7%     | 188             | 947            | 74                                   | 291            |
| 90 to 120 days overdue | 53.1%                     | 40.2%     | 177             | 351            | 94                                   | 141            |
| Over 120 days overdue  | 52.7%                     | 23.7%     | 683             | 38             | 360                                  | 9              |
|                        |                           |           | <b>67,033</b>   | 55,584         | <b>783</b>                           | 838            |

# Notes to the financial statements

30 June 2021

## Note 10. Finance, trade and other receivables continued

Movements in the allowance for expected credit losses are as follows:

|   | <b>Consolidated</b> |        |
|---|---------------------|--------|
|   | 2021                | 2020   |
|   | \$'000              | \$'000 |
| Opening balance                           | 838                 | 480    |
| Additional provisions recognised          | –                   | 366    |
| Unused amounts reversed                   | (69)                | –      |
| Exchange difference in foreign subsidiary | 14                  | (8)    |
| Closing balance                           | 783                 | 838    |

## Note 11. Inventories

|  | <b>Consolidated</b> |         |
|--|---------------------|---------|
|  | 2021                | 2020    |
|  | \$'000              | \$'000  |
| End-of-term operating lease assets held for disposal | 10,968              | 18,129  |
| Less: Provision for impairment                       | (249)               | (1,788) |
|  | 10,719              | 16,341  |
| Amount expected to be recovered within 12 months     | 10,719              | 16,341  |

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 12. Prepayments

|  | <b>Consolidated</b> |        |
|--|---------------------|--------|
|  | 2021                | 2020   |
|  | \$'000              | \$'000 |
| Prepayments                                      | 8,844               | 9,163  |
| Amount expected to be recovered within 12 months | 8,844               | 9,163  |

## Note 13. Investments in financial assets at fair value through profit or loss

|   | <b>Consolidated</b> |        |
|---|---------------------|--------|
|   | 2021                | 2020   |
|   | \$'000              | \$'000 |
| Investments in listed equity securities                   | 1,297               | 1,412  |
| Investments in other companies                            | 1,330               | 330    |
|   | 2,627               | 1,742  |
| Amount expected to be recovered after more than 12 months | 2,627               | 1,742  |

Refer to note 31 for further information on fair value measurement.

## Note 14. Leased motor vehicle assets

|   | <b>Consolidated</b> |                |
|---|---------------------|----------------|
|   | 2021<br>\$'000      | 2020<br>\$'000 |
| Leased motor vehicle assets – at cost                     | 121,718             | 90,262         |
| Less: Accumulated depreciation                            | (27,116)            | (25,942)       |
| Less: Impairment  | (426)               | (205)          |
|   | <b>94,176</b>       | 64,115         |
| Amount expected to be recovered within 12 months          | 9,350               | 5,204          |
| Amount expected to be recovered after more than 12 months | 84,826              | 58,911         |
|   | <b>94,176</b>       | 64,115         |

### Reconciliations

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

| <b>Consolidated</b>     | Leased<br>assets<br>\$'000 |
|-------------------------|----------------------------|
| Balance at 1 July 2019  | 57,258                     |
| Additions               | 53,178                     |
| Disposals               | (29,642)                   |
| Revaluation decrements  | (34)                       |
| Exchange differences    | (1,066)                    |
| Depreciation expense    | (15,579)                   |
| Balance at 30 June 2020 | 64,115                     |
| Additions               | 73,316                     |
| Disposals               | (28,520)                   |
| Revaluation decrements  | (212)                      |
| Exchange differences    | 1,803                      |
| Depreciation expense    | (16,326)                   |
| Balance at 30 June 2021 | 94,176                     |

# Notes to the financial statements

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## Note 15. Property, plant and equipment

|   | <b>Consolidated</b> |         |
|---|---------------------|---------|
|   | <b>2021</b>         | 2020    |
|   | <b>\$'000</b>       | \$'000  |
| Leasehold improvements – at cost                          | <b>966</b>          | 1,083   |
| Less: Accumulated depreciation                            | <b>(569)</b>        | (675)   |
|   | <b>397</b>          | 408     |
| Computer hardware and office equipment – at cost          | <b>8,528</b>        | 8,401   |
| Less: Accumulated depreciation                            | <b>(5,379)</b>      | (6,070) |
|   | <b>3,149</b>        | 2,331   |
| Motor vehicles – at cost                                  | <b>2,235</b>        | 733     |
| Less: Accumulated depreciation                            | <b>(320)</b>        | (305)   |
|   | <b>1,915</b>        | 428     |
|   | <b>5,461</b>        | 3,167   |
| Amount expected to be recovered after more than 12 months | <b>5,461</b>        | 3,167   |

### Reconciliations

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

| <b>Consolidated</b>     | Leasehold<br>improvements<br>\$'000 | Computer<br>hardware<br>and office<br>equipment<br>\$'000 | Motor<br>vehicles<br>\$'000 | Total<br>\$'000 |
|-------------------------|-------------------------------------|---|-----------------------------|-----------------|
| Balance at 1 July 2019  | 314                                 | 3,347   | 431                         | 4,092           |
| Additions               | 159                                 | 481   | 184                         | 824             |
| Disposals               | –                                   | –   | (20)                        | (20)            |
| Exchange differences    | (5)                                 | (1)   | (3)                         | (9)             |
| Depreciation expense    | (60)                                | (1,496)   | (164)                       | (1,720)         |
| Balance at 30 June 2020 | 408                                 | 2,331   | 428                         | 3,167           |
| Additions               | 37                                  | 2,225   | 1,718                       | 3,980           |
| Disposals               | –                                   | –   | (80)                        | (80)            |
| Exchange differences    | 10                                  | 5   | 35                          | 50              |
| Depreciation expense    | (58)                                | (1,412)   | (186)                       | (1,656)         |
| Balance at 30 June 2021 | <b>397</b>                          | <b>3,149</b>  | <b>1,915</b>                | <b>5,461</b>    |

## Note 16. Intangibles

|   | <b>Consolidated</b> |                              |
|---|---------------------|------------------------------|
|   | 2021<br>\$'000      | 2020<br>\$'000<br>(Restated) |
| Goodwill – at cost  | 357,880             | 356,465                      |
| Customer contracts – at cost                              | 60,012              | 59,613                       |
| Less: Accumulated amortisation                            | (32,493)            | (26,514)                     |
| Less: Accumulated impairment                              | (70)                | (70)                         |
|   | <b>27,449</b>       | 33,029                       |
| Software – at cost  | 25,605              | 27,699                       |
| Less: Accumulated amortisation                            | (9,928)             | (11,371)                     |
|   | <b>15,677</b>       | 16,328                       |
|   | <b>401,006</b>      | 405,822                      |
| Amount expected to be recovered after more than 12 months | <b>401,006</b>      | 405,822                      |

### Reconciliations

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

| <b>Consolidated</b>     | Goodwill<br>\$'000 | Customer<br>contracts<br>\$'000 | Software<br>\$'000 | Total<br>\$'000<br>(Restated) |
|-------------------------|--------------------|---------------------------------|--------------------|-------------------------------|
| Balance at 1 July 2019  | 356,829            | 38,962                          | 15,812             | 411,603                       |
| Additions               | –                  | –                               | 4,052              | 4,052                         |
| Exchange differences    | (364)              | 1                               | (4)                | (367)                         |
| Impairment of assets    | –                  | (70)                            | –                  | (70)                          |
| Amortisation expense    | –                  | (5,864)                         | (3,532)            | (9,396)                       |
| Balance at 30 June 2020 | 356,465            | 33,029                          | 16,328             | 405,822                       |
| Additions               | –                  | –                               | 3,397              | 3,397                         |
| Exchange differences    | 1,415              | 216                             | 2                  | 1,633                         |
| Amortisation expense    | –                  | (5,796)                         | (4,050)            | (9,846)                       |
| Balance at 30 June 2021 | <b>357,880</b>     | <b>27,449</b>                   | <b>15,677</b>      | <b>401,006</b>                |

# Notes to the financial statements

30 June 2021

## Note 16. Intangibles continued

Goodwill acquired through business combinations have been allocated to the following cash-generating units ('CGUs'):

|                    | <b>Consolidated</b> |         |
|--------------------|---------------------|---------|
|                    | <b>2021</b>         | 2020    |
|                    | <b>\$'000</b>       | \$'000  |
| Australian CGU     | <b>305,771</b>      | 305,771 |
| United Kingdom CGU | <b>52,109</b>       | 50,694  |
| <b>Total</b>       | <b>357,880</b>      | 356,465 |

### Impairment testing for goodwill

The impairment test was based on a value-in-use approach. The recoverable amount was determined to be higher than the carrying amount and therefore no impairment loss was recognised. Value-in-use was determined by discounting the future cash flows based on the following key assumptions:

- Cash flows were projected based on actual operating results and the four-year business plan. Cash flow beyond Year 5 was projected at a growth rate of 0% (2020: 0%) for both CGUs;
- Revenue growth was projected at 6.2% (2020: 4.8%) per annum for the Australian CGU and 5.9% (2020: 6.5%) per annum for the United Kingdom CGU;
- Direct costs were forecast based on the margins historically achieved by the business;
- Overheads were forecast based on current levels adjusted for inflationary increases; and
- The Company's pre-tax weighted average cost of capital was applied in determining the recoverable amount. The discount rate of 8.24% (2020: 8.64%) was used for the Australian CGU and 6.19% (2020: 6.74%) for the United Kingdom CGU.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external and internal data sources. Projected cash flows represent management's best estimate of the foreseeable impact of the uncertainties on the business operations in the short-term due to COVID-19.

### Sensitivity analysis

Management estimates that any reasonable changes in the key assumptions would not have a significant impact on the value-in-use of intangible assets and goodwill that would require the assets to be impaired.

## Note 17. Right-of-use assets

|   | <b>Consolidated</b> |         |
|---|---------------------|---------|
|   | <b>2021</b>         | 2020    |
|   | <b>\$'000</b>       | \$'000  |
| Right-of-use assets – at cost                             | <b>23,744</b>       | 22,062  |
| Less: Accumulated depreciation                            | <b>(15,054)</b>     | (9,943) |
|   | <b>8,690</b>        | 12,119  |
| Amount expected to be recovered after more than 12 months | <b>8,690</b>        | 12,119  |

### Reconciliation

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

| <b>Consolidated</b>     | Office<br>premises<br>\$'000 | Motor<br>vehicles<br>\$'000 | Others<br>\$'000 | Total<br>\$'000 |
|-------------------------|------------------------------|-----------------------------|------------------|-----------------|
| Balance at 1 July 2019  | 12,402                       | 929                         | 255              | 13,586          |
| Additions               | 3,318                        | 602                         | 26               | 3,946           |
| Disposals               | –                            | (9)                         | –                | (9)             |
| Exchange differences    | (25)                         | 4                           | –                | (21)            |
| Depreciation expense    | (4,406)                      | (833)                       | (144)            | (5,383)         |
| Balance at 30 June 2020 | 11,289                       | 693                         | 137              | 12,119          |
| Additions               | 1,099                        | 461                         | –                | 1,560           |
| Disposals               | –                            | (12)                        | –                | (12)            |
| Exchange differences    | 92                           | 2                           | –                | 94              |
| Depreciation expense    | (4,367)                      | (610)                       | (94)             | (5,071)         |
| Balance at 30 June 2021 | <b>8,113</b>                 | <b>534</b>                  | <b>43</b>        | <b>8,690</b>    |

For other AASB 16 lease-related disclosures refer to the following:

- note 7 for details of interest on lease liabilities and other lease expenses;
- note 24 and note 40 for details of lease liabilities at the beginning and end of the reporting period;
- note 30 for the maturity analysis of lease liabilities; and
- consolidated statement of cash flows for repayment of lease liabilities.



# Notes to the financial statements

30 June 2021

## Note 18. Trade and other payables

|  | <b>Consolidated</b> |                |
|--|---------------------|----------------|
|  | 2021<br>\$'000      | 2020<br>\$'000 |
| Trade payables                                 | 83,869              | 70,049         |
| Accrued expenses                               | 16,924              | 10,616         |
|  | <b>100,793</b>      | 80,665         |
| Amount expected to be settled within 12 months | <b>100,793</b>      | 80,665         |

Refer to note 30 for further information on financial instruments.

Trade payables include residual values payable to financiers, which are secured by the underlying operating lease asset, cash lock-up of \$28,741,000 (2020: \$28,134,000).

## Note 19. Derivative financial instruments

|   | <b>Consolidated</b> |                |
|---|---------------------|----------------|
|   | 2021<br>\$'000      | 2020<br>\$'000 |
| Interest rate swap contracts                            | 1,877               | 4,085          |
| Amount expected to be settled after more than 12 months | <b>1,877</b>        | 4,085          |

Refer to note 30 for further information on financial instruments.

Refer to note 31 for further information on fair value measurement.

## Note 20. Employee benefits

|   | <b>Consolidated</b> |                |
|---|---------------------|----------------|
|   | 2021<br>\$'000      | 2020<br>\$'000 |
| Annual leave  | 5,251               | 4,429          |
| Long service leave                                      | 5,716               | 5,137          |
|   | <b>10,967</b>       | 9,566          |
| Amount expected to be settled within 12 months          | <b>10,012</b>       | 8,731          |
| Amount expected to be settled after more than 12 months | <b>955</b>          | 835            |
|   | <b>10,967</b>       | 9,566          |

## Note 21. Provisions

|   | Consolidated   |                |
|---|----------------|----------------|
|   | 2021<br>\$'000 | 2020<br>\$'000 |
| Lease make good   | 1,105          | 1,056          |
| Residual value risk                                     | 11,686         | 10,704         |
| Other provisions  | 900            | 808            |
|   | <b>13,691</b>  | 12,568         |
| Amount expected to be settled within 12 months          | 5,564          | 5,880          |
| Amount expected to be settled after more than 12 months | 8,127          | 6,688          |
|   | <b>13,691</b>  | 12,568         |

### Lease make good

The provision represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms.

### Residual value risk provision

The provision is to recognise the future liability relating to residual value exposures as described in note 2 and note 3.

### Other provisions

The provision represents the potential loss arising from overdrawn vehicle running cost accounts in relation to novated leases.

### Movements in provisions

Movements in the provision during the current financial period is set out below:

|  | Lease<br>make<br>good<br>\$'000 | Residual<br>value<br>risk<br>\$'000 | Other<br>provision<br>\$'000 |
|--|---------------------------------|-------------------------------------|------------------------------|
| <b>Consolidated – 2021</b>               |                                 |                                     |                              |
| Carrying amount at the start of the year | 1,056                           | 10,704                              | 808                          |
| Additional provisions recognised         | –                               | 943                                 | 92                           |
| Exchange differences                     | 2                               | 39                                  | –                            |
| Unwinding of discount                    | 64                              | –                                   | –                            |
| Unused amounts reversed                  | (17)                            | –                                   | –                            |
| Carrying amount at the end of the year   | <b>1,105</b>                    | <b>11,686</b>                       | <b>900</b>                   |

# Notes to the financial statements

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## Note 22. Lease portfolio borrowings

|   | Consolidated   |                |
|---|----------------|----------------|
|   | 2021<br>\$'000 | 2020<br>\$'000 |
| Lease portfolio borrowings – non-securitised            | 64,241         | 57,854         |
| Lease portfolio borrowings – securitised                | 800            | –              |
|   | <b>65,041</b>  | 57,854         |
| Amount expected to be settled within 12 months          | 17,162         | 26,843         |
| Amount expected to be settled after more than 12 months | 47,879         | 31,011         |
|   | <b>65,041</b>  | 57,854         |

Refer to note 30 for further information on financial instruments.

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 year, the Group established a \$100,000,000 limited recourse securitisation warehouse trust with commitments from external financiers totalling \$92,500,000. 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 30 June 2021, the Group had utilised \$800,000 of securitised lease portfolio borrowings.

## Note 23. Borrowings

|   | Consolidated   |                |
|---|----------------|----------------|
|   | 2021<br>\$'000 | 2020<br>\$'000 |
| Bank loans  | 125,841        | 125,140        |
| Amount expected to be settled after more than 12 months | 125,841        | 125,140        |

Refer to note 30 for further information on financial instruments.

### Total secured liabilities

The total secured liabilities are as follows:

|  | Consolidated   |                |
|--|----------------|----------------|
|  | 2021<br>\$'000 | 2020<br>\$'000 |
| Bank loans   | 125,841        | 125,140        |
| Lease portfolio borrowings – non-securitised (note 22) | 64,241         | 57,854         |
| Lease portfolio borrowings – securitised (note 22)     | 800            | –              |
|  | <b>190,882</b> | 182,994        |

### 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   |                |
|--|----------------|----------------|
|  | 2021<br>\$'000 | 2020<br>\$'000 |
| Total facilities                             |                |                |
| Corporate borrowings                         | 186,572        | 177,234        |
| Lease portfolio borrowings – non-securitised | 87,029         | 79,938         |
| Lease portfolio borrowings – securitised     | 92,500         | –              |
|  | <b>366,101</b> | 257,172        |
| Used at the reporting date                   |                |                |
| Corporate borrowings                         | 137,602        | 129,654        |
| Lease portfolio borrowings – non-securitised | 64,241         | 57,854         |
| Lease portfolio borrowings – securitised     | 800            | –              |
|  | <b>202,643</b> | 187,508        |
| Unused at the reporting date                 |                |                |
| Corporate borrowings                         | 48,970         | 47,580         |
| Lease portfolio borrowings – non-securitised | 22,788         | 22,084         |
| Lease portfolio borrowings – securitised     | 91,700         | –              |
|  | <b>163,458</b> | 69,664         |

# Notes to the financial statements

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## Note 24. Lease liabilities – right-of-use assets

|   | <b>Consolidated</b> |               |
|---|---------------------|---------------|
|   | 2021                | 2020          |
|   | \$'000              | \$'000        |
| Lease liabilities – right-of-use assets                 | 9,015               | 12,039        |
| Amount expected to be settled within 12 months          | 3,592               | 4,276         |
| Amount expected to be settled after more than 12 months | 5,423               | 7,763         |
|   | <b>9,015</b>        | <b>12,039</b> |

## Note 25. Vehicle maintenance funds

|   | <b>Consolidated</b> |               |
|---|---------------------|---------------|
|   | 2021                | 2020          |
|   | \$'000              | \$'000        |
| Vehicle maintenance funds                               | 82,542              | 69,313        |
| Amount expected to be settled within 12 months          | 27,729              | 21,913        |
| Amount expected to be settled after more than 12 months | 54,813              | 47,400        |
|   | <b>82,542</b>       | <b>69,313</b> |

## Note 26. Contract liabilities

|   | <b>Consolidated</b> |               |
|---|---------------------|---------------|
|   | 2021                | 2020          |
|   | \$'000              | \$'000        |
| Contract liabilities                                    | 40,617              | 37,905        |
| Amount expected to be settled within 12 months          | 21,124              | 20,863        |
| Amount expected to be settled after more than 12 months | 19,493              | 17,042        |
|   | <b>40,617</b>       | <b>37,905</b> |

### Reconciliation

Reconciliation at the beginning and end of the current and previous financial year are set out below:

|   |               |               |
|---|---------------|---------------|
| Opening balance   | 37,905        | 35,608        |
| Transfer to revenue – included in the opening balance                             | (18,822)      | (18,917)      |
| Increase in cash received excluding amounts recognised as revenue during the year | 21,534        | 21,214        |
| Closing balance   | <b>40,617</b> | <b>37,905</b> |

## Note 27. Issued capital

|                              | Consolidated   |                |                |                |
|------------------------------|----------------|----------------|----------------|----------------|
|                              | 2021<br>Shares | 2020<br>Shares | 2021<br>\$'000 | 2020<br>\$'000 |
| Ordinary shares – fully paid | 297,396,370    | 262,159,900    | 376,661        | 291,370        |

### Movements in ordinary share capital

| Details  | Date           | Shares      | Issue price | \$'000  |
|--|----------------|-------------|-------------|---------|
| Balance  | 1 July 2019    | 261,896,269 |             | 290,592 |
| Shares issued on vesting of performance rights                             | 1 July 2019    | 132,323     | \$0.00      | –       |
| Shares issued on vesting of performance rights                             | 21 August 2019 | 131,308     | \$0.00      | –       |
| Transfer from share-based payment reserve on vesting of performance rights |                | –           | \$0.00      | 778     |
| Balance  | 30 June 2020   | 262,159,900 |             | 291,370 |
| Shares issued  | 13 April 2021  | 29,247,880  | \$2.45      | 71,657  |
| Shares issued  | 30 April 2021  | 5,988,590   | \$2.45      | 14,672  |
| Share issue transaction costs, net of tax                                  |                | –           | \$0.00      | (1,038) |
| Balance  | 30 June 2021   | 297,396,370 |             | 376,661 |

### Ordinary shares

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

### Share buy-back

There is no current on-market share buy-back.

### Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. The Group monitors capital on the basis of its gearing ratio. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

The Group is subject to certain financing arrangements covenants and meeting these are given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2020 Annual Report.

# Notes to the financial statements

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## Note 28. Reserves

|                                    | <b>Consolidated</b> |                  |
|------------------------------------|---------------------|------------------|
|                                    | <b>2021</b>         | 2020             |
|                                    | <b>\$'000</b>       | \$'000           |
| Foreign currency reserve           | 262                 | (1,015)          |
| Hedging reserve – cash flow hedges | (496)               | (2,767)          |
| Share-based payments reserve       | 2,620               | 359              |
| Capital reserve                    | (119,158)           | (119,158)        |
|                                    | <b>(116,772)</b>    | <b>(122,581)</b> |

### Foreign currency reserve

The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian Dollars.

### Hedging reserve – cash flow hedges

The reserve is used to recognise the effective portion of the gain or loss of cash flow hedge instruments that is determined to be an effective hedge.

### Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

### Capital reserve

The reserve is used to recognise contributions from or to SG Fleet Group Limited and its controlled subsidiaries by shareholders.

### Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

| <b>Consolidated</b>                  | Foreign<br>currency<br>\$'000 | Cash flow<br>hedge<br>\$'000 | Share-based<br>payments<br>\$'000 | Capital<br>\$'000 | Total<br>\$'000  |
|--------------------------------------|-------------------------------|------------------------------|-----------------------------------|-------------------|------------------|
| Balance at 1 July 2019               | (588)                         | (2,118)                      | 1,568                             | (119,158)         | (120,296)        |
| Change in accounting policy (note 4) | 6                             | –                            | –                                 | –                 | 6                |
| Foreign currency translation         | (433)                         | –                            | –                                 | –                 | (433)            |
| Share-based payments                 | –                             | –                            | (178)                             | –                 | (178)            |
| Movement in hedges – gross           | –                             | (960)                        | –                                 | –                 | (960)            |
| Deferred tax                         | –                             | 311                          | –                                 | –                 | 311              |
| Transfer to share capital            | –                             | –                            | (778)                             | –                 | (778)            |
| Other changes                        | –                             | –                            | (253)                             | –                 | (253)            |
| Balance at 30 June 2020              | (1,015)                       | (2,767)                      | 359                               | (119,158)         | (122,581)        |
| Foreign currency translation         | 1,277                         | –                            | –                                 | –                 | 1,277            |
| Share-based payments                 | –                             | –                            | 2,321                             | –                 | 2,321            |
| Movement in hedges – gross           | –                             | 3,203                        | –                                 | –                 | 3,203            |
| Deferred tax                         | –                             | (932)                        | –                                 | –                 | (932)            |
| Other changes                        | –                             | –                            | (60)                              | –                 | (60)             |
| Balance at 30 June 2021              | <b>262</b>                    | <b>(496)</b>                 | <b>2,620</b>                      | <b>(119,158)</b>  | <b>(116,772)</b> |

## Note 29. Dividends

### Dividends

Dividends paid during the financial year were as follows:

|   | Consolidated   |                |
|---|----------------|----------------|
|   | 2021<br>\$'000 | 2020<br>\$'000 |
| Final dividend for the year ended 30 June 2020 of 3.053 cents per ordinary share paid on 6 October 2020 (2020: Final dividend for the year ended 30 June 2019 of 9.520 cents) | 8,004          | 24,958         |
| Interim dividend for the year ended 30 June 2021 of 7.192 cents per share paid on 13 April 2021 (2020: Interim dividend for the year ended 30 June 2020 of 6.943 cents)       | 18,855         | 18,201         |
|   | <b>26,859</b>  | <b>43,159</b>  |

On 16 August 2021, the Directors declared a fully franked final dividend for the year ended 30 June 2021 of 5.393 cents per ordinary share, to be paid on 9 September 2021 to eligible shareholders on the register on 26 August 2021. This equates to a total estimated distribution of \$16,039,000, based on the number of ordinary shares on issue as at 30 June 2021. The financial effect of dividends declared after the reporting date are not reflected in the 30 June 2021 financial statements and will be recognised in subsequent financial reports.

### Franking credits

|  | Consolidated   |                |
|--|----------------|----------------|
|  | 2021<br>\$'000 | 2020<br>\$'000 |
| Franking credits available for subsequent financial years based on a tax rate of 30% | 59,104         | 53,107         |

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

The franking credits above excludes exempting credits.



# Notes to the financial statements

30 June 2021

## Note 30. Financial instruments

### Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Audit, Risk and Compliance Committee, a sub-committee of the Board, has responsibility for managing risk. The Committee reports to the Board on its activities.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

### Market risk

#### Foreign currency risk

The Group is not exposed to any significant foreign currency risk, except for translation of financial assets and liabilities of foreign subsidiaries into the presentation currency.

#### Price risk

The Group is not exposed to any significant price risk.

#### Interest rate risk

The Group's main interest rate risk arises from its borrowings and cash at the bank. Borrowings and cash at bank-issued at variable rates expose the Group to interest rate risk. Borrowings issued at fixed rates expose the Group to fair value risk. The policy is to ensure that at least 60% of its exposure to changes in interest rates on general borrowings, unless approved by the Board, other than lease portfolio borrowings, is on a fixed rate basis. Lease portfolio borrowings are entered into on a fixed interest rate basis, except for lease portfolio borrowings utilised to fund lease portfolio assets in inertia and funding obtained through securitisation which are entered into on a variable rate basis. The Group will periodically enter interest rate swaps in which the securitisation trust will pay a fixed rate of interest and receive a variable rate of interest based on the expected amortisation profile of the securitised portfolio of leases.

As at the reporting date, the Group had the following variable rate bank accounts and other facilities after impact of hedging instruments:

|  | 2021<br>Balance<br>\$'000 | 2020<br>Balance<br>\$'000 |
|--|---------------------------|---------------------------|
| <b>Consolidated</b>                          |                           |                           |
| Bank loans                                   | (25,168)                  | (25,028)                  |
| Lease portfolio facilities                   | –                         | (356)                     |
| Cash at bank                                 | 202,394                   | 82,999                    |
| Secured deposits                             | 28,723                    | 28,116                    |
| Net exposure to cash flow interest rate risk | 205,949                   | 85,731                    |

An official increase/decrease in interest rates of 50 (2020: 50) basis points would have a favourable/adverse effect on profit before tax and equity of \$1,030,000 (2020: \$429,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analyst's forecasts.

### Derivatives interest rate swap

The Group has entered into interest rate swap contracts with notional/principal value as at 30 June 2021 of \$106,696,000 (2020: \$109,059,000). The interest rate swap contract hedges the Group's risk against an increase in variable interest rate. The contract is over a three year period maturing in December 2022. Weighted average fixed rate is 1.91% (2020: 1.93%).

The Group has entered into deal contingent amortising interest rate swap contracts in order to hedge the variable rate finance to be entered into as part of the LeasePlan acquisition. The amortising interest rate swap contracts which have a notional value as at 30 June 2021 of \$1,135,958,000 will commence on the completion date of the LeasePlan acquisition date and will mature in May 2025.

### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available. As disclosed in note 10, due to the Coronavirus (COVID-19) pandemic, the calculation of expected credit losses has been revised.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

### Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. Typically, the Group ensures that it has sufficient cash or facilities on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

### Financing arrangements

Unused borrowing facilities at the reporting date:

|  | <b>Consolidated</b> |        |
|--|---------------------|--------|
|  | <b>2021</b>         | 2020   |
|  | <b>\$'000</b>       | \$'000 |
| Corporate borrowings                         | <b>48,970</b>       | 47,580 |
| Lease portfolio borrowings – non-securitised | <b>22,788</b>       | 22,084 |
| Lease portfolio borrowings – securitised     | <b>91,700</b>       | –      |
|  | <b>163,458</b>      | 69,664 |

# Notes to the financial statements

30 June 2021

## Note 30. Financial instruments continued

### Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

|  | 1 year or less<br>\$'000 | Between<br>1 and 2 years<br>\$'000 | Between<br>2 and 5 years<br>\$'000 | Over 5 years<br>\$'000 | Remaining<br>contractual<br>maturities<br>\$'000 |
|--|--------------------------|------------------------------------|------------------------------------|------------------------|--|
| <b>Consolidated – 2021</b>                   |                          |                                    |                                    |                        |  |
| <b>Non-derivatives</b>                       |                          |                                    |                                    |                        |  |
| <b>Non-interest bearing</b>                  |                          |                                    |                                    |                        |  |
| Trade payables                               | 83,869                   | –                                  | –                                  | –                      | 83,869   |
| <b>Interest-bearing – variable</b>           |                          |                                    |                                    |                        |  |
| Bank loans                                   | 435                      | 25,386                             | –                                  | –                      | 25,821   |
| <b>Interest-bearing – fixed rate</b>         |                          |                                    |                                    |                        |  |
| Bank loans                                   | 1,811                    | 101,579                            | –                                  | –                      | 103,390  |
| Lease portfolio facilities – non-securitised | 18,831                   | 19,159                             | 29,963                             | –                      | 67,953   |
| Lease portfolio facilities – securitised     | 52                       | 826                                | –                                  | –                      | 878  |
| Lease liabilities – right-of-use assets      | 3,382                    | 1,595                              | 2,466                              | 2,045                  | 9,488  |
| <b>Total non-derivatives</b>                 | <b>108,380</b>           | <b>148,545</b>                     | <b>32,429</b>                      | <b>2,045</b>           | <b>291,399</b>                                   |
| <b>Derivatives</b>                           |                          |                                    |                                    |                        |  |
| Interest rate swaps inflow                   | –                        | 1,877                              | –                                  | –                      | 1,877  |
| <b>Total derivatives</b>                     | <b>–</b>                 | <b>1,877</b>                       | <b>–</b>                           | <b>–</b>               | <b>1,877</b>                                     |

|   | 1 year or less<br>\$'000 | Between<br>1 and 2 years<br>\$'000 | Between<br>2 and 5 years<br>\$'000 | Over 5 years<br>\$'000 | Remaining<br>contractual<br>maturities<br>\$'000 |
|---|--------------------------|------------------------------------|------------------------------------|------------------------|--|
| <b>Consolidated – 2020</b>                    |                          |                                    |                                    |                        |  |
| <b>Non-derivatives</b>                        |                          |                                    |                                    |                        |  |
| <b>Non-interest bearing</b>                   |                          |                                    |                                    |                        |  |
| Trade payables                                | 70,049                   | –                                  | –                                  | –                      | 70,049   |
| <b>Interest-bearing – variable</b>            |                          |                                    |                                    |                        |  |
| Bank loans                                    | 450                      | 450                                | 25,253                             | –                      | 26,153   |
| Lease portfolio liabilities – non-securitised | 361                      | –                                  | –                                  | –                      | 361  |
| <b>Interest-bearing – fixed rate</b>          |                          |                                    |                                    |                        |  |
| Bank loans                                    | 1,800                    | 1,800                              | 101,012                            | –                      | 104,612  |
| Lease portfolio facilities – non-securitised  | 27,920                   | 11,543                             | 20,896                             | –                      | 60,359   |
| Lease liabilities – right-of-use assets       | 4,674                    | 2,813                              | 3,823                              | 1,550                  | 12,860   |
| <b>Total non-derivatives</b>                  | <b>105,254</b>           | <b>16,606</b>                      | <b>150,984</b>                     | <b>1,550</b>           | <b>274,394</b>                                   |
| <b>Derivatives</b>                            |                          |                                    |                                    |                        |  |
| Interest rate swaps inflow                    | –                        | 4,085                              | –                                  | –                      | 4,085  |
| <b>Total derivatives</b>                      | <b>–</b>                 | <b>4,085</b>                       | <b>–</b>                           | <b>–</b>               | <b>4,085</b>                                     |

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

## Note 31. Fair value measurement

### Fair value hierarchy

The following tables detail the Group's assets and 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.

|   | Level 1<br>\$'000 | Level 2<br>\$'000 | Level 3<br>\$'000 | Total<br>\$'000 |
|---|-------------------|-------------------|-------------------|-----------------|
| <b>Consolidated – 2021</b>                                      |                   |                   |                   |                 |
| <b>Assets</b>   |                   |                   |                   |                 |
| Investments in listed equity securities                         | 1,297             | –                 | –                 | 1,297           |
| Investment in other companies                                   | –                 | –                 | 1,330             | 1,330           |
| Total assets  | <b>1,297</b>      | <b>–</b>          | <b>1,330</b>      | <b>2,627</b>    |
| <b>Liabilities</b>  |                   |                   |                   |                 |
| Derivative financial instruments – Interest rate swap contracts | –                 | 1,877             | –                 | 1,877           |
| Total liabilities   | <b>–</b>          | <b>1,877</b>      | <b>–</b>          | <b>1,877</b>    |
| <b>Consolidated – 2020</b>                                      |                   |                   |                   |                 |
| <b>Assets</b>   |                   |                   |                   |                 |
| Investments in listed equity securities                         | 1,412             | –                 | –                 | 1,412           |
| Investment in other companies                                   | –                 | –                 | 330               | 330             |
| Total assets  | <b>1,412</b>      | <b>–</b>          | <b>330</b>        | <b>1,742</b>    |
| <b>Liabilities</b>  |                   |                   |                   |                 |
| Derivative financial instruments – Interest rate swap contracts | –                 | 4,085             | –                 | 4,085           |
| Total liabilities   | <b>–</b>          | <b>4,085</b>      | <b>–</b>          | <b>4,085</b>    |

There were no transfers between levels during the financial year.

Unless otherwise stated, the carrying amounts of financial instruments reflect 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.

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

Unquoted investments have been valued using a discounted cash flow model.

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.

# Notes to the financial statements

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## Note 32. Key management personnel disclosures

### Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

|                              | <b>Consolidated</b> |                  |
|------------------------------|---------------------|------------------|
|                              | 2021                | 2020             |
|                              | \$                  | \$               |
| Short-term employee benefits | 4,678,222           | 3,141,955        |
| Post-employment benefits     | 110,269             | 105,033          |
| Long-term benefits           | 58,283              | 75,069           |
| Share-based payments         | 1,007,492           | (527,549)        |
|                              | <b>5,854,266</b>    | <b>2,794,508</b> |

## Note 33. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by KPMG, the auditor of the Company:

|   | <b>Consolidated</b> |                |
|---|---------------------|----------------|
|   | 2021                | 2020           |
|   | \$                  | \$             |
| <b>Audit services – KPMG</b>                |                     |                |
| Audit or review of the financial statements | 569,410             | 492,676        |
| <b>Other services – KPMG</b>                |                     |                |
| Tax services                                | 84,017              | 119,384        |
| Corporate advisory                          | 1,390,214           | 26,392         |
|   | <b>1,474,231</b>    | <b>145,776</b> |
|   | <b>2,043,641</b>    | <b>638,452</b> |

## Note 34. Commitments – operating lease receivable

|  | <b>Consolidated</b> |               |
|--|---------------------|---------------|
|  | 2021                | 2020          |
|  | \$'000              | \$'000        |
| Committed at the reporting date, receivable: |                     |               |
| Within one year                              | 19,849              | 12,880        |
| One to two years                             | 12,725              | 8,771         |
| Two to three years                           | 9,398               | 5,174         |
| Three to four years                          | 5,031               | 3,181         |
| Four to five years                           | 939                 | 1,141         |
|  | <b>47,942</b>       | <b>31,147</b> |

Future minimum rentals receivable includes contracted amounts for motor vehicles under non-cancellable operating leases between one and five years.

## Note 35. 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 \$11,686,000 (30 June 2020: \$10,704,000) has been recognised as a residual value provision and an amount of \$426,000 (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 36. Related party transactions

### Parent entities

SG Fleet Group Limited is the parent entity. The ultimate parent entity is Super Group Limited, incorporated in South Africa and listed on the Johannesburg Stock Exchange.

### Subsidiaries

Interests in subsidiaries are set out in note 38.

### Key management personnel

Disclosures relating to key management personnel are set out in note 32 and the remuneration report included in the Directors' report.

### Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

### Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

### Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

# Notes to the financial statements

30 June 2021

## Note 37. Parent entity information

Set out below is the supplementary information about the parent entity.

### Statement of profit or loss and other comprehensive income

|                            | Parent         |                |
|----------------------------|----------------|----------------|
|                            | 2021<br>\$'000 | 2020<br>\$'000 |
| Loss after income tax      | (5,831)        | (718)          |
| Total comprehensive income | (5,831)        | (718)          |

### Statement of financial position

|                           | Parent         |                |
|---------------------------|----------------|----------------|
|                           | 2021<br>\$'000 | 2020<br>\$'000 |
| Total current assets      | –              | –              |
| Total assets              | 543,068        | 534,963        |
| Total current liabilities | 4,698          | (40)           |
| Total liabilities         | 223,587        | 268,083        |
| Equity                    |                |                |
| Issued capital            | 587,049        | 501,758        |
| Accumulated losses        | (267,568)      | (234,878)      |
| Total equity              | 319,481        | 266,880        |

### Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity and its subsidiaries are party to a deed of cross guarantee under which each company guarantees the debts of the others. No deficiencies of assets exist in any of these subsidiaries. Refer to note 39 for further details.

The parent entity has also provided guarantees and indemnities for bank facilities. Refer to note 23 for further details.

### Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

### Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

### Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity; and
- dividends received from subsidiaries are recognised as other income by the parent entity.

## Note 38. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

| Name                                   | Principal place of business/<br>Country of incorporation | Ownership interest |           |
|--|--|--------------------|-----------|
|  |  | 2021<br>%          | 2020<br>% |
| SG Fleet Solutions Pty Limited         | Australia  | 100%               | 100%      |
| SG Fleet Holdings Pty Limited          | Australia  | 100%               | 100%      |
| SG Fleet Finance Pty Limited           | Australia  | 100%               | 100%      |
| SG Fleet Investments Pty Ltd           | Australia  | 100%               | 100%      |
| SG Fleet Management Pty Limited        | Australia  | 100%               | 100%      |
| SG Fleet Australia Pty Limited         | Australia  | 100%               | 100%      |
| Fleet Care Services Pty Limited        | Australia  | 100%               | 100%      |
| SG Fleet Salary Packaging Pty Limited  | Australia  | 100%               | 100%      |
| Beta Dimensions Pty Limited            | Australia  | 100%               | 100%      |
| SMB Car Sales Pty Limited              | Australia  | 100%               | 100%      |
| NLC Pty Limited                        | Australia  | 100%               | 100%      |
| NLC Finance Pty Ltd                    | Australia  | 100%               | 100%      |
| NLC Insurance Pty Ltd                  | Australia  | 100%               | 100%      |
| Vehicle Insurance Underwriters Pty Ltd | Australia  | 100%               | 100%      |
| NLC Administration Pty Limited         | Australia  | 100%               | 100%      |
| Kerr Reinehr Group Pty Limited         | Australia  | 100%               | 100%      |
| NLC Services Pty Limited               | Australia  | 100%               | 100%      |
| SG Fleet NZ Limited                    | New Zealand  | 100%               | 100%      |
| SG Fleet UK Limited                    | United Kingdom   | 100%               | 100%      |
| SG Fleet UK Holdings Limited           | United Kingdom   | 100%               | 100%      |
| Fleet Hire Holdings Limited            | United Kingdom   | 100%               | 100%      |
| SG Fleet Solutions UK Limited          | United Kingdom   | 100%               | 100%      |
| Fleet Hire Limited                     | United Kingdom   | 100%               | 100%      |
| Car Salary Exchange Limited            | United Kingdom   | 100%               | 100%      |
| Motiva Group Limited*                  | United Kingdom   | –                  | 100%      |
| Motiva Vehicle Contracts Limited*      | United Kingdom   | –                  | 100%      |
| Mway Vehicle Rentals Limited*          | United Kingdom   | –                  | 100%      |
| Motiva Direct Limited*                 | United Kingdom   | –                  | 100%      |
| Motrak Limited*                        | United Kingdom   | –                  | 100%      |

\* Subsidiary deregistered during the year.



# Notes to the financial statements

30 June 2021

## Note 39. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

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SG Fleet Group Limited (holding entity)  
SG Fleet Solutions Pty Limited\*  
SG Fleet Holdings Pty Limited\*  
SG Fleet Finance Pty Limited\*  
SG Fleet Investments Pty Ltd\*  
SG Fleet Management Pty Limited\*  
SG Fleet Australia Pty Limited\*  
Fleet Care Services Pty Limited\*  
SG Fleet Salary Packaging Pty Limited\*  
Beta Dimensions Pty Limited\*  
SMB Car Sales Pty Limited\*  
NLC Pty Limited\*  
NLC Finance Pty Ltd\*  
NLC Insurance Pty Ltd  
Vehicle Insurance Underwriters Pty Ltd  
NLC Administration Pty Limited\*  
Kerr Reinehr Group Pty Limited\*  
NLC Services Pty Limited\*  
SG Fleet NZ Limited  
SG Fleet UK Limited  
SG Fleet UK Holdings Limited  
Fleet Hire Holdings Limited  
SG Fleet Solutions UK Limited  
Fleet Hire Limited  
Car Salary Exchange Limited

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By entering into the deed, the entities (denoted above by an asterisk (\*)) have opted to obtain relief from the requirement to prepare financial statements and Directors' report under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission ('ASIC').

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by SG Fleet Group Limited, they also represent the 'Extended Closed Group'.

The statement of profit or loss, statement of other comprehensive income and statement of financial position for the Closed Group are the same as the Group and therefore have not been separately disclosed.

## Note 40. Cash flow information

### Reconciliation of profit after income tax to net cash from operating activities

|   | Consolidated   |                |
|---|----------------|----------------|
|   | 2021<br>\$'000 | 2020<br>\$'000 |
| Profit after income tax expense for the year                | 43,705         | 36,381         |
| Adjustments for:  |                |                |
| Depreciation and amortisation                               | 32,899         | 32,078         |
| Impairment of intangibles                                   | –              | 70             |
| Net fair value loss on investments                          | 1,861          | 793            |
| Finance costs – non-cash                                    | –              | 9              |
| Net gain on sale of non-current assets                      | (81)           | (24)           |
| Share-based payments  | 2,321          | (178)          |
| Leased motor vehicles – fair value decrements               | 212            | 34             |
| Net movement in fair value of derivatives                   | 63             | 300            |
| Change in operating assets and liabilities:                 |                |                |
| Decrease/(increase) in finance, trade and other receivables | (11,557)       | 18,199         |
| Decrease/(increase) in inventories                          | 5,622          | (6,221)        |
| Increase in deferred tax assets                             | (2,448)        | (1,435)        |
| Decrease in prepayments                                     | 319            | 755            |
| Increase/(decrease) in trade and other payables             | 33,059         | (943)          |
| Increase in contract liabilities                            | 2,712          | 2,297          |
| Increase/(decrease) in provision for income tax             | 4,311          | (5,269)        |
| Decrease in deferred tax liabilities                        | –              | (1,645)        |
| Increase in employee benefits                               | 1,401          | 798            |
| Increase in other provisions                                | 1,123          | 2,003          |
| Net cash from operating activities                          | 115,522        | 78,002         |

### Non-cash investing and financing activities

|  | Consolidated   |                |
|--|----------------|----------------|
|  | 2021<br>\$'000 | 2020<br>\$'000 |
| Shares issued under employee share plan        | –              | 778            |
| Additions and disposals of right-of-use assets | 1,548          | 3,937          |
|  | 1,548          | 4,715          |

# Notes to the financial statements

30 June 2021

## Note 40. Cash flow information continued

### Changes in liabilities arising from financing activities

| <b>Consolidated</b>                          | Lease<br>portfolio<br>borrowings<br>\$'000 | Bank<br>loans<br>\$'000 | Lease<br>liabilities –<br>right-of-use<br>assets<br>\$'000 | Total<br>\$'000 |
|--|--|-------------------------|--|-----------------|
| Balance at 1 July 2019                       | 46,178                                     | 125,320                 | 13,931   | 185,429         |
| Net cash (used in)/from financing activities | 13,101                                     | –                       | (5,809)  | 7,292           |
| Non-cash additions and disposals             | –  | –                       | 3,937  | 3,937           |
| Exchange differences                         | (1,425)                                    | (180)                   | (20)   | (1,625)         |
| Balance at 30 June 2020                      | 57,854                                     | 125,140                 | 12,039   | 195,033         |
| Net cash (used in)/from financing activities | 5,675                                      | –                       | (4,696)  | 979             |
| Non-cash additions and disposals             | –  | –                       | 1,548  | 1,548           |
| Exchange differences                         | 1,512                                      | 701                     | 124  | 2,337           |
| Balance at 30 June 2021                      | <b>65,041</b>                              | <b>125,841</b>          | <b>9,015</b>   | <b>199,897</b>  |

## Note 41. Earnings per share

|   | <b>Consolidated</b> |             |
|---|---------------------|-------------|
|   | <b>2021</b>         | 2020        |
|   | <b>\$'000</b>       | \$'000      |
| Profit after income tax attributable to the owners of SG Fleet Group Limited              | <b>43,705</b>       | 36,381      |
|   | <b>Number</b>       | Number      |
| Weighted average number of ordinary shares used in calculating basic earnings per share   | <b>269,507,503</b>  | 262,141,603 |
| Adjustments for calculation of diluted earnings per share:                                |                     |             |
| Options over ordinary shares  | <b>163,585</b>      | –           |
| Performance rights over ordinary shares   | <b>640,867</b>      | 303,520     |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <b>270,311,955</b>  | 262,445,123 |
|   | <b>Cents</b>        | Cents       |
| Basic earnings per share  | <b>16.22</b>        | 13.88       |
| Diluted earnings per share  | <b>16.17</b>        | 13.86       |

## Note 42. Share-based payments

The Group has a share option plan and performance rights to incentivise certain employees and Key Management Personnel. The share-based payment expense for the year was \$2,321,000 (2020: credit of \$178,000).

### Share option plan

The share option plan is subject to a service condition and a performance condition. The performance condition is based on the compound annual growth rate ('CAGR') of the Group's earnings per share.

Set out below are summaries of options granted under the plan:

#### 2021

| Grant date                      | Expiry date | Exercise price | Balance at the start of the year | Granted          | Exercised | Expired/forfeited/other | Balance at the end of the year |
|---------------------------------|-------------|----------------|----------------------------------|------------------|-----------|-------------------------|--------------------------------|
| 25/10/2017                      | 17/08/2023  | \$3.66         | 1,138,772                        | –                | –         | (1,138,772)             | –                              |
| 25/11/2019                      | 20/08/2025  | \$2.35         | 960,980                          | –                | –         | –                       | 960,980                        |
| 28/10/2020                      | 20/08/2025  | \$1.68         | –                                | 1,823,951        | –         | –                       | 1,823,951                      |
| 28/10/2020                      | 20/08/2026  | \$1.68         | –                                | 3,235,700        | –         | –                       | 3,235,700                      |
|                                 |             |                | <b>2,099,752</b>                 | <b>5,059,651</b> | <b>–</b>  | <b>(1,138,772)</b>      | <b>6,020,631</b>               |
| Weighted average exercise price |             |                | \$3.06                           | \$1.68           | \$0.00    | \$3.66                  | \$1.79                         |

#### 2020

| Grant date                      | Expiry date | Exercise price | Balance at the start of the year | Granted        | Exercised | Expired/forfeited/other | Balance at the end of the year |
|---------------------------------|-------------|----------------|----------------------------------|----------------|-----------|-------------------------|--------------------------------|
| 25/10/2017                      | 21/08/2022  | \$3.66         | 596,826                          | –              | –         | (596,826)               | –                              |
| 25/10/2017                      | 17/08/2023  | \$3.66         | 1,138,772                        | –              | –         | –                       | 1,138,772                      |
| 25/11/2019                      | 20/08/2025  | \$2.35         | –                                | 960,980        | –         | –                       | 960,980                        |
|                                 |             |                | <b>1,735,598</b>                 | <b>960,980</b> | <b>–</b>  | <b>(596,826)</b>        | <b>2,099,752</b>               |
| Weighted average exercise price |             |                | \$3.66                           | \$2.35         | \$0.00    | \$3.66                  | \$3.06                         |

Outstanding options exercisable as at 30 June 2021 was nil (2020: nil). The weighted average remaining contractual life of options outstanding at the end of the financial period was 2.5 years (2020: 2.8 years).

### Performance rights

The performance rights are subject to a service condition and a performance condition. The performance condition is based on the compound annual growth rate of the Group's earnings per share. Rights do not carry a right to receive any dividends. If rights vest and are exercised to receive shares, these shares will be eligible to receive dividends.

# Notes to the financial statements

30 June 2021

## Note 42. Share-based payments continued

Set out below are summaries of performance rights granted under the plan:

### 2021

| Grant date | Vesting date | Balance at the start of the year | Granted          | Exercised        | Expired/forfeited/other | Balance at the end of the year |
|------------|--------------|----------------------------------|------------------|------------------|-------------------------|--------------------------------|
| 25/10/2017 | 18/08/2020   | 101,927                          | –                | –                | (101,927)               | –                              |
| 19/09/2019 | 01/07/2020   | 153,573                          | –                | (144,382)        | (9,191)                 | –                              |
| 25/11/2019 | 21/08/2022   | 590,916                          | –                | –                | –                       | 590,916                        |
| 28/10/2020 | 21/08/2022   | –                                | 147,888          | –                | –                       | 147,888                        |
| 28/10/2020 | 21/08/2023   | –                                | 1,130,194        | –                | –                       | 1,130,194                      |
|            |              | <b>846,416</b>                   | <b>1,278,082</b> | <b>(144,382)</b> | <b>(111,118)</b>        | <b>1,868,998</b>               |

### 2020

| Grant date | Vesting date | Balance at the start of the year | Granted        | Exercised        | Expired/forfeited/other | Balance at the end of the year |
|------------|--------------|----------------------------------|----------------|------------------|-------------------------|--------------------------------|
| 20/03/2017 | 22/08/2019   | 229,485                          | –              | (131,308)        | (98,177)                | –                              |
| 25/10/2017 | 22/08/2019   | 48,998                           | –              | –                | (48,998)                | –                              |
| 25/10/2017 | 18/08/2020   | 101,927                          | –              | –                | –                       | 101,927                        |
| 30/08/2018 | 01/07/2019   | 160,047                          | –              | (160,047)        | –                       | –                              |
| 19/09/2019 | 01/07/2020   | –                                | 157,426        | –                | (3,853)                 | 153,573                        |
| 25/11/2019 | 21/08/2022   | –                                | 590,916        | –                | –                       | 590,916                        |
|            |              | <b>540,457</b>                   | <b>748,342</b> | <b>(291,355)</b> | <b>(151,028)</b>        | <b>846,416</b>                 |

Performance rights exercisable as at 30 June 2021 was nil (2020: nil). The weighted average remaining contractual life of performance rights outstanding at the end of the financial period was 33 months (2020: 29 months).

For the options granted during the current financial period, the Black-Scholes valuation model inputs used to determine the fair value at the grant date, are as follows:

| Grant date | Vesting date | Share price at grant date | Exercise price | Estimated volatility | Dividend yield | Risk-free interest rate | Fair value at grant date |
|------------|--------------|---------------------------|----------------|----------------------|----------------|-------------------------|--------------------------|
| 28/10/2020 | 21/08/2022   | \$1.69                    | \$1.68         | 49.00%               | 5.10%          | 0.11%                   | \$0.450                  |
| 28/10/2020 | 21/08/2023   | \$1.69                    | \$1.68         | 49.00%               | 5.10%          | 0.13%                   | \$0.460                  |

For the performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

| Grant date | Vesting date | Share price at grant date | Exercise price | Dividend yield | Fair value at grant date |
|------------|--------------|---------------------------|----------------|----------------|--------------------------|
| 28/10/2020 | 21/08/2022   | \$1.69                    | \$0.00         | 5.10%          | \$1.550                  |
| 28/10/2020 | 21/08/2023   | \$1.69                    | \$0.00         | 5.10%          | \$1.470                  |

## Note 43. Events after the reporting period

On 31 March 2021, the Group entered into an agreement to acquire the LeasePlan Australian and New Zealand businesses from LeasePlan Corporation N.V. The acquisition is expected to complete late in the third quarter or early in the fourth quarter of 2021.

Apart from the dividend declared as disclosed in note 29 and the pending LeasePlan acquisition disclosed above, no other matter or circumstance has arisen since 30 June 2021 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.

# Directors' declaration

30 June 2021

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 39 to the financial statements.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors



**Andrew Reitzer**  
Chairman



**Robbie Blau**  
Chief Executive Officer

16 August 2021  
Sydney

# Independent auditor's report

## to the shareholders of SG Fleet Group Limited



### Independent Auditor's Report

To the shareholders of SG Fleet Group Limited

#### Report on the audit of the Financial Report

#### Opinion

We have audited the **Financial Report** of SG Fleet Group Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- consolidated statement of financial position as at 30 June 2021;
- consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended;
- notes including a summary of significant accounting policies; and
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

#### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with 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* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.



### Key Audit Matters

The **Key Audit Matters** we identified are:

- valuation of goodwill;
- recognition of residual value risk provision; and
- measurement of deferred maintenance income.

**Key Audit Matters** are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Valuation of goodwill (AUD \$357.9m)

Refer to Note 16 to the Financial Report

#### The key audit matter

Valuation of goodwill is a Key Audit Matter due to:

- the size of the balance (being 43% of total assets); and
- the high level of judgement involved by us in assessing the inputs to the Group's annual assessment of impairment model, and the higher estimation uncertainty continuing from the business disruption impact of the COVID-19 global pandemic.

We focused on the significant forward-looking assumptions the Group applied in its value in use model, including:

- forecast cash flows, including the impact of COVID-19 on market conditions and underlying growth rates, which can vary based on the rate of economic recovery from the COVID-19 pandemic, which can vary based on a number of factors such as the number and fleet size of new customer wins, residual values, industry growth projections and inflation expectations. The Group operates across different geographies with varying market pressures, which increases the risk of inaccurate forecasts; and
- the discount rates, which are complicated in nature and may vary according to the conditions and environment the specific

#### How the matter was addressed in our audit

Our procedures included:

- assessing the appropriateness of the value in use method applied by the Group to perform the annual test of goodwill for impairment against the requirements of the accounting standards;
- assessing the integrity of the value in use model, including the accuracy of the underlying calculation formulas;
- assessing the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the model. We considered factors such as the number and fleet size of new customer wins, residual values, industry growth, inflation experienced and historical trends where varying market pressures existed across different geographies and how they impacted the business, for use in further testing;
- working with our valuation specialists in assessing the Group's discount rates against publicly available data for a group of comparable entities and independently developing a discount rate range considered comparable using this data, taking into account impacts from the COVID-19. We adjusted this range by risk



# Independent auditor's report

## to the shareholders of SG Fleet Group Limited



|  |  |
|--|--|
| <p>cash generating units (CGUs) are subject to from time to time.</p> <p>We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.</p> | <p>factors specific to the Group and the industry it operates in;</p> <ul style="list-style-type: none"> <li>meeting with management/those charged with governance to understand changes in the Group's plans resulting from COVID-19, and potential future impacts to the Group;</li> <li>challenging the Group's cash flow forecast and growth assumptions in light of the continuation of uncertainty of business disruption and impacts of the COVID-19 global pandemic, including those related to fleet size and growth assumptions across different geographies, using our knowledge of the Group and its industry. This included comparing the Group's growth assumptions to external data, such as industry growth projections and inflation expectations across different geographies;</li> <li>considering the sensitivity of the model by varying key assumptions, such as discount rates and forecast growth rates, within a reasonably possible range. This allowed us to identify assumptions with a higher risk of bias or inconsistency in application, and to assess the presence of indicators of impairment;</li> <li>assessing the disclosures in the Financial Report using our understanding obtained from our testing and against the requirements of the accounting standards.</li> </ul> |
|--|--|

| Recognition of residual value risk provision (AUD \$11.7m)  |  |
|---|--|
| Refer to Note 21 to the Financial Report  |  |
| The key audit matter  | How the matter was addressed in our audit  |
| The recognition of the residual value risk provision is considered to be a Key Audit Matter. This is owing to the significant audit effort required and the high degree of judgement applied by us in assessing the | <p>Our procedures included:</p> <ul style="list-style-type: none"> <li>assessing the accounting treatment of the Group's residual value risk provision methodology to the relevant accounting</li> </ul> |



|   |   |
|---|---|
| <p>Group's residual value risk provision. We focused on gathering evidence on the completeness of the residual value calculation and other key inputs used by the Group to determine the residual value risk provision.</p> <p>The Group has entered into agreements with financiers which requires the transfer of the asset ownership and the associated residual value risk inherent in operating lease assets from the financier to the Group at the end of the operating leases.</p> <p>The determination of the probable residual value risk provision is based on the Group's judgement in determining shortfalls on the disposal of these assets once ownership is transferred to the Group. It also takes into account market conditions and macroeconomic factors, such as inherent volatility of the asset's disposal value due to changes in market conditions between the balance date and future date at which the assets will be disposed.</p> <p>It is the Group's policy to recognise a provision if the forecast sale proceeds of the asset is less than the residual value payable to the financier. This requires us to use our judgement when considering the Group's assessment, as the ultimate sale proceeds are subject to the condition of the asset and market conditions at the end of the lease.</p> | <p>standards;</p> <ul style="list-style-type: none"> <li>• testing the key control for the Group's residual value risk provision process being the quarterly evaluation and authorisation of the residual value calculation by senior management;</li> <li>• comparing the market conditions and economic factors underpinning the Group's determination of the probable residual values against published market reports and statistical economic information, a key determinant in the residual value risk provision, for use in further testing. Our procedures included comparing the continuing impact of COVID-19 on used car sales prices against publicly available industry literature and other credible information;</li> <li>• assessing the Group's ability to accurately estimate residual values at the end of the lease term. This is performed by comparing the historical residual valuation of a sample of vehicles to the actual sale proceeds received from previous disposals from comparable vehicle classes; and</li> <li>• comparing a sample of the current residual valuation of the motor vehicles against the current market value of these motor vehicles using recent external auction prices achieved for comparable assets.</li> </ul> |
|---|---|

| Measurement of deferred maintenance income (AUD \$40.6m)  |   |
|---|---|
| Refer to Note 26 to the Financial Report  |   |
| The key audit matter  | How the matter was addressed in our audit   |
| <p>It is the Group's policy that periodic payments received from customers for maintenance services are initially recognised on the balance sheet as deferred maintenance income. Revenue is subsequently recognised when maintenance work is completed and supplier costs incurred. The amount released from deferred maintenance income and recognised as revenue is determined based on the stand-alone selling price of the maintenance service provided.</p> | <p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• assessing the Group's revenue recognition policy against AASB 15 <i>Revenue from Contracts with Customers</i> requirements;</li> <li>• assessing the historical accuracy of the Group's estimates of life of contract costs by comparing past estimates to actual costs incurred;</li> <li>• analysing vehicle maintenance costs and developing expectations of maintenance</li> </ul> |

# Independent auditor's report

## to the shareholders of SG Fleet Group Limited



|  |   |
|--|---|
| <p>The measurement of deferred maintenance income is a Key Audit Matter. This is due to the audit effort and judgement involved in assessing the Group's estimations, which includes consideration of key inputs to the Group's internal pricing cost and margin calculations, and supplier costs.</p> | <p>expense which is a key input to the stand alone selling price of maintenance services. We used our knowledge of the Group, the composition of the Group's fleet (e.g. vehicle makes, types and condition), and other key metrics such as number of vehicles in the fleet. We compared this to the maintenance expenses recorded by the Group;</p> <ul style="list-style-type: none"> <li>• developing expectations of the deferred maintenance income per vehicle against actual experience as obtained from our testing above. We compared this to the deferred maintenance income recorded by the Group; and</li> <li>• assessing the additions to deferred maintenance income by comparing a sample of entries to the underlying maintenance services billed to customers and against the amount specified in the lease.</li> </ul> |
|--|---|

### Other Information

Other Information is financial and non-financial information in SG Fleet Group Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

### Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error;
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting



unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf). This description forms part of our Auditor's Report.

### Report on the Remuneration Report

#### Opinion

In our opinion, the Remuneration Report of SG Fleet Group Limited for the year ended 30 June 2021, complies with Section 300A of the *Corporations Act 2001*.

#### Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*.

#### Our responsibilities

We have audited the Remuneration Report included in pages 11 to 22 of the Directors' report for the year ended 30 June 2021.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

John Wigglesworth  
Partner

Sydney  
16 August 2021

# Shareholder information

The shareholder information set out below was applicable as at 31 July 2021.

## Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

|                                       | Ordinary shares   |                          |
|---------------------------------------|-------------------|--------------------------|
|                                       | Number of holders | % of total shares issued |
| 1 to 1,000                            | 451               | 0.06                     |
| 1,001 to 5,000                        | 535               | 0.49                     |
| 5,001 to 10,000                       | 298               | 0.74                     |
| 10,001 to 100,000                     | 476               | 4.00                     |
| 100,001 and over                      | 47                | 94.71                    |
|                                       | 1,807             | 100.00                   |
| Holding less than a marketable parcel | 147               | –                        |

## Equity security holders

### Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

|  | Ordinary shares |                          |
|--|-----------------|--------------------------|
|  | Number held     | % of total shares issued |
| Bluefin Investments Limited                              | 178,828,160     | 60.13                    |
| Citicorp Nominees Pty Limited                            | 33,889,512      | 11.40                    |
| BNP Paribas Noms Pty Ltd (DRP)                           | 13,503,364      | 4.54                     |
| National Nominees Limited                                | 9,559,230       | 3.21                     |
| J P Morgan Nominees Australia Pty Limited                | 9,539,473       | 3.21                     |
| HSBC Custody Nominees (Australia) Limited                | 8,521,883       | 2.87                     |
| Netwealth Investments Limited (wrap Services A/C)        | 7,541,966       | 2.54                     |
| Robert Pinkas Blau                                       | 5,961,523       | 2.00                     |
| Misamada Nominees Pty Limited (Misamada A/C)             | 1,901,065       | 0.64                     |
| MDJZ Fernandes Pty Ltd (MDJZ Fernandes A/C)              | 1,330,845       | 0.45                     |
| Shevin Pty Limited (The Shevin A/C)                      | 779,732         | 0.26                     |
| BNP Paribas Nominees Pty Ltd (IOOF Invmt Mngt Ltd DRP)   | 760,000         | 0.26                     |
| HSBC Custody Nominees (Australia) Limited                | 737,416         | 0.25                     |
| Insync Investments Pty Ltd (Weekley Super Fund No 1 A/C) | 595,565         | 0.20                     |
| Peter Mountford  | 580,000         | 0.20                     |
| Mulcaster Super Fund Pty Ltd (Mulcaster Super Fund A/C)  | 567,204         | 0.19                     |
| NCH Pty Ltd  | 469,407         | 0.16                     |
| Macdonald Gilbert Bell                                   | 465,960         | 0.16                     |
| Tynong Pastoral Co Pty Ltd (Tynong Pastoral A/C)         | 465,108         | 0.16                     |
| Tark Family Holdings Pty Ltd (Tark Family A/C)           | 441,253         | 0.15                     |
|  | 276,438,666     | 92.98                    |

## Unquoted equity securities

|   | Number on issue | Number of holders |
|---|-----------------|-------------------|
| Options over ordinary shares            | 6,020,631       | 10                |
| Performance rights over ordinary shares | 1,868,998       | 78                |

The following person holds 20% or more of unquoted equity securities:

| Name        | Class                        | Number held |
|-------------|------------------------------|-------------|
| Robbie Blau | Options over ordinary shares | 2,653,020   |

## Substantial holders

Substantial holders in the Company are set out below:

|                             | Ordinary shares |                          |
|-----------------------------|-----------------|--------------------------|
|                             | Number held     | % of total shares issued |
| Bluefin Investments Limited | 178,828,160     | 60.13                    |

## Voting rights

The voting rights attached to ordinary shares are set out below:

### Ordinary shares

On a show of hands every member present at a meeting in person or by proxy, attorney or corporate representative shall have one vote and upon a poll each share shall have one vote.

## Restricted securities

As at 30 June 2021, there are no restricted securities.

## Share buy-back

There is no current on-market share buy-back.

# Corporate directory

|  |   |
|--|---|
| <b>Directors</b>   | <p>Andrew Reitzer – Independent Non-Executive Chairman</p> <p>Robbie Blau – Chief Executive Officer</p> <p>Cheryl Bart AO – Independent Non-Executive Director</p> <p>Graham Maloney – Independent Non-Executive Director</p> <p>Peter Mountford – Non-Executive Director</p> <p>Kevin Wundram – Chief Financial Officer</p> <p>Edwin Jankelowitz – Independent Non-Executive Director</p> <p>Colin Brown – Alternate Director for Peter Mountford</p>  |
| <b>Company secretary</b>                                 | Tawanda Mutengwa  |
| <b>Notice of annual general meeting*</b>                 | <p>The details of the annual general meeting of SG Fleet Group Limited are:</p> <p>The Barnet Room<br/>Fullerton Hotel<br/>1 Martin Place<br/>Sydney, NSW 2000</p> <p>3:00 PM on Tuesday 26 October 2021</p>  |
| <b>Registered office and Principal place of business</b> | <p>Level 2, Building 3<br/>20 Bridge Street<br/>Pymble NSW 2073</p> <p>Telephone: +61 2 9494 1000 Facsimile: +61 2 9391 5656<br/>E-mail: <a href="mailto:globalenquiries@sgfleet.com">globalenquiries@sgfleet.com</a></p>   |
| <b>Share register</b>                                    | <p>The Registrar<br/>Boardroom Pty Ltd<br/>Level 12, 225 George Street, Sydney, NSW 2000</p> <p>Telephone: 1300 737 760<br/>E-mail: <a href="mailto:enquiries@boardroomlimited.com.au">enquiries@boardroomlimited.com.au</a><br/>Website: <a href="http://www.boardroomlimited.com.au">www.boardroomlimited.com.au</a></p>  |
| <b>Auditor</b>   | <p>KPMG<br/>International Tower 3<br/>300 Barangaroo Avenue<br/>Sydney NSW 2000</p>   |
| <b>Stock exchange listing</b>                            | SG Fleet Group Limited shares are listed on the Australian Securities Exchange (ASX code: SGF)  |
| <b>Website</b>   | <a href="http://www.sgfleet.com">www.sgfleet.com</a>  |
| <b>Corporate Governance Statement</b>                    | <p>The Directors and management are committed to conducting the business of SG Fleet Group Limited in an ethical manner and in accordance with the highest standards of corporate governance. SG Fleet Group Limited has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ("Recommendations") to the extent appropriate to the size and nature of its operations.</p> <p>The Group's Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed and ASX Appendix 4G are released to the ASX on the same day the Annual Report is released. The Corporate Governance Statement can be found on the company's website at <a href="http://investors.sgfleet.com/Investors/?page=Corporate-Governance-Statement">http://investors.sgfleet.com/Investors/?page=Corporate-Governance-Statement</a>.</p> |
| <b>Enquiries</b>   | <a href="mailto:investorenquiries@sgfleet.com">investorenquiries@sgfleet.com</a>  |

\* Venue details may change in line with COVID-19 restrictions imposed at the time of meeting.







24 September 2021

Dear Shareholder

**SG Fleet Group Limited Notice of Annual General Meeting**

We write to advise that the SG Fleet Group Limited Annual General Meeting will be held on Tuesday, 26 October 2021 at the Barnet Room, Fullerton Hotel, 1 Martin Place, Sydney, NSW 2000 commencing at 3.00 pm AEDT. Venue details may change in line with COVID-19 restrictions imposed at the time of the AGM, and shareholders will be notified accordingly.

The Notice of Annual General Meeting will be made available for viewing or downloading electronically on **Friday, 24 September 2021 at 11.00am AEST** on the below URL, replacing the sending of a Notice of Annual General Meeting by mail.

<http://investors.sgfleet.com/investors/>

You will have to type the above URL into your browser to view or download a copy of our Notice of Annual General Meeting.

We have sent you a physical letter because you have elected to receive all correspondence by mail to your elected address. Should you wish to consider the convenience of receiving electronic communication going forward, please contact our registry service, BoardRoom as per the details below.

Boardroom Pty Limited  
Email: [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au)  
Tel: 1300 737 760 (within Australia)  
Tel: +61 2 9290 9600 (outside Australia)

Yours sincerely

Tawanda Mutengwa  
Company Secretary  
SG Fleet Group Limited

**SG Fleet Australia**  
Level 2, Building 3,  
20 Bridge Street  
Pymble, NSW 2073  
Ph: + 61 2 9494 1000  
Fax: +61 2 9391 5600

**SG Fleet NZ**  
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Auckland, 1010 New Zealand  
Ph: +64 9 363 2993  
Fax: +64 363 2994

**SG Fleet UK**  
Station Court  
Old Station Rd  
Hampton in Arden  
Solihull B92 0HA  
Ph: +44 845 154 0721

**SG Fleet Group Limited**

ABN 40 167 554 574  
[www.sgfleet.com](http://www.sgfleet.com)

# SG Fleet Group

Integrated Mobility



## 2021 Notice of Annual General Meeting

**Value every journey**

SG FLEET GROUP LIMITED  
ABN 40 167 554 574

Notice is given that the Annual General Meeting of SG Fleet Group Limited (the **Company**) will be held on Tuesday, 26 October 2021 at the Barnet Room, Fullerton Hotel, 1 Martin Place, Sydney, NSW 2000<sup>1</sup> commencing at 3.00 pm AEDT.



# Business of the Meeting

## 1. Financial Report, Directors' Report and Auditor's Report

To receive and consider the Financial Report of the Company and the Reports of the Directors and Auditor for the financial year ended 30 June 2021.

## 2. Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That the Remuneration Report for the financial year ended 30 June 2021 be adopted".

*Note: A voting exclusion statement applies to this resolution. The vote on this resolution is advisory only and does not bind the Directors or the Company.*

## 3. Re-election of Edwin Jankelowitz

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Edwin Jankelowitz, who retires by rotation and being eligible, be re-elected as a Director of the Company".

## 4. Re-election of Kevin Wundram

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Kevin Wundram, who retires by rotation and being eligible, be re-elected as a Director of the Company".

## 5. Election of Tex Gunning

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Tex Gunning, who pursuant to clause 8(1)(c) of the Company's Constitution holds office until the conclusion of the 2021 AGM, and being eligible, be elected as a Director of the Company".

## 6. Grant of Options and Performance Rights to the Chief Executive Officer

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That approval be given for all purposes, including ASX Listing Rule 10.14, to grant the Company's Chief Executive Officer, Robbie Blau, **723,551** Options and **64,186** Performance Rights as his long term incentive award for the financial year ending 30 June 2022 under the Company's Equity Incentive Plan, on the terms set out in the Explanatory Notes to this Notice of Meeting."

*Note: A voting exclusion statement applies to this resolution.*

## 7. Grant of Options and Performance Rights to the Chief Financial Officer

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That approval be given for all purposes, including ASX Listing Rule 10.14, to grant the Company's Chief Financial Officer, Kevin Wundram, **271,332** Options and **24,070** Performance Rights as his long term incentive award for the financial year ending 30 June 2022 under the Company's Equity Incentive Plan, on the terms set out in the Explanatory Notes to this Notice of Meeting."

*Note: A voting exclusion statement applies to this resolution.*

## 8. Further information about each Resolution of business is set out in the Explanatory Notes accompanying and forming part of this Notice of Meeting.

# Voting Exclusions

## Resolution 2 (Remuneration Report)

In accordance with the *Corporations Act 2001* (Cth) (Corporations Act), the Company will disregard any votes cast on Resolution 2:

- (a) by or on behalf of a member of the Company's key management personnel (KMP) named in the Remuneration Report and their closely related parties (such as close family members or any controlled entities), regardless of the capacity in which the votes are cast; and
- (b) as a proxy by a person who is a member of the KMP on the date of the Annual General Meeting and their closely related parties.

However, the Company will not disregard any votes if they are cast as proxy for a person entitled to vote on Resolution 2:

- (a) in accordance with a direction on the Proxy Form; or
- (b) by the Chairman of the Meeting pursuant to an express authorisation to vote as the proxy decides, even though Resolution 2 is connected with the remuneration of the Company's KMP.

## Resolution 6 (Grant of Options and Performance Rights to the Chief Executive Officer)

In accordance with the ASX Listing Rules and the Corporations Act, the Company will disregard any votes cast:

- (a) in any capacity on Resolution 6 by or on behalf of Robbie Blau or any of his associates; and
- (b) as a proxy on Resolution 6 by a person who is a member of the KMP on the date of the Annual General Meeting and their closely related parties.

However, the Company will not disregard any votes if they are cast as proxy for a person entitled to vote on Resolution 6:

- (a) in accordance with a direction on the Proxy Form; or
- (b) by the Chairman of the Meeting pursuant to an express authorisation to vote as the proxy decides, even though the relevant Resolution is connected with the remuneration of the Company's KMP; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way

## Resolution 7 (Grant of Options and Performance Rights to the Chief Financial Officer)

In accordance with the ASX Listing Rules and the Corporations Act, the Company will disregard any votes cast:

- (a) in any capacity on Resolution 7 by or on behalf of Kevin Wundram or any of his associates; and
- (b) as a proxy on Resolution 7 by a person who is a member of the KMP on the date of the Annual General Meeting and their closely related parties.

However, the Company will not disregard any votes if they are cast as proxy for a person entitled to vote on Resolution 7:

- (a) in accordance with a direction on the Proxy Form; or
- (b) by the Chairman of the Meeting pursuant to an express authorisation to vote as the proxy decides, even though the relevant Resolution is connected with the remuneration of the Company's KMP; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way

Dated 16 August 2021  
By order of the Board

**Tawanda Mutengwa**  
Company Secretary

# Notes on Voting

## Voting Entitlement

The Board has determined that persons who are registered as holding shares in the Company at 7.00 pm (AEDT) on Sunday, 24 October 2021 will be entitled to attend and vote at the Meeting. Share transfers registered after that time will be disregarded in determining entitlements to attend and vote.

## Voting at the Meeting

It is intended that voting on each of the proposed resolutions at this meeting will be conducted by poll, rather than a show of hands. On a poll, each shareholder present in person or by proxy has one vote for each fully paid ordinary share in the Company they hold.

## Voting by proxy

A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of the shareholder. A proxy need not be a shareholder, and may be an individual or a body corporate.

A shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes which each proxy is appointed to exercise. Otherwise, each proxy will be entitled to exercise half of the shareholder's votes.

If you wish to appoint a proxy, please complete and submit the Proxy Form accompanying this Notice of Annual General Meeting, by following the instructions contained in the Proxy Form.

Shareholders can direct their proxy how to vote by following the instructions on the Proxy Form, and are encouraged to do so.

## Appointing a member of the KMP to act as your proxy

If a shareholder appoints a member of the Company's KMP (which includes Directors) or one of the KMP's closely related parties (such as close family members or any controlled entities) as proxy, they will not be able to cast the shareholder's votes on Resolution 2, unless they are directed how to vote on the relevant Resolution(s) or the Chairman of the Meeting is appointed as proxy.

If the Chairman of the Meeting is appointed as a shareholder's proxy or becomes their proxy by default, and the shareholder does not mark a voting box for Resolution 2, then by completing and submitting the Proxy Form, the shareholder will be expressly authorising the Chairman of the Meeting to exercise the proxy in respect of the relevant Resolution(s) as the Chairman decides, even though the Resolution is connected with the remuneration of the Company's KMP.

The Chairman of the Meeting intends to vote all available proxies in favour of each Resolution of business.

## How to lodge a Proxy Form

Proxy Forms may be lodged with the Company's Share Registry in one of the following ways:

### Online

[www.votingonline.com.au/sgfagm2021](http://www.votingonline.com.au/sgfagm2021)

### Mail

#### Boardroom Pty Limited

GPO Box 3993  
Sydney NSW 2001  
Australia

### Hand delivery

#### Boardroom Pty Limited

Level 12, 225 George Street  
Sydney NSW 2000  
Australia

### Fax

+61 2 9290 9655

To be effective, your Proxy Form (and any Power of Attorney or other authority under which it is signed or a certified copy), must be received no later than 48 hours prior to the Annual General Meeting (i.e. no later than **3.00pm (AEDT) on Sunday, 24 October 2021**).

## Attorneys

Where a shareholder appoints an attorney to act on their behalf at the Meeting, this appointment must be made by a duly executed power of attorney. The power of attorney must be provided prior to admission to the Meeting.

## Corporations

If a body corporate is a shareholder or a shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with Section 250D of the Corporations Act; and
- provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the meeting.

Evidence of the appointment of a corporate representative must be received prior to admission to the Meeting.

# Explanatory Notes

These Explanatory Notes have been prepared to help shareholders understand the business to be put to shareholders at the 2021 Annual General Meeting.

## Resolution 1 – Financial Report, Directors’ Report and Auditor’s Report

As required by the Corporations Act, the Financial Report, Directors’ Report and Auditor’s Report of the Company for the financial year ended 30 June 2021 will be laid before the Annual General Meeting.

There is no requirement for shareholders to vote on this Resolution.

Shareholders will be provided with the opportunity to ask questions or raise comments about the Reports or the management of the Company. Also, a reasonable opportunity will be given to shareholders to ask the Company’s auditor questions relevant to the conduct of the audit, the preparation and content of the Auditor’s Report, the accounting policies adopted by the Company in relation to the preparation of the Financial Report and the independence of the auditor in relation to the conduct of the audit.

## Resolution 2 – Remuneration Report

Under the Corporations Act, the Company is required to submit its Remuneration Report for adoption by shareholders at the Annual General Meeting.

The Company’s Remuneration Report for the financial period ended 30 June 2021 is set out in the Directors’ Report which forms part of the Company’s 2021 Annual Report, a copy of which was provided to shareholders with this Notice of Annual General Meeting.

The Remuneration Report discusses matters including the remuneration policy of the Company, the remuneration paid to Directors and executives who are members of the Company’s KMP, and the relationship between remuneration of those Directors and executives and performance.

The vote on this resolution is advisory only and does not bind the Directors or the Company.

A voting exclusion statement applies to this resolution, as set out in the Notice of Meeting.

### Board recommendation for Resolution 2

The Directors recommend that shareholders vote in favour of the resolution to adopt the Remuneration Report.

## Resolution 3 – Re-election of Mr Edwin Jankelowitz

Rule 8.1(d) of the Company’s Constitution provides that a Director of the Company must not hold office (without re-election) past the third annual general meeting following the Director’s last election or re-election.

As this is the third Annual General Meeting of the Company since Mr Jankelowitz was re-elected, he retires, and being eligible, offers himself for re-election.

The experience, qualifications and other information about Mr Jankelowitz are set out below.

Mr Jankelowitz was appointed to the Board in August 2015 as an Independent Non-Executive Director. He holds a Bachelor of Commerce from the University of the Witwatersrand, and is qualified as a Chartered Accountant (SA). He has spent over

40 years in corporate offices and has been Chairman of a number of listed companies. From July 1967 to November 1979, he was with Adcock Ingram Ltd in Head Office and was promoted over time to Group Company Secretary and then Finance Director. From January 1980 to March 1983, he was a consultant in business management and tax.

At Caxton Limited, from 1983 to 1997, he held the positions of Finance Director, Managing Director and then Chairman. Mr Jankelowitz was Finance Director of Metcash Trading Limited and Metcash Limited from May 1998 to January 2011, and a Non-Executive Director of the company until August 2015. He was also a member of the Income Tax Special Court in South Africa for 20 years (1977–1997).

Mr Jankelowitz is a member of the Audit, Risk and Compliance Committee.

### Board recommendation for Resolution 3

The Directors (Mr Jankelowitz abstaining) recommend that shareholders vote in favour of the re-election of Mr Jankelowitz as a Director.

## Resolution 4 – Re-election of Mr Kevin Wundram

Rule 8.1(d) of the Company’s Constitution provides that a Director of the Company must not hold office (without re-election) past the third annual general meeting following the Director’s last election or re-election.

As this is the third Annual General Meeting of the Company since Mr Wundram was re-elected, he retires, and being eligible, offers himself for re-election.

The experience, qualifications and other information about Mr Wundram are set out below.

Mr Wundram was appointed to the Board as an Executive Director in August 2015. He has been Chief Financial Officer of SG Fleet since July 2006 and has significant experience in the fleet management and leasing industry. Prior to joining the Company, Mr Wundram was responsible for special projects at Super Group, including the execution of acquisitions, disposals and due diligence. He was also a member of the management committees of the Automotive Parts, Commercial Vehicle Dealerships and Supply Chain Divisions of that company. Prior to joining Super Group, he worked in the audit and corporate finance divisions of KPMG South Africa for six years.

Mr Wundram holds a Bachelor of Commerce from the University of the Witwatersrand, an Honours Bachelor of Accounting Science degree from the University of South Africa and is a Chartered Accountant.

### Board recommendation for Resolution 4

The Directors (Mr Wundram abstaining) recommend that shareholders vote in favour of the re-election of Mr Wundram as a Director.

# Explanatory Notes

## Resolution 5 – Election of Mr Tex Gunning

Rule 8.1(c) of the Company’s Constitution provides that a director appointed by the Board under rule 8.1(b), who is not a managing director, holds office until the conclusion of the next AGM following his or her appointment.

Mr Gunning was appointed to the Board as Non-Executive Director in September 2021, following the completion of the Acquisition of LeasePlan Australia Limited and LeasePlan New Zealand Limited by the Company (as disclosed to the ASX on 1 September 2021). In accordance with the Constitution, Mr Gunning holds office until the conclusion of this year’s AGM, and being eligible, offers himself for election.

The experience, qualifications and other information about Mr Gunning are set out below.

Mr Gunning is an Economics graduate of Erasmus University. He currently serves as Chief Executive Officer and Chairman of the Managing Board of LeasePlan, and has been in these roles since 2016. Mr Gunning has previously served on the supervisory board of TNT express from 2011-2013 before subsequently becoming CEO of TNT Express from 2013 to 2016, when TNT Express was taken-over by FedEx. Mr Gunning has also served as CEO of Vedior between 2007 and 2008. Mr Gunning has 25 years of experience with Unilever, has served as a supervisory board member of Stichting Nederlandse Vrienden der SOS Kinderdorpen from 2012 to 2013 and of Stichting dance4life from 2013 to 2017. Mr Gunning currently serves as a supervisory board member of various entities including Vereniging Erasmus Trustfonds, Stichting Nexus Instituut and Stichting Het Wereld Natuur Fonds-Nederland. He is also chairman of the Board of Stichting Grachtenfestival and World Economic Forum Climate Sector Leader Automotive.

### Board recommendation for Resolution 5

The Directors (Mr Gunning abstaining) recommend that shareholders vote in favour of the election of Mr Gunning as a Director.

## Resolutions 6 and 7 – Grant of Options and Performance Rights as FY2022 LTI award to Chief Executive Officer and Chief Financial Officer

ASX Listing Rule 10.14 requires the Company to obtain shareholder approval for the issue of securities to a director under an employee incentive scheme. The Company is seeking shareholder approval for the grant of Options and Performance Rights to Mr Robbie Blau, Chief Executive Officer (CEO), and to Mr Kevin Wundram, Chief Financial Officer (CFO), as their Long Term Incentive (LTI) awards for FY2022 under the Company’s Equity Incentive Plan (Plan).

These LTI awards are designed to align the interests of the CEO and CFO with the interests of shareholders by providing the opportunity to receive an equity interest in the Company by granting Options and Performance Rights.

75% of the LTI Opportunity for each of Mr Blau and Mr Wundram will be granted by way of Options and 25% of the LTI Opportunity will be granted by way of Performance Rights, as set out in the table below.

| FY2022 LTI                                      |  |
|---|--|
| <b>Number of Performance Rights and Options</b> | Mr Blau <ul style="list-style-type: none"> <li>• 723,551 Options</li> <li>• 64,186 Performance Rights</li> </ul> Mr Wundram <ul style="list-style-type: none"> <li>• 271,332 Options</li> <li>• 24,070 Performance Rights</li> </ul> |
| <b>Performance period</b>                       | three-year performance period commencing on 1 July 2021 and ending on 30 June 2024   |
| <b>Vesting period</b>                           | vesting will occur on the date the results for the financial year ended 30 June 2024, and subject to approval by the Board   |

As the Options and Performance Rights will form part of Mr Blau’s and Mr Wundram’s remuneration, they will be granted at no cost to Mr Blau and Mr Wundram.

The number of Options to be granted to each executive has been determined by dividing the relevant LTI opportunity (60% of Mr Blau’s total fixed remuneration and 45% of Mr Wundram’s total fixed remuneration) that will be awarded as Options (75%) by the value of the Options (which has been determined by a valuation prepared by an independent expert).

Similarly, the number of Performance Rights to be granted to each executive has been determined by dividing the relevant LTI opportunity that will be awarded as Performance Rights (25%) by the value of the Performance Rights (which has been determined by a valuation prepared by an independent expert).

### Performance condition

The LTI awards to Mr Blau and Mr Wundram will be subject to an Underlying Earnings Per Share (EPS) performance condition. The Underlying EPS performance condition will be tested based on the compound annual growth rate (CAGR) of the Company’s Underlying EPS over the relevant performance period adjusted for the impact of securitisation. The impact of securitisation has been excluded because the Board has set the implementation of securitisation as a strategic imperative for the business, however securitisation will adversely impact the profitability of the Group in the short-term due to the transition from up-front income to annuity income on that portion of the lease portfolio.

As a result of the impact of COVID-19 on the Company’s operations and on the industry more broadly, the Board considers the Company’s Underlying EPS for the year ended 30 June 2020 to be artificially low and for the year ended 30 June 2021 to be artificially high. As such in setting the base year from which to measure the compound annual growth rate for the purposes of the LTI, the Board has determined that it is appropriate to use the average of the Underlying EPS for the two years ended 30 June 2020 and 30 June 2021 for this purpose.

Calculation of the CAGR of the Underlying EPS and achievement against the performance condition will be determined by the Nomination and Remuneration Committee in its absolute discretion, having regard to any matters that it considers relevant.



# Explanatory Notes

The percentage of Options and Performance Rights in each component that vest (and become exercisable, in the case of the Options), if any, will be determined by reference to the following vesting schedule, subject to any adjustments for abnormal or unusual profit items that the Nomination and Remuneration Committee, in its discretion, considers appropriate:

| Company's CAGR of Underlying EPS over the Performance Period that applies to the relevant component | % of Options or Performance Rights in a component that vest (and become exercisable, in the case of Options) |
|---|--|
| Less than 4.8% CAGR   | Nil  |
| 4.8% CAGR (threshold performance)   | 60%  |
| Between 4.8% and 11.2% CAGR   | 60% to 100%  |
| 11.2% CAGR or above (stretch performance)   | 100%   |

Testing of each component is expected to occur shortly after the end of the relevant performance period. Any Options or Performance Rights that do not vest on the relevant test date will lapse and there is no retesting of the award.

## Vesting and exercise of Performance Rights and Options

Each Share Option and each Share Performance Right entitles Mr Blau and Mr Wundram to one ordinary share in the Company on vesting (and exercise, in the case of Options), although the Board retains the discretion to pay a cash-equivalent payment instead where it considers it appropriate (for example, where a Share Option or Share Performance Right vests or is exercised after cessation of employment).

Options may be exercised up to the third anniversary of the vesting date and if they are not exercised by this time, they will lapse. An exercise price of \$2.93 per Share Option is payable to exercise the Options in cleared funds or under a cashless exercise mechanism approved by the Board.

## Dividend and voting rights

Prior to vesting and exercise, Options and Performance Rights do not entitle Mr Blau or Mr Wundram to any dividends or voting rights.

## Cessation of employment

Where the employment of Mr Blau or Wundram is terminated for cause, all unvested Options and Performance Rights and vested but unexercised Options will automatically lapse. In all other circumstances of cessation of employment, unvested Options and Performance Rights will remain on foot and subject to the original terms and vested but unexercised Options will be exercisable for three months from the date of cessation. However, the Board retains a discretion to lapse some or all of the unvested Options and Performance Rights in certain circumstances.

## Change of control

Where there is a takeover bid or the Board considers there is likely to be a change of control or an event that should otherwise be

treated in accordance with the change of control rule in the Plan Rules (for example, a delisting), the Board has the discretion to accelerate vesting of some or all of the Options and Performance Rights. Where only some of the Options and Performance Rights are vested on a change of control, the remainder of the Options and Performance Rights will immediately lapse. If a change of control occurs before the Board exercises its discretion:

- a pro rata portion of unvested Options and Performance Rights will vest immediately and the Board retains a discretion to determine whether the remainder vest or lapse; and
- vested but unexercised Options will remain exercisable for a period notified by the Board.

## Preventing inappropriate or unfair benefits

The Options and Performance Rights are subject to forfeiture or "clawback" provisions that the Board may apply in certain circumstances to ensure that neither Mr Blau or Mr Wundram do not obtain an inappropriate or unfair benefit, for example, if there is a material misstatement in a Group company's accounts.

## Timing of awards of Options and Performance Rights

Subject to shareholder approval, the Options and Performance Rights are expected to be granted under the Plan immediately after the Annual General Meeting in October 2021 and in any event within 12 months of the Meeting.

## Additional information provided in accordance with ASX Listing Rule 10.15

- Mr Blau and Mr Wundram are the only Directors (or associates of a Director) that are entitled to participate in the Equity Incentive Plan, and both fall under Listing Rule 10.14.1. For purposes of Listing Rule 10.15.4, details of their remuneration are set out in Table 1 of the Annexure to this Notice of Meeting.
- No loan will be made by the Company in relation to the acquisition of Options and Performance Rights by Mr Blau or Mr Wundram.
- If approval is given under ASX Listing Rule 10.14, approval will not be required under ASX Listing Rule 7.1. This means that the Options and Performance Rights granted to Mr Blau and Mr Wundram and any shares issued pursuant to this approval will not use up any or part of the 15% available under ASX Listing Rule 7.1.
- For purposes of Listing Rule 10.15.5, details of any securities issued under the scheme are set out in Table 2 of the Annexure to this Notice of Meeting.
- Details of any securities issued under the scheme will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.
- Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the scheme after the resolution is approved and who were not named in the Notice of Meeting will not participate until approval is obtained under that rule.

A voting exclusion statement applies to this resolution, as set out in the Notice of Meeting.

## Board recommendation for Resolutions 6 and 7

The Non-Executive Directors recommend that shareholders vote in favour of Resolutions 6 and 7.

# Annexure

**Table 1 – Details of directors’ remuneration for the year ended 30 June 2021**

|                   | Cash salary | Deferred bonus from previous year | Current year bonus | Superannuation | Leave benefits | Equity Settled | Total     |
|-------------------|-------------|-----------------------------------|--------------------|----------------|----------------|----------------|-----------|
|                   | \$          | \$                                | \$                 | \$             | \$             | \$             | \$        |
| <b>Mr Blau</b>    | 1,043,629   | (23,917)                          | 781,365            | 21,694         | 25,244         | 641,739        | 2,489,754 |
| <b>Mr Wundram</b> | 510,984     | (13,046)                          | 279,551            | 21,694         | 12,092         | 240,562        | 1,051,927 |

**Table 2 – Details of securities previously issued under the scheme**

| Grant date                                       | Mr Blau   | Mr Wundram                                   | Vested/Lapsed   |
|--|---|--|---|
| 27 October 2020<br>(FY2021 Long-Term Incentives) | 1,326,510 Options<br>115,349 Performance Rights | 497,441 Options<br>43,256 Performance Rights | If the performance conditions are met, and subject to approval of the Board, vesting will occur on the date of the results for the financial year ending 30 June 2023 |
| 27 October 2020<br>(FY2020 Long-Term Incentives) | 1,326,510 Options<br>107,555 Performance Rights | 497,441 Options<br>40,333 Performance Rights | If the performance conditions are met, and subject to approval of the Board, vesting will occur on the date of the results for the financial year ending 30 June 2022 |
| 24 October 2017<br>(FY2018 Long-Term Incentives) | 781,756 Options<br>67,980 Performance Rights    | 279,199 Options<br>24,279 Performance Rights | Lapsed  |

## All Correspondence to:

✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** www.boardroomlimited.com.au

☎ **By Phone:** (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 3:00pm AEDT on Sunday 24 October 2021.**

### 🖥 TO VOTE ONLINE

**STEP 1: VISIT** <https://www.votingonline.com.au/sgfagm2021>

**STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**

**STEP 3: Enter your Voting Access Code (VAC):**

### 📱 BY SMARTPHONE



Scan QR Code using smartphone  
QR Reader App

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

#### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

#### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### STEP 3 SIGN THE FORM

The form **must** be signed as follows:

**Individual:** This form is to be signed by the securityholder.

**Joint Holding:** where the holding is in more than one name, all the securityholders should sign.

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **3:00pm AEDT on Sunday, 24 October 2021**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

🖥 **Online** <https://www.votingonline.com.au/sgfagm2021>

📠 **By Fax** + 61 2 9290 9655

✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993,  
Sydney NSW 2001 Australia

👤 **In Person** Boardroom Pty Limited  
Level 12, 225 George Street,  
Sydney NSW 2000 Australia

#### Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

# SG Fleet Group Limited

ABN 40 167 554 574

## Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

**Please note, you cannot change ownership of your securities using this form.**

## PROXY FORM

### STEP 1 APPOINT A PROXY

I/We being a member/s of **SG Fleet Group Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting** (mark box)

**OR** if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at the **Barnet Room, Fullerton Hotel, 1 Martin Place, Sydney, NSW 2000 on Tuesday, 26 October 2021 at 3:00pm AEDT** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Items 2, 6 & 7, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Items 2, 6 & 7 are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Items 2, 6 & 7). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

### STEP 2 VOTING DIRECTIONS

\* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

|              |  | For                      | Against                  | Abstain*                 |
|--------------|--|--------------------------|--------------------------|--------------------------|
| Resolution 2 | Adoption of the Remuneration Report                                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 | Re-election of Edwin Jankelowitz                                   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 | Re-election of Kevin Wundram                                       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5 | Election of Tex Gunning  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 6 | Grant of Options and Performance Rights to Chief Executive Officer | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 7 | Grant of Options and Performance Rights to Chief Financial Officer | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

### STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2021