APPENDIX 4E
PRELIMINARY FINAL REPORT
ECLIPX GROUP LIMITED
ACN : 131 557 901

YEAR ENDED 30 SEPTEMBER 2022

1 Details of the reporting period and the previous corresponding period

Current period	1 October 2021 - 30 September 2022
Prior corresponding period	1 October 2020 - 30 September 2021

2 Results for announcement to the market

	Year Ended 30 Sep 2022	Year Ended 30 Sep 2021	Change on Previous Period	Change on Previous Period
Financial Performance	**$'000**	**$'000**	**$'000**	**%**
Revenue from continuing operations	676,665	648,057	28,608	4.4%
Profit for the year after tax	103,317	75,950	27,367	36.0%
Net profit attributable to members	103,317	75,950	27,367	36.0%
Cash NPATA[1] for the year	110,823	86,149	24,674	28.6%
Earnings per share	**Cents**	**Cents**	**Cents**	**%**
Statutory earnings per share	35.9	24.7	11.2	45.3%
Diluted statutory earnings per share	34.8	23.0	11.8	51.3%
Cash NPATA per share	38.5	28.1	10.4	37.0%
Number[2] of ordinary shares used in calculating	**Units**	**Units**	**Units**	**%**
Statutory earnings per share	287,700,359	307,114,764	(19,414,405)	(6.3%)
Diluted statutory earnings per share	296,521,569	330,362,523	(33,840,954)	(10.2%)
Cash earnings per share	287,700,359	307,114,764	(19,414,405)	(6.3%)

1. Cash NPATA is the earnings of the Group adjusted for the post tax effect of material one-off items that do not reflect the ongoing operations of the Group and the amortisation of intangible assets.

2. The number of ordinary shares used in calculating earnings per share has been calculated in accordance with AASB 133 Earnings per Share where the weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares bought back (treasury shares) or issued during the period multiplied by a time-weighting factor.

Commentary
Refer to the 2022 Financial Report accompanying this report for a detailed commentary.

3 Dividends

No dividends were declared.

4 Dividend reinvestment plans

Not applicable.

5 Net Tangible Assets Per Security

	Year Ended 30 Sep 2022 cents	Year Ended 30 Sep 2021 cents
Net Tangible Assets Per Ordinary Security	74.97	45.39

6 Auditor's report

The financial report has been independently audited and an unqualified opinion has been issued.

7 Attachments

The Financial Report of Eclipx Group Limited for the year ended 30 September 2022 is attached.

8 Signed

Gail Pemberton

Gail Pemberton
Chair
Sydney

Date: 6 November 2022

Eclipx Group Limited

ACN 131 557 901

Financial report
for the year ended 30 September 2022

Eclipx Group Limited
ACN 131 557 901
Financial report for the year ended 30 September 2022

CONTENTS

Directors' Report

The Directors present their report on the consolidated entity (referred to hereafter as Group or Eclipx) consisting of Eclipx Group Limited (Company) and the entities it controlled at the end of, or during, the year ended 30 September 2022.

1. Directors

The following persons were Directors of the Company during the financial year and up to the date of this report:

GAIL PEMBERTON MA (UTS), FAICD, GCERT FIN

Chair since 6 May 2021, Independent Non-Executive Director since 26 March 2015.

Gail Pemberton's executive roles have included Chief Operating Officer UK at BNP Paribas Securities Services and CEO and Managing Director, BNP Paribas Securities Services, Australia and New Zealand. Gail joined BNP Paribas after a highly successful 20-year career at Macquarie Bank, where she worked for 20 years, holding the role of Group CIO for 12 years and subsequently as COO of the Financial Services Group in her last three years at Macquarie.

In addition to Eclipx Group, Gail's current board roles are independent non-executive director of Symbio Group (ASX: SYM) and Chair of Prospa (ASX:PGL).

Gail was awarded the Order of Australia (AO) in the 2018 Australia Day Honours list for distinguished service to the finance and banking industry, to business through a range of roles, as an advocate for technology, and as a mentor to women.

TREVOR ALLEN BCOM (HONS) (UNSW), CA, FAICD

Independent Non-Executive Director since 26 March 2015.

Trevor Allen has over 40 years' corporate and commercial experience, primarily as a corporate and financial adviser to Australian and international corporates.

He is a non-executive Director of Peet Limited (ASX:PPC) and Topco Investments Pte Ltd, the holding company of Real Pet Food Company Limited.

Prior to undertaking non-executive roles in 2012, Trevor held senior executive positions as an Executive Director - Corporate Finance at SBC Warburg and its predecessors for eight years and as a Corporate Finance Partner at KPMG for nearly 12 years. At the time of his retirement from KPMG in 2011, he was the Lead Partner in its National Mergers and Acquisitions Group.

Trevor was Director - Business Development for Cellarmaster Wines from 1997 to 2000, having responsibility for the acquisition, integration, and performance of a number of acquisitions made outside Australia in that period.

During the last three years Trevor also served as a Director of Freedom Foods Group Limited (ASX:FNP), retiring from that position in January 2021.

LINDA JENKINSON BBS (Massey), MBA (Wharton)

Independent Non-Executive Director since 4 January 2018.

Ms Jenkinson has 30 years of executive management, strategic consulting and governance experience. She was the Co-founder and CEO of two technology-enabled companies, DMSC and LesConcierges. She is an experienced growth CEO who was the first women CEO/Co-founder to take her company public on the NASDAQ. She sold her second company to the Accor Hotel Group in 2017. Prior to DMSC Linda was a Partner at A.T. Kearney where she helped build their global Financial Institutions Practice.

In addition to her role at Eclipx Group, Linda is Chair of Medadvisor (ASX:MDR), Jaxsta (ASX:JXT) and Guild Trustee Services and a non-executive director of Harbour Asset Management. During the last three years Linda served on the Board of Air New Zealand (AIR:NZE).

Linda has won numerous awards including E&Y Master Entrepreneur of the Year, Westpac NZ Women of Influence Business/Commercial and World Class New Zealander.

1. Directors (continued)

RUSSELL SHIELDS FAICD

Independent Non-Executive Director since 26 March 2015.

Russell Shields has more than 35 years' experience in financial services, including six years as Chair of ANZ Bank, Queensland and Northern Territory.

Prior to joining ANZ, Russell held senior executive roles with HSBC, including Managing Director Asia Pacific - Transport, Construction and Infrastructure and State Manager Queensland, HSBC Bank Australia.

Russell currently serves as Chair of Aquis Entertainment Ltd (ASX:AQS).

FIONA TRAFFORD-WALKER BEc (HONS) (JCUNQ), MFIN (RMIT), GAICD

Independent Non-Executive Director since 27 July 2021.

Fiona is currently an independent non-executive director of Link Administration Holdings (ASX:LNK), Perpetual Limited (ASX:PPT), Prospa (ASX:PGL) and the Victorian Funds Management Corporation (VFMC). Fiona is also a member of the Investment Committee for the Walter and Eliza Hall Institute.

Fiona was previously an Investment Director at Frontier Advisors, where she was a member of the firm's Investment Committee and Governance Advisory team. She was the inaugural Managing Director at Frontier Advisors and played a critical role in growing the firm.

Fiona has more than 30 years' experience advising institutional asset owners and investors on investment and governance-related issues. In 2013, Fiona was awarded inaugural Woman of the Year in the Money Management/Super Review of Women in Financial Services Awards and was ranked one of the top 10 global Asset Consultants from 2013 to 2016, and again in 2019. In 2016, Fiona was announced as a winner in The Australian Financial Review and Westpac 100 Women of Influence Awards in the Board/ Management category.

CATHY YUNCKEN BCOM/LLB (UNSW), GAICD

Independent Non-Executive Director since 27 July 2021.

Cathy is a non-executive director of State Super (SAS Trustee Corporation), and Managing Director of See Y Pty Ltd, a commercial and financial advisory consultancy that provides advisory services to government and business clients.

Cathy has over 30 years commercial and executive leadership experience in the financial services industry, including corporate finance and investment banking roles at Bank of America and Barclays Capital, and executive leadership roles at GE Capital, Commonwealth Bank's Institutional Bank, and most recently at Westpac Group, where Cathy's roles included executive leadership of the Group's multi-brand commercial, SME banking and private wealth businesses.

2. Company Secretary

Mr Damien Berrell (BEc, CA, GAICD) is the CFO and was appointed Company Secretary on 6 June 2022. He has over 20 years experience in the domestic and international non-bank financial institutional space, with the majority of this time in senior leadership roles at fleet leasing businesses. Previously Mr Berrell was the CFO of Custom Fleet and prior to that had held senior finance roles at General Electric in the US, Japan and Australia.

The Company Secretary function is responsible for ensuring the Company complies with its statutory duties and maintains proper documentation, registers, and records. The role provides advice to the Directors and officers about corporate governance and legal matters.

Mr Matt Sinnamon (BBUS/LLB, FGIA) resigned as Company Secretary on 1 July 2022.

3. Directors' Meetings

The table below sets out the number of meetings held during the 2022 financial year and the number of meetings attended by each Director. During the year a total of 8 Board meetings, 5 Audit and Risk Committee meetings and 6 People, Culture, Remuneration and Nomination Committee meetings were held.

3. Directors' Meetings (continued)

	Board		Audit and Risk Committee		People, Culture, Remuneration and Nomination Committee	
Director	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**
Gail Pemberton	8	8	5	5	6	6
Trevor Allen	8	8	5	5	6	6
Linda Jenkinson	8	7	5	5	6	5
Russell Shields	8	8	5	5	6	6
Fiona Trafford-Walker	8	8	5	5	6	6
Cathy Yuncken	8	8	5	5	6	6

4. Review of operations

Principal activities

The Group is one of Australia’s leading providers of fleet management services and operates in Australia and New Zealand. The Group’s products include a comprehensive range of motor vehicle fleet services from vehicle acquisition, leasing, in-life fleet management and remarketing.

Strategic Pathways

The Group’s strategy is called Strategic Pathways. It is designed to build a competitive advantage and grow market share in our three target markets of corporate fleets, small fleets and novated leasing; across Australia and New Zealand. While the Group is only two years into implementation of this strategy, strong foundations are already in place to drive sustained profitable growth.

5. Coronavirus (COVID-19)

As we learn to live with COVID-19, the focus of the Group has centred around ensuring the health and safely of employees and working closely with customers and suppliers as we navigate the changing business environment as a result of the three-year pandemic.

The main impacts on the Group during the 2022 financial year were lower New Business Writings (NBW) in the Novated segment and higher end-of-lease income in the Australia Commercial and New Zealand Commercial segments.

Industry-wide delays for new vehicles caused by the global supply shortage of semiconductors and an adverse impact to customer sentiment from the macro environment contributed to a 15% decline in NBW for the Novated segment.

A secondary consequence from delays for new vehicles has been the occurrence of inflated second-hand vehicle prices in Australia and New Zealand. This has resulted from the combination of increased demand, coupled with reduced supply of second-hand vehicles. As a result, the business earned an average end of lease income per motor vehicle of $8,300 which is an increase of $1,742 compared to the 2021 financial year.

Second-hand vehicle prices appear to have peaked around February 2022, with prices declining during the second half of the 2022 financial year. However, as at 30 September 2022, prices remain well above pre-COVID-19 levels when end of lease income per motor vehicle averaged $2,227.

Critical accounting estimates

The critical accounting estimates and key judgements of the Group have required additional considerations and analysis due to the impact of COVID-19. Given the uncertainty of the duration of the pandemic, changes to the estimates were applied in the measurement of the Group’s assets and liabilities.

The key impacts on the financial statements, including the application of critical estimates and judgements, related to the provision for impairment losses on finance leases and trade receivables.

In March 2020, the IASB published IFRS 9 and COVID-19, a document that reinforces the fact that IFRS 9 does not provide a mechanistic approach in accounting for impairment provisions.

The AASB 9 impairment methodology has remained consistent with prior periods. At the early onset of the COVID-19 pandemic during the 2020 financial year, the Group revised the weighting of the model’s multiple economic scenarios (MES) from base 60%, upside 20% and downside 20% to base 50% and downside 50%. As at the year ended 30 September 2022, the MES assumptions reverted back to pre-COVID weightings.

5. Coronavirus (COVID-19) (continued)

Considering the uncertainty surrounding the effect from COVID-19 at the time, the Group also implemented a model adjustment by applying the highest historical expected credit loss rate since the model's inception. As at 30 September 2021, the Group held a provision overlay of $2.5 million.

As at 30 September 2022, it is Management's view that the uncertainty created by the COVID-19 pandemic with respect to the economic outlook is substantially less than earlier periods. Accordingly, the changes made to the Group's provisioning methodology in response to COVID-19 in prior years were removed which resulted in the release of the provision overlay of $2.5 million.

The Group made 30 September 2022 estimates based upon all information the Board considers relevant at that time. However, subsequent economic conditions could result in materially different outcomes (better or worse) than the accounting estimates used in the preparation of these financial statements.

6. Group financial performance

The Group measures financial performance adopting the following non-IFRS measures:

- Net operating income (NOI). This represents earnings before tax after direct costs such as interest expense on debt allocated to fleet assets, depreciation, and amortisation of fleet assets. NOI also includes end of lease income.
- Earnings before interest, taxes, depreciation, and amortisation (EBITDA). This represents earnings before taxes after indirect costs such as wages, and technology costs. It also includes impairment expenses. EBITDA excludes depreciation and amortisation of non-fleet assets, share based payments and interest expense on corporate debt, other than interest expense on debt allocated to fleet assets.
- Cash net profit after taxes, excluding amortisation (Cash NPATA). This represents earnings of the Group after tax. It excludes significant costs deemed to be non-recurring due to the nature of the cost as well as excluding the amortisation of all intangibles.
- Cash net profit after tax (Cash NPAT). This represents the earnings of the Group after tax excluding significant costs deemed to be non-recurring due to the nature of the cost. It also excludes the amortisation of acquired intangibles.

The table below reconciles the non-IFRS measures with the statutory profit reported in the Group Statement of Profit or Loss and Other Comprehensive Income.

$'m	**2022**	**2021**
Net operating income	250.2	222.9
Bad and doubtful debts	1.5	0.4
Operating expense	(80.3)	(79.9)
EBITDA	**171.4**	**143.4**
Depreciation	(3.8)	(6.6)
Share based payments	(3.0)	(4.5)
Interest on corporate debt and leases	(6.1)	(10.6)
Tax	(47.7)	(35.6)
Cash NPATA	**110.8**	**86.1**
Software amortisation (post tax)	(3.9)	(2.5)
Cash NPAT	**106.9**	**83.6**
Reconciling items to statutory profits		
Amortisation and impairment of acquired intangibles (post tax)	(3.2)	(2.4)
Significant items (post tax)	(0.4)	(5.3)
Statutory Profit	**103.3**	**75.9**

6. Group financial performance (continued)

Net operating income (NOI)

Core Net Operating Income (NOI) increased by $27.3 million compared to the 2021 financial year. The NOI increase was a result of:

- Higher net interest income driven by lower lease finance costs, resulting from the renewal of the securitisation warehouses in Australia and New Zealand during the financial year.
- Higher end-of-lease income as a result of higher average income per sold motor vehicle, driven by supply shortages and increased demand for second-hand vehicles.
- Higher maintenance profit from lower utilisation of vehicles by clients resulting in lower lifetime maintenance expenses.
- Higher management income from a higher level of leases being extended because of the supply shortage of new vehicles.
- Offset by lower brokerage income because of lower new business writings funded via a principal and agency arrangement.

EBITDA

EBITDA increased by $28.0 million compared to the 2021 financial year. In addition to the positive impact from higher NOI, the business also saw a $1.1 million decrease in bad and doubtful debts as a result of the release of the COVID-19 related, provision overlay. This was partially offset by a $0.4 million increase in operating expenses.

Cash NPATA

Cash NPATA increased by $24.7 million compared to the 2021 financial year. In addition to the abovementioned EBITDA increase of $19.7 million post tax, was the $1.1 million post-tax reduction in share-based payments, $3.2 million post-tax reduction in interest on corporate debt and $2.0 million post-tax reduction in depreciation.

Reconciling items to statutory profit

The major reconciling items between Cash NPAT and statutory profit include:

Amortisation and impairment of other intangibles

The $3.2 million amortisation of other intangibles (post tax) represents the amortisation of customer relationships and the write-off of the FleetPlus brand name.

Significant items

Significant expense items incurred for the 2022 financial year primarily relate to costs associated with redundancy payments to employees.

Significant expense items incurred for the 2021 financial year primarily relate to costs associated with the early repayment and refinancing of the corporate debt along with the write-off of associated borrowing costs incurred on the previous corporate debt facility, and redundancy payments to employees. These items were partially offset by settlement proceeds received by the Group which participated in a class action against a vehicle manufacturer with respect to a diesel emissions issue.

Segment performance

Australia Commercial

($m)	**2022**	**2021**
Net operating income	**167.6**	136.7
Bad and doubtful debts	**0.6**	(1.1)
Operating expenses	**(55.4)**	(51.6)
EBITDA	**112.8**	84.0

The Australia Commercial segment specialises in fleet leasing and management. It currently operates under the trading names of FleetPlus and FleetPartners however the Group intends to retire the FleetPlus brand as part of the Accelerate program (see note 9).

EBITDA within the Australia Commercial segment was $112.8 million and increased by $28.8 million compared to the 2021 financial year.

6. Group financial performance (continued)

NOI increased by $30.9 million as a result of:

- Higher net interest income driven by lower lease finance costs.
- Higher end-of-lease income as a result of higher average income per sold motor vehicle, driven by supply shortages and increased demand for second-hand vehicles.
- Higher maintenance profit from lower utilisation of fleets resulting in lower lifetime maintenance expenses.
- Higher management income from a higher level of leases being extended because of the supply shortage of new vehicles.
- Higher brokerage income because of higher new business writings funded via principal and agency arrangements.

Operating expenses increased by $3.8 million because of higher employee and technology costs which was partially offset by $1.7 million lower bad and doubtful debts.

Novated

($m)	**2022**	**2021**
Net operating income	**21.3**	25.9
Bad and doubtful debts	**-**	-
Operating expenses	**(12.4)**	(14.5)
EBITDA	**8.9**	11.4

The Novated segment specialises in novated leasing and salary packaging. It operates in Australia under the trading names of FleetChoice, FleetPlus and FleetPartners, however the Group intends to retire the FleetPlus and FleetChoice brands as part of the Accelerate program (see note 9).

EBITDA within the Novated segment was $8.9 million and decreased by $2.5 million compared to the 2021 financial year.

NOI decreased by $4.6 million as a result of:

- Lower net interest income driven by a reduction in finance leases due to a decrease in NBW. The decline in NBW was driven by the delay of new motor vehicle supplies and reduced consumer confidence as a result of the impacts from COVID-19.
- Lower brokerage income and other revenue items driven by a decrease in NBW.

Operating expenses decreased by $2.1 million due to lower employee and technology costs.

New Zealand Commercial

($m)	**2022**	**2021**
Net operating income	**61.3**	60.3
Bad and doubtful debts	**0.9**	1.6
Operating expenses	**(12.5)**	(13.9)
EBITDA	**49.7**	48.0

The New Zealand Commercial segment specialises in fleet leasing and management. It operates under the trading names of FleetPlus and FleetPartners, however the Group intends to retire the FleetPlus brand as part of the Accelerate program (see note 9).

EBITDA within the New Zealand Commercial segment was $49.7 million and increased by $1.7 million compared to the 2021 financial year.

NOI increased by $1.0 million as a result of:

- Higher net interest income driven by higher operating leases and lower lease finance costs.
- Higher maintenance profit from lower utilisation of fleets resulting in lower lifetime maintenance expenses.
- Higher management income from a higher level of leases being extended because of the supply shortage of new vehicles.

Operating expenses decreased by $1.4 million due to lower employee costs as a result of the segment closing three second-hand vehicle dealerships under the trading name of AutoSelect at the start of the financial year. This was partially offset by $0.7 million higher bad and doubtful debts.

7. Financial position

Inventory

Inventory was $14.1 million as at 30 September 2022 which is a decrease of $10.7 million compared to 30 September 2021. Inventory levels were elevated at the end of last year as a result of the business disruption caused by the mandated lockdowns in response to COVID-19.

Finance leases

Finance leases were $325.9 million as at 30 September 2022, which was a reduction of $21.1 million compared to 30 September 2021. The reduction was driven by a decrease in the Novated segment's NBW because of the delay of new motor vehicle supplies and reduced consumer confidence as a result of the impacts from COVID-19.

Operating leases reported as property, plant and equipment

Operating leases were $874.3 million as at 30 September 2022, which was an increase of $23.8 million compared to 30 September 2021. The increase was driven by the 24% increase in NBW across the Australia Commercial and New Zealand Commercial segments. To a lesser extent, the increase was also driven by the Group's strategy of funding a higher portion of leases through its securitisation warehouses.

Finally, the abovementioned drivers were partially offset by a $5.1 million reduction in equipment leases in New Zealand Commercial, which is a product no longer offered.

Borrowings and funding

As at 30 September 2022, gross borrowings include an amount of $75.0 million drawn against the corporate debt facility. This represents a $21.0 million reduction to the 30 September 2021 balance. After deducting cash and cash equivalents, the corporate net cash as at 30 September 2022 was $26.5 million representing a $46.0 million reduction to the net borrowing balance at 30 September 2021.

The remaining borrowings of $1,116.6 million relates to funding directly associated with finance and operating leases that the Group provides to its customers along with the inventory of vehicles in the process of being sold. This funding is provided by a combination of warehouse and asset backed securitisation funding structures.

Warehouse facilities are so called because they can be drawn and repaid on an ongoing basis up to an agreed limit subject to conditions. A group of assets funded via a warehouse facility can be pooled together and refinanced via the creation of special purpose asset backed securitisation vehicles (backed by the assets initially financed via the warehouse) which issue debt securities to wholesale investors such as domestic and international banks and institutional investors.

The Group aims to optimise its funding facilities with committed funding facilities to cater for expected business growth. At 30 September 2022, the Group had undrawn debt facilities of $78.0 million.

	As at		
Total Group assets and liabilities ($m)	**30 September 2022**	**30 September 2021**	**% change**
Inventory	**14.1**	24.8	(43)%
Finance leases	**325.9**	347.0	(6)%
Operating leases	**874.3**	850.5	3%
	1,214.3	1,222.3	(1)%
Other assets	**812.6**	778.2	4%
Total assets	**2,026.9**	2,000.5	1%
Borrowings	**1,191.6**	1,221.2	(2)%
Other liabilities	**214.7**	203.6	5%
Total liabilities	**1,406.3**	1,424.8	(1)%

7. Financial position (continued)

Cash flow

The Group's cash and cash equivalents, including restricted cash, increased by $11.3 million during the 2022 financial year. The increase was driven by higher EBITDA driven by elevated end of lease income, and a tax shield in Australia from the Temporary Full Expensing measure introduced by the Federal Government. These factors were partially offset by a $21.0 million repayment of the corporate debt and $63.3 million share buyback.

As at 30 September 2022, the Group held $101.5 million of unrestricted cash and $136.8 million of restricted cash.

Assets Under Management or Financed (AUMOF)

The Group's AUMOF declined 2% during the 2022 financial year. The decrease was driven by:

- The Group exiting its FleetChoice NT (FCNT) novated partnership in March 2022 in line with Group's strategy to exit low returning products.
- The weakening of the New Zealand dollar (NZD) compared to the Australian dollar (AUD).
- This was offset by an 11% increase in NBW during the year.

Excluding the impacts from the exit of FCNT and with a constant NZD, AUMOF increased 3%.

Vehicles Under Management or Financed (VUMOF) decreased by 2% in line with AUMOF. Excluding the impact from the exit of FCNT, VUMOF declined 1%.

8. Going concern

This financial report has been prepared on the basis that the Group is a going concern.

The Group has considered its ability to continue as a going concern, using projected cash flow forecasts and other Group metrics and information for at least the next 12 months from the approval of these financial statements. This assessment assumes the Group will be able to continue trading and realise assets and discharge liabilities in the ordinary course of business beyond this period.

At 30 September 2022 the Group held unrestricted cash reserves of $101.5 million, and undrawn capacity under its corporate debt facilities of $78.0 million maturing October 2024.

9. Business strategic objectives

The Group's strategy is called Strategic Pathways. It is designed to build a competitive advantage and grow market share in its three target markets of corporate fleets, small fleets and novated leasing; across Australia and New Zealand. While the Group is only two years into implementation of this strategy, strong foundations are already in place to drive sustained profitable growth.

The Group has also announced the next phase of its strategy being the Accelerate program. The objective of this three-year program is to consolidate multiple operating systems, thereby removing duplication of brands, systems and processes to enhance the profitability benefits currently being delivered by Strategic Pathways. The program is expected to deliver an annualised operating expense saving of $6 million by mid- FY25, at an estimated total cost of $25 million.

10. Key risks

The following risks represent those where the Board and the Executive Leadership Team are focusing their efforts.

Key risk	Mitigating factors
The Group may inaccurately set and forecast vehicle residual values and there may be unexpected falls in used vehicle prices	• The Group performs a monthly portfolio revaluation using market information on all assets where the Group is at risk on the residual value and any impairment identified is immediately recognised. This market information is based upon pre-COVID-19 second-hand motor vehicle prices. • The Group has multiple disposal channels for vehicles returning at the end of the lease, allowing the Group to minimise any losses on vehicles where the residual value is above the market value. • Residual values are reviewed regularly by the pricing and risk team and adjusted based on market and actual performance. • The Group has reduced the inventory held by 59% compared to pre-COVID-19 levels, by taking advantage of the current strong used car prices being experienced in the market. • The model and process has been subjected to independent review which found the model fit for purpose and identified no high-risk findings with respect to the process and the internal controls. • With respect to battery electric vehicle residual values, the Group utilises data from both vehicle auctioneers and 3rd party residual valuation providers as part of its quarterly review process.
The Group may not be able to obtain funding from banks and/or capital markets and/or be exposed to increased funding costs due to changes in market conditions	• The Group has a diversified funding structure which includes access to securitisation capital markets, bank loan markets and bank principal and agency funding lines via a number of different funding partners. The Group has the ability to shift funding to the extent other sources are constrained. • The Group has a developed risk appetite framework which monitors various Group risk metrics including access to liquidity. • Funding margins are negotiated and agreed on an annual basis for the securitisation warehouse facilities, while margins for the asset-backed securitisation and corporate debt facilities are fixed for their respective terms. • The Group has the ability to charge any margin increase onto new business writings. • The Group mitigates interest rate risk by hedging the portfolio at point of origination and funding is provided based on the contractual maturity of the lease. The securitisation and principal and agency receivables funding structures contain no bullet maturity risks.
The Group is exposed to credit risk	• The Group has a dedicated credit team that assesses risk drawing on more than 35 years of operating experience, a wealth of proprietary data (including customer credit performance, arrears management, loss rates, and recovery rates), and external credit reporting data from local credit bureaus.
Reduction in the number of new passenger vehicles sold	• The Group's New Business Writings is comprised of leases from a diverse mix of vehicles in addition to passenger vehicles including, light commercial and heavy commercial vehicles. This mitigates exposure to one vehicle segment. • A reduction in vehicles sold due to supply constraints is likely to have counterbalancing impacts such as increased extensions and higher end of lease income. This has been the Group's experience during the 2022 financial year as a result of supply shortages.
Maintaining a high-quality team	• The Group has a process in place to identify, develop and retain key talent. • Key staff are incentivised through short-term and long-term incentive plans. • Incentive plans have been refreshed to reward individuals for achievements.
Exposure to cyber-attacks	• The Group undertakes key actions to detect, contain, monitor, and secure internal and external facing systems. Some of these actions include: - Improved layers of monitoring that includes the use of a 3rd party supplier that specialises in cyber-defence against ransomware, cloud and SaaS attacks - Penetration testing on critical systems - Education program to ensure increased vigilance of staff with respect to various forms of cyber-attacks - Program of continued upgrading of systems

10. Key risks (continued)

Key risk	Mitigating factors
Environmental and climate risk	• The Group was awarded "Climate Active" status on 16 July 2021 in Australia. • The Group was also awarded "carbonreduce" certification on 21 September 2022 by Toitū Envirocare in New Zealand. • The Group has a structured program to support customers to transition to electric vehicles.
Non-Financial risk	• The Group's Non-Financial Risk framework allows for the identification, assessment, management, monitoring and reporting of operational risks and compliance obligations. • The framework sets out how to assess the Group's operational risk profile and helps establish and define policies, processes, procedures and controls used to manage and mitigate operational risks.
Ongoing new vehicle supply chain disruption	• The Group is working with its customers to order replacement vehicles up to twelve months in advance of lease end dates in order to allow for longer delivery times. • The Group is proactively extending existing lease end dates in order to align them with expected delivery dates of replacement vehicles.

11. Subsequent events

Except for the matters disclosed above, no other matter or circumstance has occurred since the end of the reporting period that may materially affect the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

12. Changes in state of affairs

During the financial year, there was no significant change to the state of affairs of the Group other than that referred to in the Director's report, financial statements or notes thereto.

13. Environmental factors

The Group is not subject to any significant environmental regulation under Australian Commonwealth, State or Territory law. The Group recognises its obligations to its stakeholders being customers, shareholders, employees, and the community, to operate in a way that lowers the impact both it, and its customers, have on the environment.

14. Dividends and share buybacks

No dividends were declared for the year ended 30 September 2022 (2021: nil). Further details regarding of dividends are outlined in Note 4.7 in the financial report.

During the year ended 30 September 2022 the Group executed a $63.3 million share buyback program. The shares bought back were subsequently cancelled.

15. Indemnification of Directors and Officers

The Directors and Officers of the Group are indemnified against liabilities pursuant to agreements with the Group. The Group has entered into insurance contracts with third party insurance providers, in accordance with normal commercial practices. Under the terms of the insurance contracts, the nature of the liabilities insured against and the amount of premiums paid are confidential.

16. Non-audit services

KPMG, the external auditors of the Group provided non-audit services during the 2022 financial year. The role of the external auditor is to provide an independent opinion that the financial reports are true and fair and that they comply with applicable regulations. The Audit and Risk Committee has implemented processes and procedures to review the independence of the external auditors and to ensure that they may only provide services that are consistent with their role of external auditor.

Following a review of the services provided by KPMG for the 2022 financial year, the Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 in view of the nature and amount of the services provided, and that all non-audit services were subject to the corporate governance procedures adopted by the Company.

The fees paid or payable to KPMG were as follows:

16. Non-audit services (continued)

	2022 $m	2021 $m
Audit and assurance services		
Audit and review of financial statements	1.01	1.16
Non-audit services		
Other	-	0.01
Total remuneration for non-audit services for KPMG	-	0.01
Total remuneration for KPMG	1.01	1.17

A copy of the auditor’s independence declaration is set out on page 15 of this financial report, and forms part of the Directors Report.

17. Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the “rounding off” of amounts in the Directors’ Report and the Financial Report. Amounts, unless otherwise stated, have been rounded off to the nearest whole number of thousands of dollars.

This Directors’ Report is signed on behalf of the Directors in accordance with the resolution of Directors made pursuant to section 298(2) of the Corporations Act 2001.

Gail Pemberton

Gail Pemberton
Chair

Sydney

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

To the Directors of Eclipx Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Eclipx Group Limited for the year ended 30 September 2022 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

KPMG

Peter Zabaks

Partner

Sydney

6 November 2022

Remuneration Report

30 September 2022

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present Eclipx Group's Remuneration Report for the year ending 30 September 2022. This report sets out the Group's approach to aligning our Executive Remuneration Framework with long term shareholder value creation through well-defined strategic implementation targets.

Group Performance Highlights

The Group delivered record profitability in FY22, supported by solid revenue growth and strong cost discipline. This was further enhanced by the continuation of elevated gains on the sale of end-of-lease vehicles, reflecting ongoing global vehicle supply shortages and strong market demand for used vehicles.

Group performance highlights of the FY22 financial year were directly linked to remuneration outcomes for FY22, and informed target setting for FY23 remuneration planning purposes, notably:

- 28.6% growth in Cash Net Profit After Tax excluding Amortisation (NPATA)
- 23.9% growth in Cash NPATA excluding End of Lease Income
- 10.9% growth in New Business Writings; and
- Customer Net Promotor and Employee Engagement scores each exceeding expectations

The ongoing implementation of the Strategic Pathways strategy has seen the Group increase its Fleet New Business Writings by 24% over the past twelve months, and has established strong strategic and financial momentum going into FY23. Cash conversion of 113% for the period has created capacity for the Group to further invest in our Strategic Pathways.

We have also recently announced the Accelerate program, which will consolidate our operating platforms, removing duplication in our brands, systems and processes. This is expected to deliver a $6 million annualised reduction in operating expenses from mid-FY25.

The Group's strong organic capital generation also enabled the continuation of our share buy-back program in FY22, which will see up to $72 million (65% of FY22 NPATA) returned to shareholders over the coming period. Since the commencement of the buy-back program 18 months ago, the Group has returned $90.8 million of capital to shareholders, cancelling 12.8% of share capital.

Beyond delivering financial outperformance in FY22, the Executive and Board made significant progress on our people, culture, and sustainability agenda over the period. In March 2022, the Group was one of 12 organisations in Australia to receive a citation from WGEA (the Workplace Gender Equality Agency) as an Employer of Choice for Gender Equality. In the same month, the Australian Institute of Company Directors ranked the Group's Board equal number one in the ASX300 for female Board representation. In September 2022, the Group's New Zealand operations became 'Toitū carbonreduce' certified and we retained our Climate Active status in Australia for the second year running. The Group is the only fleet management company to achieve climate certification in both Australia and New Zealand.

Our team's efforts were critical in achieving both our financial and non-financial results in FY22. We appreciate the commitment of our people in adapting to an ever-changing external environment and continuing to deliver outstanding customer service. We thank all members of the team for their dedication, service and commitment in FY22.

Remuneration outcomes for FY22

At the commencement of FY22, a new Executive Remuneration Framework for KMP was launched, following a thorough review of Executive KMP remuneration. Taking into consideration feedback from shareholders and other external stakeholders, the framework was designed to align with the Group's strategic priorities, whilst incentivising performance and retention of our executive team. The new framework introduced a Short-Term Incentive (STI) award delivered 100% in Performance Rights; a restructured Long-term Incentive (LTI) award; and other key features including introduction of a minimum shareholding requirement (MSR).

With respect to Executive KMP fixed remuneration, the CFO, Damien Berrell, received a fixed remuneration increase in October 2021, following review of peer group benchmarking data and the Board's positive assessment of his strong performance and broader leadership potential.

FY22 STI outcomes for Executive KMP for FY22 were determined following satisfaction of their Risk Gateway and the Board's assessment of performance against the Balanced Scorecard which includes 60% financial and 40% non-financial KPIs. Based on the performance assessments, the Board awarded 100% of the STI entitlement to both the CEO and CFO. The Board did not exercise discretion to adjust the FY22 Balanced Scorecard outcome.

LTI grants are delivered in Performance Rights and were issued to Executive KMP in November 2021 with a three-year performance period and hurdles linked to Group EPS performance. The CEO grant was approved at the AGM in February 2022 and, subject to meeting the performance and service-based vesting conditions, will vest in November 2024.

Executive KMP remuneration changes for FY23

The Board conducts regular reviews of the Executive Remuneration Framework to ensure it remains market competitive, aligns to Group performance and shareholder outcomes, and is fit for purpose. Following its review in FY22, the Board made the following enhancements to the FY23 LTI award:

- Introduction of a second LTI metric, which is aligned to the delivery of benefits targeted for realisation in FY25 as a result of the Accelerate program; and
- Additional adjustment to the LTI EPS calculation methodology, to neutralise the impact of the share buy-back program on the calculation of the EPS growth metric.

These enhancements have been made to further align Executive KMP objectives with shareholder outcomes and ensure the Group can attract and retain exceptional talent. Further detail regarding the FY23 executive remuneration changes can be found in section 4.

Our remuneration strategy supports the Group's business strategy

The Board is committed to continuing our practice of annually reviewing the Executive Remuneration Framework to ensure it strongly supports delivery of the Group's strategy whilst rewarding executive performance in line with the creation of long-term value for shareholders.

I would like to acknowledge the contribution of my predecessor as Chair of the Group's People, Culture, Remuneration and Nomination Committee, Linda Jenkinson.

On behalf of the Board, I invite you to read the FY22 Remuneration Report. We look forward to your feedback at the Annual General Meeting.

Yours faithfully,

Cathy Yuncken

Chair of the People, Culture, Remuneration & Nomination Committee

1. Who is covered by this Report?

This Report covers the Group's key management personnel (**KMP**), who are the team responsible for determining and implementing the Group's strategy. For the year ended 30 September 2022, the KMP were:

Name	Position	Term as KMP
Executive KMP*		
Julian Russell	Chief Executive Officer	Full Year
Damien Berrell	Chief Financial Officer	Full Year
Bevan Guest	Chief Commercial Officer	Ceased employment 26 October 2021
Non-Executive Directors		
Gail Pemberton	Independent Chair	Full Year
Trevor Allen	Independent Non-Executive Director	Full Year
Russell Shields	Independent Non-Executive Director	Full Year
Linda Jenkinson	Independent Non-Executive Director	Full Year
Fiona Trafford-Walker	Independent Non-Executive Director	Full Year
Cathy Yuncken	Independent Non-Executive Director	Full Year

2. FY22 at a glance – Remuneration Outcomes

2.1 Fixed Remuneration

The Group fixed remuneration strategy is designed to offer market competitive rates to attract and retain our Executive Team. Across the Group, remuneration levels are set based upon role responsibility, complexity and leadership accountability. This is benchmarked externally using the Mercer salary data and relevant ASX external peers for relevant roles. As such, Damien Berrell was offered a 16% salary increase effective 1 October 2021.

No other Executive KMP received a fixed remuneration increase, including the Superannuation Guarantee Contribution increase of 0.5% from 1 July 2022, which was absorbed by the Executive KMP's fixed remuneration.

2.2 FY22 STI scorecard assessment

Following the introduction of STI into the remuneration framework in FY22, a specific Executive KMP scorecard was introduced for the purposes of assessing the performance of FY22 objectives in order to determine the total STI award. The Board considered and approved the following financial and non-financial KPIs at the commencement of FY22. The performance and behaviour of each Executive KMP was then assessed against these KPIs at the end of the financial year.

As part of the FY22 performance assessment, the Board conducted a thorough end of year performance review and determined that both financial and non-financial metrics were achieved. The FY22 outperformance relative to financial, customer and employee metrics was noted. There was no exercise of the Board's discretion to adjust the FY22 balanced scorecard outcome. The Board determined that the Risk Gateway for FY22 was met, and that each Executive KMP was eligible to receive an STI award. This resulted in the Board awarding the CEO and CFO 100% of their maximum STI opportunity for FY22.

The STI awards will be granted entirely in Performance Rights, following the release of the FY22 results in November 2022. Vesting of these awards will be deferred until the end of FY23.

The following table sets out the Boards assessment of performance used to determine STI awards for FY22, which support the Board's decision to exercise their discretion on the allocation of STI for KMP.

KPI	Weighting	Target achieved	Comments
Financial			
Achievement of Group financial target	60%	Met	NPATA pre EOL and provisions was $44.8m representing a 26.2% increase on FY21
People			
Drive employee engagement, talent management and cultural initiatives	15%	Met	Employee Engagement 70% WGEA, employer of choice citation achieved
Strategy			
Delivery of strong operational excellence and discipline aligned to Group strategy	15%	Met	New Business Writings exceeded expectations (11% growth vs pcp).
Customer			
Drive NPS improvements	10%	Met	NPS outperformed target

2.3 FY22 STI awards

EXECUTIVE KMP	MAX STI OPPORTUNITY	AMOUNT AWARDED	EQUITY	DEFERRAL AMOUNT	DEFERRAL DURATION
Julian Russell	85% of FR	100%	100%	100%	12 months
Damien Berrell	34% of FR	100%	100%	100%	12 months

2.4 Equity awards which vested during FY22

At the time of Julian Russell's appointment in May 2019, 6,363,636 options with an exercise price of $1.20 were granted as part of his employment offer (FY19 Sign-on Grant). The FY19 Sign-on Grant is a service-based award with a three-year vesting period. On 23 May 2022, the FY19 Sign-on Grant vested and may be exercised prior to the options' expiry on 23 May 2023.

3. Executive Remuneration Framework Overview

3.1 Link between business strategy and remuneration framework

Our remuneration strategy

The Group's remuneration strategy seeks to attract, retain and incentivise key talent to support business performance that delivers sustainable long-term value creation.

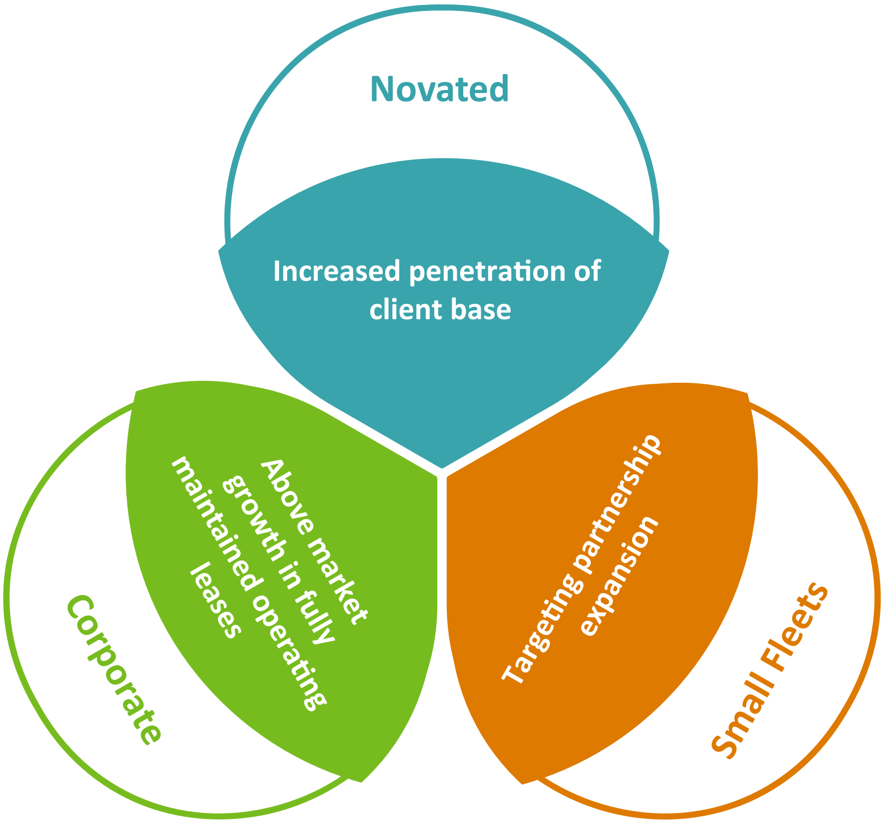
Strategic Pathways

The Group is committed to the implementation of Strategic Pathways, a strategy designed to build competitive advantage and grow market share in our three target markets of corporate fleets, small fleets and novated leasing; across Australia and New Zealand. While the Group is only two years into implementation of this strategy, strong foundations are already in place to drive sustained profitable growth.

An extension of Strategic Pathways is the Accelerate program, which is expected to deliver a $6 million annualised reduction in operating expenses by mid-FY25 through the removal of duplication in brands, systems and processes.

Our Purpose: to deliver growth and sustainable financial returns for our shareholders while transforming our target markets, product and overall customer experience.

The objectives for each target market are summarised in the graphic below.



3.2 Our remuneration principles

ALIGNMENT TO PERFORMANCE

Support the business strategy and shareholder alignment

MARKET COMPETITIVE

Attract, motivate and retain highly capable executives

SIMPLE AND TRANSPARENT

A remuneration framework that is easy to communicate

EQUITABLE

Balanced approach with a significant portion of remuneration at risk and provided in equity

CULTURE

Drive a culture of rewarding high performance and engagement

RISK MANAGEMENT

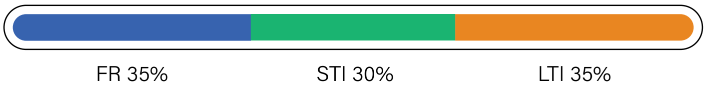
Clear practices in place to minimise potential conflicts of interest and enable effective decision making

3.3 Executive remuneration features

	Fixed remuneration	Short-Term Incentive	Long-Term Incentive	Minimum Shareholding Requirement
What is it?	Base salary, non-monetary benefits and superannuation	Performance Rights tested at the end of the financial year but 100% of the award is deferred for twelve months	Performance Rights allocated using a face value methodology	Executives will be required to hold equity / shares equivalent in value to fixed remuneration as follows: › CEO: 100% of FR › CFO: 50% of FR KMP will have five years from the implementation of MSR (or appointment of the KMP) to meet the requirement
Purpose	Attract and retain key talent based on capability and experience to deliver strategy	Motivate, retain and reward key employees, focusing on near term actions designed to deliver sustainable long-term performance and strategic goals	Motivate, retain and reward key employees, focusing on sustainable long-term performance, and providing participants with exposure to the Group's shares	Retain and align executives with shareholder interest
Link to performance	Set based on the individual's experience, capability and the value they bring to the Group	Performance assessed using balanced scorecard (refer to metrics below)	Will only deliver value to participant where shareholder value is created as assessed by reference to LTI metrics	
Alignment with business strategy	Attract and retain based on comparable roles in companies with similar market capitalisation	Linked to company's strategic goals	Rewards individuals for delivering business performance that accelerates shareholder value creation	Aligning the long-term interests of executives with those of shareholders

3.4 Remuneration mix

The remuneration components for each Executive KMP are expressed as a percentage of their total 'face value' remuneration opportunity.

	Fixed remuneration	STI Potential	LTI Potential	Total	
Julian Russell	$720,531	$612,451	$720,531	$2,053,513	
Damien Berrell	$500,000	$170,000	$200,000	$870,000	

4. FY22 Executive KMP Remuneration Framework

4.1 FY22 STI plan

Key terms of the FY22 STI plan are outlined in the following table:

Elements	How the STI works
Purpose	To reward for the achievement of annual performance targets aligned with Eclipx's business strategy and objectives which deliver sustainable stakeholder outcomes.
Performance period	12-months ended 30 September.
Gateway	A risk gateway must be achieved for any STI award to be made. The risk gateway is based on compliance with the Group's risk acceptance statement ensuring appropriate governance, risk tolerance levels are met and no material breaches occur during the performance period.
Maximum STI opportunity	The maximum STI opportunity for the CEO is 85% of fixed remuneration, and for the Chief Financial Officer is 34% of fixed remuneration.
Group scorecard	Group performance is measured against a scorecard comprising financial (60%) and non-financial measures (40%). The performance measures used in the FY22 STI Group scorecard are outlined below.

Performance category	Measure	Rationale
Financial (60%)	New Business Growth Delivery of opex and capex budget	Critical to driving the Group's growth
Non-financial (40%)	People – employee engagement Customer – NPS Strategy – delivery of strategic objectives	Critical to retaining talent and customers to drive sustainable growth

Elements	How the STI works
	Refer to section 2.2 for details regarding performance against the STI scorecard for FY22.
Performance assessment	Performance against the Group STI scorecard for Executive KMP is assessed by the People, Culture, Remuneration & Nomination Committee and approved by the Board. The Board takes a robust approach to determining executive remuneration outcomes, using judgement and oversight, and considers a range of factors both qualitative and quantitative when making decisions.
Instrument	100% of the FY22 STI award will be delivered in the form of Performance Rights to acquire Group shares (at no cost to the participant), which will vest 12 months after grant, subject to the Executive KMP's continued employment with the Group. The number of Performance Rights granted is based on a percentage of the Executive KMP's fixed remuneration and the face value of a Performance Right (calculated as the VWAP for the five trading days following announcement of the Group's FY22 full-year results). The FY22 STI Performance Rights will be satisfied using shares already issued and held as part of the ESOP trust, unless otherwise acquired by the ESOP trust.
Malus	In the event of fraud, dishonest conduct or breach of duty or obligation owed to the Group by the participant, the Board has the discretion to lapse all Performance Rights.

4.2 FY22 LTI

Key terms of the FY22 LTI plan are outlined in the following table:

Elements	How the LTI works
Overview	Awards granted under the FY22 LTI plan will vest at the end of the three-year performance period subject to achievement of the EPS performance hurdle.
Instrument	The FY22 LTI grant was provided in the form of Performance Rights to acquire Group shares (at no cost to the participant), subject to the achievement of the performance hurdle based on growth in EPS over a three-year performance period and the Executive KMP's continued employment with the Group. The number of FY22 Performance Rights granted was determined by the Board based on a percentage of the Executive KMP's fixed remuneration and the face value of a Right (calculated as the VWAP for the five trading days following announcement of the Group's FY21 full-year results). The FY22 LTI award of Performance Rights will be satisfied using shares already issued and held as part of the ESOP trust, unless otherwise acquired by the ESOP trust.
Maximum LTI opportunity	CEO – 100% of fixed remuneration CFO – 40% of fixed remuneration
Performance period	1 October 2021 – 1 October 2024
Current LTI Measure	100% EPS. The following table sets out the EPS growth targets for the FY22 LTI grant. Targets have been set to remove COVID-19 related provisions and elevated end of lease income.
Malus	In the event of fraud, dishonest conduct or breach of duty or obligation owed to the Group by the participant, the Board has the discretion to lapse all FY22 LTI Performance Rights.
How will the FY22 LTI award be satisfied?	The FY22 LTI Performance Rights will be satisfied using shares already issued and held as part of the ESOP trust, unless otherwise acquired by the ESOP trust.

Cash EPS CAGR (from FY19 to FY22)	% of FY20 LTI that vests
Below 3%	Nil
At 3%	50%
Between 3% and 5%	Straight line pro-rata vesting between 50% and 100%
At or above 5%	100%

5. FY23 Remuneration Changes

The Board conducts a detailed review of our Executive Remuneration Framework each year to ensure our reward and incentive approach remains fit for purpose. Following the Board's review in FY22, and having regard to stakeholder feedback, the Board has introduced the following enhancements for the FY23 LTI program:

- Introduction of a second LTI metric, which is aligned to the delivery of the Accelerate program milestone measures.
- Adjustments to the LTI EPS calculation to neutralise the impact of the Group's share buy-back program.

These enhancements have been made to ensure the Group can attract and retain exceptional talent, align Executive KMP goals with shareholder outcomes, and ensure the framework is fit for purpose for the years ahead.

5.1 The Accelerate program milestone measure

In addition to the existing EPS performance metric (refer below), the FY23 LTI program will include a milestone-based metric linked to the Group's recently announced Accelerate program. The milestone measure will have a weighting of 25%.

The Accelerate program is expected to run for two years until the end of FY24, at a cost of $25 million. The program targets delivery of a $6 million annualised reduction in the Group's operating expenses by mid-FY25. In total, the Group is expected to generate a ROIC of 24% from the program.

Accordingly, the milestone measure to be included as part of the FY23 LTI program is for the realisation of a 24% ROIC by the end of the LTI performance period (FY23 to FY25).

5.2 EPS performance measure

Consistent with the approach followed last year, in calculating EPS growth targets for the FY23 LTI grant, the Board has concluded that there is a need for additional adjustments to be made to the FY22 Cash Net Profit After Tax excluding Amortisation (NPATA). Adjustments to LTI targets are only made in exceptional circumstances. The Board acknowledges the feedback received from external stakeholders, and after careful consideration have decided the following adjustments best balance both Executive KMP and shareholder interests.

i. Adjustments to NPATA

As a direct result of the impacts driven by COVID-19, the Group (and the sector) has financially benefited from the occurrence of elevated second-hand vehicle prices in Australia and New Zealand. As a result, the Board has decided to substitute the FY22 end-of-lease profit with the FY19 end-of-lease profit which represents normalised conditions. This results in a $43.9 million post-tax adjustment to the FY22 NPATA.

In response to the expected adverse economic impact from COVID-19, the Group accrued a $2.5 million management overlay provision for potential credit losses over FY20 and FY21. These losses did not eventuate, and the provision was released in FY22 with a $1.7 million post-tax favourable impact on NPATA. For consistency with the end-of-lease profit adjustment, the Board has decided to substitute the FY22 provision for credit losses with the equivalent FY19 provision. This results in a $2.0 million post-tax adjustment to the FY22 NPATA.

These adjustments result in an FY22 NPATA of $65.0 million (from $110.8 million) for the purposes of assessing the FY23 LTI grant.

ii. Adjustment to shares on issue (SOI)

In addition to the above NPATA adjustment, acting on proxy feedback, the Board has determined to neutralise the impact of the Group's share buy-back program on the EPS calculation for LTI purposes.

To do this, the calculation of the Group's FY25 EPS will hold the average SOI constant over the FY23 LTI performance period. In other words, the EPS calculation will assume no new shares are issued or bought back, and the denominator (SOI) will not change between FY23 and FY25. Adjustments for any treasury share issuance to meet ESOP requirements or any M&A related issuance will be considered on a case-by-case basis.

With careful consideration of both the NPATA adjustment and share buy-back neutralisation, the FY23 to FY25 EPS CAGR growth target will be set at a minimum threshold target of 5% to a maximum of 6.5%. For the avoidance of doubt, this CAGR is above current adjusted sell-side broker consensus.

The EPS measure will have a weighting of 75%.

6. Link between Group Performance and Remuneration Outcomes

6.1 Historical performance against key metrics

The table below summarises key financial metrics achieved for the last five years.

	FY18	FY19	FY20	FY21	FY22
Cash NPATA ('$000)	78,108	23,823	33,615	86,149	110,824
Cash EPS (cents)	24.7	7.5	10.6	28.1	38.5
Statutory EPS (cents)	19.8	(107.0)	5.8	24.7	35.9
Share price at the end of the year	$2.57	$1.79	$1.54	$2.47	$2.25
Interim dividend paid (cents)	8.00	–	–	–	–
Final dividend paid (cents)	8.00	–	–	–	–
Total dividend paid ($'000)	50,890	–	–	–	–
Share buy-back ($'000)	–	–	–	27,587	63,301

7. Executive Service Agreements

7.1 Executive service agreements

The table below details the key individual terms and conditions of employment applying to Executive KMP.

	Julian Russell	Damien Berrell
Notice period	9 months by either party	6 months by either party
Termination entitlement when initiated by the Group	9 months	6 months
The following terms and conditions are standard for all Executive KMP:		
Serious misconduct	Immediate termination	
Restraint of Trade	12 months following expiry of notice period	

8. Non-Executive Director Remuneration

8.1 Overview

Non-executive Directors (NEDs) receive base fees and committee membership fees, inclusive of statutory superannuation. Fees are reviewed and set annually by the Board.

NEDs do not participate in any variable remuneration plans.

There were no changes to Board fees in FY22. The Board and committee fees will remain unchanged for the year ending 30 September 2023. Board fees have remained unchanged since the year ended 30 September 2022.

NEDs may participate in the Share Right Contribution Plan, under which shareholder-approved NEDs may elect to sacrifice up to 50% of base fees (excluding committee fees) to acquire shares on a pre-tax basis. The following key terms apply to the Share Right Contribution Plan:

- Share rights are not subject to performance conditions.
- If a participant ceases to hold office before their share rights convert to shares, all share rights will lapse and the fee amount sacrificed under the Share Rights Contribution Plan will be returned to the participant.

During FY22, NEDs did not elect to sacrifice a proportion of their base Board fees to acquire share rights.

The table below outlines the Board fee structure. Fees in FY22 are within the approved aggregate Board fee pool of $1.4 million.

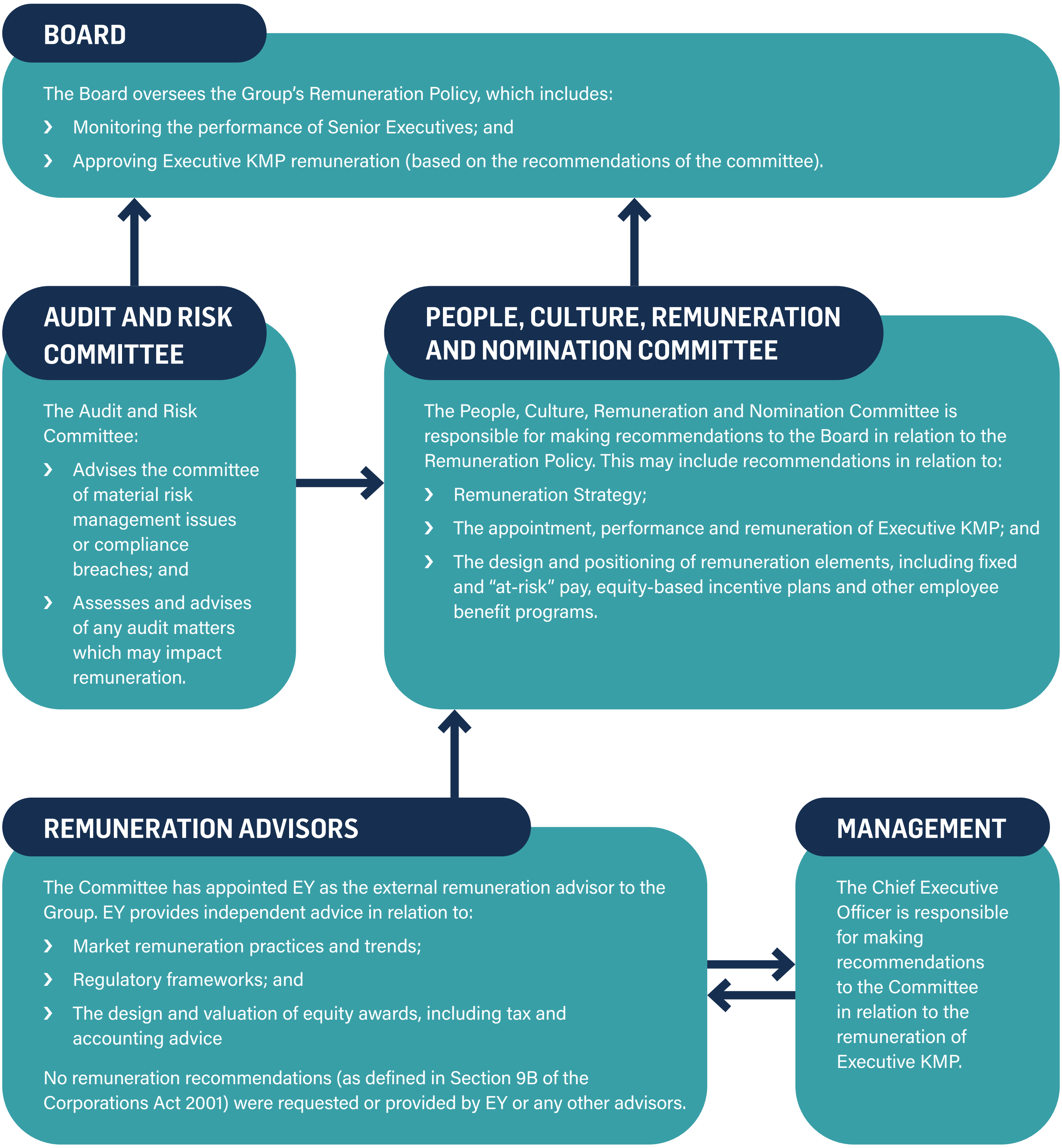
Committee	Chair fees ($)	Member fees ($)
Board	250,000	125,000
Audit & Risk Committee	25,000	12,500
People, Culture, Remuneration & Nomination Committee	25,000	12,500

8.2 FY22 remuneration

The following table shows the statutory remuneration received by NEDs in FY22.

		Salary and fees		Short-term benefits	Post-employment benefits	Share based payments	
		Cash ($)	Fees sacrificed to acquire share rights ($)	Non-monetary ($)	Superannuation ($)	Equity settled ($)	Total ($)
Gail Pemberton	FY22	251,416	–	–	23,584	–	275,000
(Board Chair)	FY21	191,336	–	–	17,757	–	209,093
Russell Shields	FY22	136,221	–	–	13,779	–	150,000
	FY21	128,374	–	–	11,963	–	140,337
Trevor Allen	FY22	158,523	–	–	3,977	–	162,500
	FY21	159,773	–	–	3,352	–	163,125
Linda Jenkinson	FY22	144,307	–	–	14,587	–	158,894
	FY21	133,056	–	–	12,388	–	145,444
Fiona Trafford-Walker	FY22	146,329	–	–	3,671	–	150,000
	FY21	25,542	–	–	2,150	–	27,692
Cathy Yuncken	FY22	139,487	–	–	14,118	–	153,606
	FY21	25,542	–	–	2,150	–	27,692

Remuneration governance



BOARD

The Board oversees the Group's Remuneration Policy, which includes:

- Monitoring the performance of Senior Executives; and
- Approving Executive KMP remuneration (based on the recommendations of the committee).

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee:

- Advises the committee of material risk management issues or compliance breaches; and
- Assesses and advises of any audit matters which may impact remuneration.

PEOPLE, CULTURE, REMUNERATION AND NOMINATION COMMITTEE

The People, Culture, Remuneration and Nomination Committee is responsible for making recommendations to the Board in relation to the Remuneration Policy. This may include recommendations in relation to:

- Remuneration Strategy;
- The appointment, performance and remuneration of Executive KMP; and
- The design and positioning of remuneration elements, including fixed and "at-risk" pay, equity-based incentive plans and other employee benefit programs.

REMUNERATION ADVISORS

The Committee has appointed EY as the external remuneration advisor to the Group. EY provides independent advice in relation to:

- Market remuneration practices and trends;
- Regulatory frameworks; and
- The design and valuation of equity awards, including tax and accounting advice

No remuneration recommendations (as defined in Section 9B of the Corporations Act 2001) were requested or provided by EY or any other advisors.

MANAGEMENT

The Chief Executive Officer is responsible for making recommendations to the Committee in relation to the remuneration of Executive KMP.

9. Statutory Disclosures

9.1 Executive KMP statutory remuneration

The following Executive KMP remuneration table has been prepared in accordance with the accounting standards and has been audited. The values in the table below align with the amounts expensed in the Group's financial statements.

		Short-term benefits			**Long-term benefits**				
		Salary ($)	**Non-monetary ($)[1]**	**Annual leave ($)**	**Cash bonus ($)**	**Long service leave ($)[2]**	**Super-annuation ($)**	**Share based payments ($)[3]**	**Total ($)**
Julian Russell	FY22	696,532	3,032	(56,352)		2,894	23,999	1,279,149	1,957,085
	FY21	698,369	4,214	31,961	–	6,122	22,163	1,747,978	2,510,807
Damien Berrell	FY22	476,001	3,032	6,949		991	23,999	301,980	815,369
	FY21	398,387	4,214	2,852	–	1,292	22,163	319,367	748,275
Bevan Guest[4]	FY22	655,390	77,966	(64,462)		(108,528)	5,892	(298,367)	267,891
	FY21	581,837	19,164	(252)	–	9,214	22,616	1,114,633	1,746,759

(1) Amount represents motor vehicle, car parking, and fringe benefits tax.

(2) Amount represents long service leave provisions.

(3) In accordance with the accounting standards, remuneration includes a proportion of the fair value of the Options and Rights awarded under the LTI program from current and prior years. The fair value is determined as at grant date and is progressively allocated over the vesting period. The amount included in remuneration above may not be indicative of the benefit (if any) that KMP may ultimately realise should the equity instrument vest.

(4) FY22 reflects earnings for the period Bevan Guest was a KMP with him leaving the Group on 26 October 2021 (FY22).

9.2 Outstanding awards

The maximum value of awards that may vest that will be recognised as share-based payments in future years is set out in the table below. The table includes the number and value of awards that have been exercised during the period. The amount reported is the value of share-based payments calculated in accordance with AASB2 Share-Based Payment over the vesting period.

KMP	Plan	Award type	Performance condition	Number of awards granted	Grant date	Exercise price ($)	Fair value per instrument ($)[1]	Total fair value of award at grant date ($)	Vesting date	Number of awards vested and can be exercised	Number of awards exercised	Value of awards exercised ($)	Expiry date
Julian Russell	FY22 LTI	Rights	EPS	274,510	18/02/22	–	2.34	642,353	22/11/24	–	–	–	31/12/24
	FY21 Variable Remuneration Options[1]	Options	Service	4,402,516	04/04/20	$0.75	0.14	611,950	30/09/21	–	4,402,516	6,348,537	30/09/22
		Options	Service	5,147,059	04/04/20	$0.85	0.12	602,206	30/09/21	–	5,147,059	6,910,312	30/09/22
	FY20 LTI	Options	EPS	4,590,164	27/11/19	$1.63	0.31	1,400,000	27/11/22	–	–	–	26/11/24
	FY19 Sign-on Grant	Options	Service	6,363,636	24/05/19	$1.20	0.22	1,400,000	23/05/22	6,363,636	–	–	23/05/23
Damien Berrell	FY22 LTI	Rights	EPS	78,431	23/11/21	–	2.20	172,548	22/11/24	–	–	–	31/12/24
	FY21 Variable Remuneration Options[1]	Options	Service	864,780	04/04/20	$0.75	0.14	120,204	30/09/21	–	864,780	1,253,930	30/09/22
		Options	Service	1,011,029	04/04/20	$0.85	0.12	118,290	30/09/21	–	1,011,029	1,364,888	30/09/22
	FY20 Sign-on Grant[2]	Options	Service	819,672	27/11/19	$1.63	0.31	250,000	27/11/22	–	–	–	26/11/24
	FY20 LTI	Options	EPS	747,682	27/11/19	$1.63	0.31	228,043	27/11/22	–	–	–	26/11/24

(1) FY21 Variable Remuneration Options were granted with exercise prices set at a 20% (Tranche 1) and 35% (Tranche 2) premium to the value-weighted average share price for the five days prior to the grant

(2) In recognition for forgoing incentives from his former employer, Mr Berrell was issued a sign-on grant in the form of options with the nominal dollar value of the total fair value of $250,000. These options vest in November 2022 and were considered necessary by the Board to attract an executive of Mr Berrell's calibre and fleet industry experience to the Group.

9.3 Equity instruments

The table below shows details of the share and option holdings of KMP:

	Held as at 30 September 2021			Net change			Held as at 30 September 2022		
	Shares	Rights	Options	Shares	Rights	Options	Shares	Rights	Options
Non-Executive Directors									
Gail Pemberton (Board Chair)	450,221	–	–	–	–	–	450,221	–	–
Russell Shields	285,647	–	–	–	–	–	285,647	–	–
Trevor Allen	189,846	–	–	–	–	–	189,846	–	–
Linda Jenkinson	8,258	–	–	–	–	–	8,258	–	–
Fiona Trafford-Walker	–	–	–	–	–	–	–	–	–
Cathy Yuncken	–	–	–	8,000	–	–	8,000	–	–
Current Executives									–
Julian Russell	–	–	20,503,375	–	274,510	(9,549,575)	–	274,510	10,953,800
Damien Berrell	–	–	3,443,163	–	78,431	(1,875,809)	–	78,431	1,567,354
Bevan Guest (Former Executives)(1)	–	372,500	10,602,777	–	(122,500)	(3,090,783)	–	250,000	7,511,994

(1) Movements shares, rights and options reflects the numbers of instruments held by the KMP at the time they left the Group and were no longer a KMP.

9.4 Loans

There were no employee loans issued or settled during FY22.

Eclipx Group Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 September 2022

	Notes	Consolidated 2022 $'000	 2021 $'000
Revenue from continuing operations	2.2	**676,665**	648,057
Cost of revenue	2.2	**(391,885)**	(381,194)
Lease finance costs	2.3	**(34,592)**	(44,002)
Net operating income before operating expenses and impairment charges		**250,188**	222,861
Impairment release on loans and receivables		**1,537**	440
Software Impairment	3.7	**(696)**	-
Intangible impairment - Brand name	3.7	**(1,466)**	-
Total impairment		**(625)**	440
Employee benefit expense		**(61,682)**	(61,840)
Depreciation and amortisation expense	2.3	**(11,700)**	(13,159)
Operating overheads	2.3	**(21,966)**	(22,396)
Total overheads		**(95,348)**	(97,395)
Operating finance costs	2.3	**(6,405)**	(18,365)
Profit before income tax from continuing operations		**147,810**	107,541
Income tax expense	2.5	**(44,493)**	(31,591)
Profit for the year		**103,317**	75,950
Other comprehensive income			
Items that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges		**29,294**	13,915
Exchange differences on transaction of foreign operations		**(16,274)**	6,735
Other comprehensive income for the year		**13,020**	20,650
Total comprehensive income for the year		**116,337**	96,600
Profit attributable to:			
Owners of Eclipx Group Limited		**103,317**	75,950
Total comprehensive income for the year attributable to:			
Owners of Eclipx Group Limited		**116,337**	96,600

		2022 Cents	2021 Cents
Earnings per share from continuing operations			
Basic earnings per share	2.4	**35.9**	24.7
Diluted earnings per share	2.4	**34.8**	23.0

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Eclipx Group Limited
Statement of Financial Position
As at 30 September 2022

	Note	Consolidated 2022 $'000	Consolidated 2021 $'000
ASSETS			
Cash and cash equivalents	4.3	**101,481**	76,443
Restricted cash and cash equivalents	4.3	**136,752**	150,506
Trade receivables and other assets	3.4	**70,252**	58,281
Inventory		**14,102**	24,842
Finance leases	3.3	**325,866**	346,960
Operating leases reported as property, plant and equipment	3.1	**874,334**	850,485
Property, plant and equipment	3.1	**2,138**	3,829
Right-of-use assets	3.2	**5,418**	16,941
Intangibles	3.7	**456,926**	472,204
Derivative financial instruments	4.4	**39,679**	-
Total assets		**2,026,948**	2,000,491
LIABILITIES			
Trade and other liabilities	3.5	**148,618**	132,664
Provisions		**8,026**	9,691
Derivative financial instruments	4.4	**-**	5,919
Borrowings	4.1	**1,191,622**	1,221,164
Lease liabilities	3.6	**6,066**	19,455
Deferred tax liabilities	2.5	**51,978**	35,919
Total liabilities		**1,406,310**	1,424,812
Net assets		**620,638**	575,679
EQUITY			
Contributed equity	4.5	**578,072**	639,213
Reserves	6.1	**186,551**	183,768
Retained earnings		**(143,985)**	(247,302)
Total equity		**620,638**	575,679

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Eclipx Group Limited
Statement of Changes in Equity
For the year ended 30 September 2022

Consolidated	Note	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
		Attributable to owners of Eclipx Group Limited			
Balance at 30 September 2020		654,765	176,972	(323,252)	508,485
Profit for the year		-	-	75,950	75,950
Cash flow hedges		-	13,915	-	13,915
Foreign currency translation		-	6,735	-	6,735
Total comprehensive income for the year		-	20,650	75,950	96,600
Transactions with owners in their capacity as owners:					
Net movement in employee share schemes	6.1	-	3,179	-	3,179
Movement in treasury reserve		-	19,620	-	19,620
Issue of new shares		11,314	-	-	11,314
Acquisition of treasury shares		-	(35,932)	-	(35,932)
On market share buy back		-	(27,587)	-	(27,587)
Cancellation of shares		(26,866)	26,866	-	-
Balance at 30 September 2021		**639,213**	**183,768**	**(247,302)**	**575,679**
Balance at 30 September 2021		639,213	183,768	(247,302)	**575,679**
Profit for the year		-	-	103,317	**103,317**
Cash flow hedges		-	29,294	-	**29,294**
Foreign currency translation		-	(16,274)	-	**(16,274)**
Total comprehensive income for the year		-	13,020	103,317	**116,337**
Transactions with owners in their capacity as owners:					
Net movement in employee share schemes	6.1	-	663	-	**663**
Exercise of options		1,919	-	-	**1,919**
Movement in treasury reserve		-	3,983	-	**3,983**
Acquisition of treasury shares		-	(14,642)	-	**(14,642)**
On market share buy back		-	(63,301)	-	**(63,301)**
Cancellation of shares		(63,060)	63,060	-	**-**
Balance at 30 September 2022		**578,072**	**186,551**	**(143,985)**	**620,638**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Eclipx Group Limited
Statement of Cash Flows
For the year ended 30 September 2022

	Note	Consolidated 2022 $'000	 2021 $'000
Cash flows from operations			
Receipts from customers*		**776,357**	785,981
Payments to suppliers and employees*		**(396,336)**	(335,130)
Cash generated from operating activities		**380,021**	450,851
Income tax (paid)/received		**(12,691)**	3,552
Interest received		**1,576**	376
Interest paid		**(41,644)**	(57,855)
Net cash inflow from operating activities	6.6	**327,262**	396,924
Cash flows from investing activities			
Purchase of items reported under operating leases reported as property, plant and equipment		**(347,252)**	(268,253)
Purchase of items reported under finance leases		**(128,872)**	(140,142)
Purchase of property, plant and equipment and intangibles		**(5,989)**	(6,187)
Proceeds from completion payments		**-**	11,155
Proceeds from sales of inventory		**252,984**	210,859
Net cash outflow from investing activities		**(229,129)**	(192,568)
Cash flows from financing activities			
Proceeds from borrowings		**429,591**	403,644
Repayments of borrowings		**(429,184)**	(546,792)
Payment of lease liabilities		**(2,974)**	(2,696)
Exercise of options		**1,919**	-
(Payment)/Proceeds from settlement of long term incentive plans		**(2,308)**	10,554
Proceeds from issue of shares		**-**	11,314
On market share buy back		**(63,301)**	(27,587)
Purchase of treasury shares		**(14,642)**	(35,932)
Net cash outflow from financing activities		**(80,899)**	(187,495)
Net increase in cash and cash equivalents		**17,234**	16,861
Cash and cash equivalents at the beginning of the financial year, net of overdraft		**226,949**	207,798
Exchange rate variations on New Zealand cash and cash equivalent balances		**(5,950)**	2,290
Cash and cash equivalents at end of the year, net of overdraft	4.3	**238,233**	226,949

* Certain cashflows that were presented on a net basis in the prior period have been reclassified to be presented on a gross basis. As a result, receipts from customers for the year ended 30 September 2021 has increased to $785,981,000 from $719,509,000 and payments to suppliers and employees has increased to $335,130,000 from $268,658,000.

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1.0 INTRODUCTION TO THE REPORT

Statement of compliance

These general purpose financial statements of the consolidated results of Eclipx Group Limited (ACN 131 557 901) have been prepared in accordance with the Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The financial report was authorised for issue by the Board of Directors on 6 November 2022.

Basis of preparation

These financial statements have been prepared under the historical cost convention, except for the financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

The Statement of Financial Position is prepared with assets and liabilities presented in order of liquidity.

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Critical accounting estimates and assumptions

The preparation of 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.

Significant accounting policies

The significant accounting policies adopted in the preparation of the financial report are set out below. Other significant accounting policies are contained in the notes to the financial report to which they relate. The financial statements are for the Group consisting of Eclipx Group Limited (Company) and its controlled entities.

(i) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of Eclipx Group Limited as at 30 September 2022 and the results of all controlled entities for the year then ended. Eclipx Group Limited and its controlled entities together are referred to in this financial report as the Group or the consolidated entity.

The Company controls an entity if it is exposed, or has rights, to variable returns from its involvement with the controlled entity and has the ability to affect those returns through its power over the controlled entity. All controlled entities have a reporting date of 30 September.

Profit or loss and other comprehensive income of controlled entities acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. In preparing the financial report, all intercompany balances, transactions and unrealised profits arising within the consolidated entity are eliminated in full.

1.0 INTRODUCTION TO THE REPORT (continued)

Significant accounting policies (continued)

(ii) Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Australian dollars (AUD), which is also the functional currency of the Company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from remeasurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than AUD are translated into AUD upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into AUD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into AUD at the closing rate. Income and expenses have been translated into AUD at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

Going concern

This financial report has been prepared on the basis that the Group is a going concern.

The Group has considered its ability to continue as a going concern, using projected cash flow forecasts and other Group metrics and information for at least the next 12 months from the approval of these financial statements. This assessment assumes the Group will be able to continue trading and realise assets and discharge liabilities in the ordinary course of business beyond this period.

At 30 September 2022 the Group held unrestricted cash reserves of $101.5 million, and undrawn capacity under its corporate debt facilities of $78.0 million maturing October 2024.

Changes in significant accounting policies

Except for the changes below, the Group has consistently applied the accounting policies set out in the notes to the financial statements to all periods presented in these consolidated financial statements.

New and revised standards and interpretations not yet adopted by the Group

A number of new standards are issued, but not yet effective. Early application is permitted; however the Group has not early adopted the new or amended standards in preparing the financial statements.

New Australian Accounting Standards and amendment standards that are effective in the current period

The Group has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact for the full financial year ending 30 September 2022. Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

1.0 INTRODUCTION TO THE REPORT (continued)

New Australian Accounting Standards and amendment standards that are effective in the current period (continued)

Coronavirus (COVID-19)

As we learn to live with COVID-19, the focus of the Group has centred around ensuring the health and safely of employees and working closely with customers and suppliers as we navigate the changing business environment as a result of the three-year pandemic.

The main impacts on the Group during the 2022 financial year were lower New Business Writings (NBW) in the Novated segment and higher end-of-lease income in the Australia Commercial and New Zealand Commercial segments.

Industry-wide delays for new vehicles caused by the global supply shortage of semiconductors and an adverse impact to customer sentiment from the macro environment contributed to a 15% decline in NBW for the Novated segment.

A secondary consequence from delays for new vehicles has been the occurrence of inflated second-hand vehicle prices in Australia and New Zealand. This has resulted from the combination of increased demand, coupled with reduced supply of second-hand vehicles. As a result, the business earned an average end of lease income per motor vehicle of $8,300 which is an increase of $1,742 compared to the 2021 financial year.

Critical accounting estimates

The critical accounting estimates and key judgements of the Group have required additional considerations and analysis due to the impact of COVID-19. Given the uncertainty of the duration of the pandemic, changes to the estimates were applied in the measurement of the Group's assets and liabilities.

The key impacts on the financial statements, including the application of critical estimates and judgements, related to the provision for impairment losses on finance leases and trade receivables.

In March 2020, the IASB published IFRS 9 and COVID-19, a document that reinforces the fact that IFRS 9 does not provide a mechanistic approach in accounting for impairment provisions.

The AASB 9 impairment methodology has remained consistent with prior periods. At the early onset of the COVID-19 pandemic during the 2020 financial year, the Group revised the weighting of the model's multiple economic scenarios (MES) from base 60%, upside 20% and downside 20% to base 50% and downside 50%. As at the year ended 30 September 2022, the MES assumptions reverted back to pre-COVID weightings.

Considering the uncertainty surrounding the effect from COVID-19 at the time, the Group also implemented a model adjustment by applying the highest historical expected credit loss rate since the model's inception. As at 30 September 2021, the Group held a provision overlay of $2.5 million.

As at 30 September 2022, it is Management's view that the uncertainty created by the COVID-19 pandemic with respect to the economic outlook is substantially less than earlier periods. Accordingly, the changes made to the Group's provisioning methodology in response to COVID-19 in prior years were removed which resulted in the release of the provision overlay of $2.5 million.

The Group made 30 September 2022 estimates based upon all information the Board considers relevant at this time. However, subsequent economic conditions could result in materially different outcomes (better or worse) than the accounting estimates used in the preparation of these financial statements.

1.0 INTRODUCTION TO THE REPORT (continued)

New Australian Accounting Standards and amendment standards that are effective in the current period (continued)

Coronavirus (COVID-19) (continued)

At 30 September 2020 the Group recognised a $1.6 million additional provision for impairment losses on operating leases reported as property, plant and equipment. This amount was recognised based on the view that the inflationary effect of COVID-19 on second-hand motor vehicles was expected to be short-term and was calculated by applying a 4.68% reduction to forecast sales proceeds. The Group released the $1.6 million provision during the year ended 30 September 2021 and is using sales data pre-April 2020 to calculate fleet impairments as this removes the inflationary effect of COVID-19.

At 30 September 2020 the Group recognised a $0.4 million impairment relating to novated leases for the employees of specific clients that operate in severely impacted industries. During the 2021 financial year, $0.3 million of this provision was reversed and as at 30 September 2022, none of the provision remained.

At 30 September 2020 the Group recognised additional deferred revenue of $2.5 million to account for the decrease in the utilisation of its fleet during the months of April 2020 to September 2020. The Group released $1.5 million of this deferred revenue to match the maintenance expenditure incurred to the impacted leases during the period October 2020 to September 2021.The Group released $1.0 million of this deferred revenue to match the maintenance expenditure incurred to the impacted leases during the period October 2021 to September 2022.

2.0 BUSINESS RESULT FOR THE YEAR

This section provides the information that is most relevant to understanding the financial performance of the Group during the financial year and, where relevant, the accounting policies applied and the critical judgements and estimates made.

2.1 Segment information
2.2 Revenue
2.3 Expenses
2.4 Earnings per share
2.5 Taxation

2.1 Segment information

Identification of reportable segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses, whose operating results are reviewed regularly by the Group's Chief Operating Decision Maker in assessing performance and in determining the allocation of resources.

The Group has identified three business segments, Australia Commercial, Novated and New Zealand Commercial. The segments have been identified based on how the Chief Operating Decision Maker monitors performance and allocates resources.

The segment information for the reportable segments for the year ended 30 September 2022 is as below:

2022

	Australia Commercial $'000	**Novated $'000**	**New Zealand Commercial $'000**	**Total $'000**
Net operating income	167,593	21,282	61,313	250,188
Bad and doubtful debts	594	-	943	1,537
Operating expenses	(55,423)	(12,371)	(12,533)	(80,327)
EBITDA	112,764	8,911	49,723	171,398
Depreciation and amortisation	(5,826)	(684)	(2,829)	(9,339)
Share based payments	(1,789)	(378)	(804)	(2,971)
Holding company debt interest	(4,491)	(594)	(1,007)	(6,092)
Amortisation and impairment of acquired intangibles	(3,553)	(927)	(43)	(4,523)
Significant material non-recurring items*	(1,219)	(34)	590	(663)
Tax	(29,829)	(1,888)	(12,776)	(44,493)
Statutory net profit after tax	66,057	4,406	32,854	103,317
Post-tax add-back of amortisation and impairment of acquired intangibles	2,487	649	31	3,167
Post-tax add-back of significant material non-recurring items	853	24	(425)	452
Cash net profit after tax including amortisation of software	69,397	5,079	32,460	106,936
Software amortisation (post-tax)	2,436	392	1,059	3,887
Cash NPATA	71,833	5,471	33,519	110,823

* Significant material non-recurring items relate to restructuring.

2.0 BUSINESS RESULT FOR THE YEAR (continued)

2.1 Segment information (continued)

Identification of reportable segments (continued)

2021

	Australia Commercial $'000	**Novated $'000**	**New Zealand Commercial $'000**	**Total $'000**
Net operating income	136,652	25,901	60,308	222,861
Bad and doubtful debts	(1,130)	-	1,570	440
Operating expenses	(51,528)	(14,462)	(13,911)	(79,901)
EBITDA	**83,994**	**11,439**	**47,967**	**143,400**
Depreciation and amortisation	(5,435)	(919)	(3,747)	(10,101)
Share based payments	(2,658)	(746)	(1,099)	(4,503)
Holding company debt interest	(7,711)	(1,032)	(1,827)	(10,570)
Amortisation of acquired intangibles	(2,286)	(747)	(25)	(3,058)
Significant material non-recurring items*	(6,646)	(1)	(980)	(7,627)
Tax	(17,912)	(2,398)	(11,281)	(31,591)
Statutory net profit after tax	41,346	5,596	29,008	75,950
Post-tax add-back of amortisation of acquired intangibles	1,863	523	18	2,404
Post-tax add-back of significant material non-recurring items	4,583	-	706	5,289
Cash net profit after tax including amortisation of software	47,792	6,119	29,732	83,643
Software amortisation (post-tax)	1,115	313	1,078	2,506
Cash NPATA	48,907	6,432	30,810	86,149

* Significant material non-recurring items relate to restructuring, fair value of disposal proceeds and other settlements.

2.0 BUSINESS RESULT FOR THE YEAR (continued)

2.2 Revenue

Recognition and measurement

Revenue is recognised when the Group satisfies its obligations in relation to the provision of goods and services to its customers in the ordinary course of business. Revenue is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange for performing these obligations. The Group's revenue is disaggregated by the nature of the product or service.

Finance income

For finance leases the Group purchases vehicles to lease to customers and earns a spread, or net interest income, being the difference between the interest component of the lease rental income it receives from customers and its cost of funds. The Group recognises net interest income over the life of the lease. Interest income from finance lease contracts is recognised 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. The effective interest rate 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 future asset. Payments collected from the lease are allocated between reducing the net investment in the lease and recognising interest income.

Operating lease rentals

The Group purchases vehicles to lease to customers and collects rentals in relation to these operating leases. The operating lease instalments (or rental income) are recognised in the financial statements in their entirety on a straight-line basis over the lease term. The instalments are classified and presented in 'Operating lease rentals'.

Maintenance and management income

Income related to maintenance and management services is recognised over the term of the lease contract based on the percentage of completion method. The allocation of maintenance income over the term is based on a maintenance profile supported by market data of expected service costs and intervals. The difference between the amounts received and amounts recognised as income is accounted for as deferred revenue disclosed within trade and other liabilities. Deferred maintenance income amounted to $11.8m (2021: $12.4m) and will be recognised over the remaining term of the respective lease contracts.

Related products and services income

The Group earns income from the provision of related products and services. Revenue is recognised when the right to receive payment is established and the performance obligation has been satisfied.

Brokerage income

The Group earns fees for the origination of financing from third party banks and financial institutions. Revenue is recognised when the related service has been provided. This is deemed to be at settlement date.

End of lease income - vehicle sales

The Group earns income on the sale of vehicles from terminated lease contracts. The Group acts as the principal in these transactions and proceeds are recognised on a gross basis. Revenue is recognised at the point in time the vehicle is sold and there are no remaining performance obligations.

End of lease income - other

The Group earns other end of lease income for variations in contractual terms related to early termination, mileage and excessive wear and tear of the vehicle. The fees are recognised at a point in time, upon termination of the lease contract.

Sundry income

The Group earns sundry income which includes commissions from finance and warranty product referrals; and short term flexible rentals to customers. Revenue is recognised when the service has been provided. This is deemed to be at settlement date for product referrals; and over time for short term rental vehicles.

2.0 BUSINESS RESULT FOR THE YEAR (continued)

2.2 Revenue (continued)

Recognition and measurement (continued)

Cost of revenue

Cost of revenue comprises the cost associated with providing the service components of the lease. Cost of revenue is recognised as incurred.

	Consolidated	
	2022 $'000	**2021 $'000**
Revenue from continuing operations:		
Finance income	**23,399**	22,893
Maintenance and management income*	**102,803**	104,515
Related products and services income*	**40,901**	34,381
Operating lease rentals	**230,166**	236,779
Brokerage income*	**8,683**	12,743
Sundry income*	**3,750**	4,838
End of lease income - vehicle sales*	**253,172**	216,385
End of lease income - other	**13,791**	15,523
Total revenue from continuing operations	**676,665**	648,057

* The above amounts totalling $409,309,000(2021: $372,862,000) represents the Group's revenue derived from contracts with customers, in accordance with AASB15.

Net interest income

As part of the analysis of the revenues and direct cost of revenue Eclipx also considers net interest income as a relevant metric for financial reporting purposes. Operating lease rentals reported under Revenue from continuing operations of $230,166,000 (2021: $236,779,000) include an interest component of $59,242,000 (2021: $60,964,000). The net interest income recognised for operating and finance leases is presented below:

	Consolidated	
	2022 $'000	**2021 $'000**
Operating lease – interest income	**59,242**	60,964
Finance income	**23,399**	22,893
Lease finance costs	**(34,592)**	(44,002)
Net interest income	**48,049**	39,855

	Consolidated	
	2022 $'000	**2021 $'000**
Cost of revenue:		
Maintenance and management expense	**40,341**	43,644
Related products and services expense	**14,446**	10,089
Cost of vehicles sold	**174,715**	162,782
Impairment release on operating lease assets	**(569)**	(2,190)
Depreciation on operating leased assets	**162,952**	166,869
Total cost of revenue	**391,885**	381,194

2.0 BUSINESS RESULT FOR THE YEAR (continued)

2.3 Expenses

Recognition and measurement

Depreciation

Depreciation on assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

- Motor vehicles 2-10 years;
- Furniture and fittings 3-10 years;
- Plant and equipment 3-10 years; and
- Right-of-use asset over term of the lease.

Operating finance costs

Facility finance costs and lease liability interest is recognised in the statement of profit or loss and other comprehensive income using the effective interest method.

Facility finance restructure costs are recognised in the statement of profit or loss and other comprehensive income as and when they are incurred.

Amortisation

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from three to five years for non-core system software, and seven to ten years for core system software.

	Consolidated	
	2022 $'000	**2021 $'000**
Profit before income tax includes the following specific expenses:		
Depreciation and amortisation		
Plant and equipment - fixture and fittings	**977**	2,622
Other intangible assets	**3,057**	3,058
Software	**4,829**	3,962
Right-of-use assets	**2,837**	3,517
Total depreciation and amortisation expense	**11,700**	13,159
Lease finance costs		
Interest and finance charges - third parties	**38,432**	45,747
Hedge gain	**(3,840)**	(1,745)
Total lease finance costs	**34,592**	44,002
Operating finance costs		
Facility finance costs	**5,564**	9,684
Lease liabilities interest (where the Group is the lessee)	**528**	886
Facility finance restructure	**313**	7,795
Total operating finance costs	**6,405**	18,365
Operating overheads		
Rental of premises	**1,157**	1,126
Technology costs	**8,693**	8,108
Restructuring costs	**283**	1,311
Other overheads	**11,833**	11,851
Total operating overheads	**21,966**	22,396

2.0 BUSINESS RESULT FOR THE YEAR (continued)

2.4 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of fully paid ordinary shares outstanding during the financial year and excluding treasury shares.

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 additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Profit attributable to the ordinary shareholders

	Consolidated	
	2022 $'000	**2021 $'000**
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share and diluted earnings per share		
Profit from continuing operation	**103,317**	75,950
From continuing operations	**103,317**	75,950

Weighted average number of shares used as the denominator

	Consolidated	
	2022 Number	**2021 Number**
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	287,700,359	307,114,764
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	296,521,569	330,362,523

Earnings per share

	Consolidated	
	2022 Cents	**2021 Cents**
Basic earnings per share	**35.9**	24.7
Diluted earnings per share	**34.8**	23.0

2.5 Taxation

Recognition and measurement

Current tax

Current tax assets and liabilities are measured at the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is accounted for in respect of temporary differences arising from differences between the carrying amount of assets and liabilities and the corresponding tax base.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and tax offsets, to the extent that it is probable that sufficient future taxable profits will be available to utilise them.

2.0 BUSINESS RESULT FOR THE YEAR (continued)

2.5 Taxation (continued)

Recognition and measurement (continued)

Deferred tax (continued)

However, deferred tax assets and liabilities are not recognised for:

- taxable temporary differences that arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future; and
- taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that are expected to apply the year when the asset is utilised or liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised directly in equity and not in the statement of profit or loss and other comprehensive income.

Offsetting deferred tax balances

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Tax consolidation legislation

Eclipx Group Limited and its wholly owned Australian controlled entities are part of a tax-consolidated group under Australian taxation law. Eclipx Group Limited is the head entity in the tax-consolidated group. Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, Eclipx Group Limited and each of the entities in the tax-consolidated group have agreed to pay (or receive) a tax equivalent payment to (or from) the head entity, based on the current tax liability or current tax asset of the entity.

(i) Reconciliation of income tax expense

	Consolidated	
	2022 $'000	**2021 $'000**
Profit from continuing operations before income tax expense	**147,810**	107,541
	147,810	107,541
Prima facie tax rate of 30.0% (2021 - 30.0%)	**44,343**	32,262
New Zealand tax rate differentials	**(863)**	(711)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Other	**1,013**	40
Income tax expense	**44,493**	**31,591**
Income tax expense comprises:		
Current tax	**8,082**	5,616
Deferred tax	**36,411**	25,975
	44,493	31,591
Income tax expense is attributable to:		
Profit from continuing operations	**44,493**	31,591
Income tax expense	**44,493**	31,591
Effective tax rate	30%	29%

2.0 BUSINESS RESULT FOR THE YEAR (continued)

2.5 Taxation (continued)

(ii) Movement of deferred tax

2022	**Opening balance $'000**	**Charged to profit or loss $'000**	**Charged to other comprehensive income and equity $'000**	**Reclassification between current tax and deferred tax $'000**	**Closing balance $'000**	**Deferred tax asset $'000**	**Deferred tax liability $'000**
Doubtful debt provision	**2,578**	**(464)**	**-**	**-**	**2,114**	**2,114**	**-**
Deferred revenue	**2,825**	**(386)**	**-**	**-**	**2,439**	**2,439**	**-**
Hedging assets and liabilities	**1,805**	**(1,287)**	**(12,141)**	**-**	**(11,623)**	**-**	**(11,623)**
Accruals, employee provisions and other*	**47,090**	**22,777**	**3,191**	**21,104**	**94,162**	**94,162**	**-**
Leasing adjustments	**(90,647)**	**(57,444)**	**-**	**8,328**	**(139,763)**	**-**	**(139,763)**
Transaction costs	**2,335**	**(992)**	**-**	**(130)**	**1,213**	**1,213**	**-**
Intangible assets	**(1,905)**	**1,385**	**-**	**-**	**(520)**	**-**	**(520)**
	(35,919)	**(36,411)**	**(8,950)**	**29,302**	**(51,978)**	**99,928**	**(151,906)**
Set off DTL against DTA						**(99,928)**	**99,928**
Net tax liabilities					**(51,978)**	**-**	**(51,978)**

* Majority of movement in balance driven by the tax loss incurred in the year ended 30 September 2022 in Australia. This tax loss was driven by the deduction under the Temporary Full Expenditure legislation, which is reflected under Leasing adjustments.

2.0 BUSINESS RESULT FOR THE YEAR (continued)

2.5 Taxation (continued)

2021	**Opening balance $'000**	**Charged to profit or loss $'000**	**Charged to other comprehensive income and equity $'000**	**Reclassification between current tax and deferred tax $'000**	**Closing balance $'000**	**Deferred tax asset $'000**	**Deferred tax liability $'000**
Doubtful debt provision	4,884	(2,306)	-	-	2,578	2,578	-
Deferred revenue	6,287	(3,507)	-	45	2,825	2,825	-
Hedging assets and liabilities	8,244	(490)	(5,928)	(21)	1,805	1,805	-
Accruals, employee provisions and other*	10,263	36,443	-	384	47,090	48,501	(1,411)
Leasing adjustments	(37,035)	(55,532)	-	1,920	(90,647)	-	(90,647)
Transaction costs	3,818	(1,336)	-	(147)	2,335	2,335	-
Intangible assets	(2,658)	753	-	-	(1,905)	-	(1,905)
	(6,197)	(25,975)	(5,928)	2,181	(35,919)	58,044	(93,963)
Set off DTL against DTA						(58,044)	58,044
Net tax assets/(liabilities)					(35,919)	-	(35,919)

* Majority of movement in balance driven by the tax loss incurred in the year ended 30 September 2021 in Australia. This tax loss was driven by the deduction under the Temporary Full Expenditure legislation, which is reflected under Leasing adjustments.

2.0 BUSINESS RESULT FOR THE YEAR (continued)

2.5 Taxation (continued)

(iii) Franking credits

	Consolidated	
	2022 **$'000**	**2021** **$'000**
Franked dividends (Australia)		
Franking credits available for subsequent financial years based on a tax rate of 30% (2021: 30%)	**13**	13
	13	13

Key estimate and judgement: Taxation
The Group is subject to income taxes in Australia and New Zealand. Significant judgement is required in determining the provision for income taxes. 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 based on estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

3.0 OPERATING ASSETS AND LIABILITIES

This section provides information relating to the operating assets and liabilities of the Group.

3.1 Property, plant and equipment

Recognition and measurement

Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the reporting period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of profit or loss and other comprehensive income.

Leased property

Leased property is stated at cost less accumulated depreciation and impairment. Cost includes initial direct costs incurred in negotiating and arranging the operating lease contract. In the event that the settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value at the date of acquisition.

Depreciation is brought to account on leased property. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life (being the term of the related lease contract) to its estimated residual value. The assets' residual values and useful lives are revised, and adjusted if appropriate, at the end of each reporting period.

Residual values are assessed for impairment and in the event of a shortfall, an impairment charge is recognised in the current period.

Consolidated	**Plant and equipment $'000**	**Fixture and fittings $'000**	**Motor vehicles and equipment $'000**	**Total $'000**
2022				
Opening net book amount	**707**	**3,122**	**850,485**	**854,314**
Additions	**206**	**668**	**347,252**	**348,126**
Transfers to inventory	**-**	**-**	**(125,025)**	**(125,025)**
Disposals	**-**	**(1,512)**	**-**	**(1,512)**
Impairment (charge)/reversal	**-**	**-**	**569**	**569**
Depreciation charge	**(380)**	**(597)**	**(162,952)**	**(163,929)**
Foreign exchange variation	**(9)**	**(67)**	**(35,995)**	**(36,071)**
Closing net book amount	**524**	**1,614**	**874,334**	**876,472**
2022				
Cost	**18,147**	**9,139**	**1,679,340**	**1,706,626**
Accumulated depreciation and impairment	**(17,623)**	**(7,525)**	**(805,006)**	**(830,154)**
Net book amount	**524**	**1,614**	**874,334**	**876,472**

3.0 OPERATING ASSETS AND LIABILITIES (continued)

3.1 Property, plant and equipment (continued)

Consolidated	**Plant and equipment $'000**	**Fixture and fittings $'000**	**Motor vehicles and equipment $'000**	**Total $'000**
2021				
Opening net book amount	2,277	3,752	867,164	873,193
Additions	328	27	268,253	268,608
Transfers to inventory	-	-	(133,008)	(133,008)
Impairment (charge)/reversal	-	-	2,190	2,190
Depreciation charge	(1,905)	(717)	(166,869)	(169,491)
Foreign exchange variation	7	60	12,755	12,822
Closing net book amount	**707**	**3,122**	**850,485**	**854,314**
2021				
Cost	18,318	10,748	1,507,146	1,536,212
Accumulated depreciation and impairment	(17,611)	(7,626)	(656,661)	(681,898)
Net book amount	**707**	**3,122**	**850,485**	**854,314**

	Consolidated 2022 $'000	**Consolidated 2021 $'000**
Motor vehicle and equipment operating leases reported as property, plant and equipment		
Operating leases terminating within 12 months	**249,104**	285,422
Operating leases terminating after more than 12 months	**625,230**	565,063
	874,334	850,485
Net book amount of property, plant and equipment		
Plant and equipment	**524**	707
Fixture and fittings	**1,614**	3,122
	2,138	3,829
Total property, plant and equipment	**876,472**	854,314

Key estimate and judgement: Leased property

The Group owns assets where the residual value of the asset and useful life of the asset needs to be assessed at each reporting date. The residual value of the asset is impacted by the condition, age, usage of the asset and the demand for the asset at the end of its useful life. The Group uses internal and external data to calculate the residual value of the asset and the expected useful life of the asset. The residual value and useful life of the asset is used to calculate the depreciation and net book value of the asset. The actual value to be realised on the final disposal of the asset will impact the profit and loss on sale of the asset in the period that the sale occurs.

3.0 OPERATING ASSETS AND LIABILITIES (continued)

3.2 Right-of-use assets

Recognition and measurement

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method over the term of the lease.

(i) Movements in net book value of right-of-use assets

Consolidated	**Buildings $'000**	**Equipment $'000**	**Total $'000**
Balance at 1 Oct 2021	**16,702**	**239**	**16,941**
Depreciation charge for the year	**(2,718)**	**(119)**	**(2,837)**
Additions to right-of-use assets	**2,501**	**-**	**2,501**
Derecognition of right-of-use assets	**(10,225)**	**-**	**(10,225)**
Net foreign currency exchange differences	**(962)**	**-**	**(962)**
Balance at 30 September 2022	**5,298**	**120**	**5,418**

Consolidated	**Buildings $'000**	**Equipment $'000**	**Total $'000**
Balance at 1 Oct 2020	21,207	358	21,565
Depreciation charge for the year	(3,398)	(119)	(3,517)
Derecognition of right-of-use assets	(1,548)	-	(1,548)
Net foreign currency exchange differences	441	-	441
Balance at 30 September 2021	**16,702**	**239**	**16,941**

	2022 $'000	**2021 $'000**
Leases amortising within 12 months	**2,178**	3,392
Leases amortising after more than 12 months	**3,240**	13,549
	5,418	16,941

3.3 Finance leases

Recognition and measurement

Amounts due from lessees under finance leases are recorded as receivables. Finance lease receivables are initially recognised at amounts equal to the present value of the minimum lease payments receivable plus the present value of any guaranteed residual value expected to accrue at the end of the lease term. Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Assets leased under finance leases are classified and presented as lease receivables.

	Consolidated	
	2022 $'000	**2021 $'000**
Gross investment	**363,214**	384,765
Unearned income	**(33,557)**	(31,499)
Expected credit loss provision	**(3,791)**	(6,306)
	325,866	346,960

Amount expected to be recovered within 12 months	**124,894**	134,842
Amount expected to be recovered after more than 12 months	**200,972**	212,118
	325,866	346,960

The future lease payments under non-cancellable leases are disclosed in note 4.6(a).

3.0 OPERATING ASSETS AND LIABILITIES (continued)

3.4 Trade receivables and other assets

Recognition and measurement

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

Collectability of trade receivables is disclosed as part of credit risk. Refer to note 4.2.

	Consolidated	
	2022 $'000	**2021 $'000**
Net trade receivables		
Trade receivables	**57,958**	47,562
Expected credit loss provision	**(3,196)**	(2,311)
	54,762	45,251
Sundry debtors	**10,765**	6,999
Prepayments	**4,725**	6,031
Total trade receivables and other assets	**70,252**	58,281

A significant portion of the above amounts are expected to be recovered within 12 months. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

3.5 Trade and other liabilities

Recognition and measurement

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid.

	Consolidated	
	2022 $'000	**2021 $'000**
Trade payables	**51,160**	37,053
Customer related liabilities	**1,513**	2,491
Accrued expenses	**10,589**	7,775
Current tax liabilities	**3,934**	4,868
Maintenance income received in advance	**12,141**	23,346
Other payables	**58,126**	45,179
Deferred revenue	**11,155**	11,952
Total trade and other liabilities	**148,618**	132,664

	Consolidated	
	2022 $'000	**2021 $'000**
Amount expected to be settled within 12 months	**148,618**	132,664
Total trade and other liabilities	**148,618**	132,664

3.0 OPERATING ASSETS AND LIABILITIES (continued)

3.6 Lease liabilities

Recognition and measurement

Lease liabilities are measured at the present value of the lease payments to be made over the lease term as at the commencement of the lease. The present value is calculated by discounting the lease payments using the lessee's incremental borrowing rate.

The incremental borrowing rate is the rate that the Group would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment, with similar terms, security and conditions. Application of the incremental borrowing rate is adopted where the interest rate implicit in the lease cannot be readily determined, which is generally the case for leases in the Group.

Lease payments due within the next 12 months are recognised within current lease liabilities; payments due after 12 months are recognised within non-current lease liabilities. Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest expense on the lease liability is a component of finance cost and presented in the statement of profit or loss.

The Group leases buildings and equipment. Lease liabilities include the net present value of the following lease payments:

- Fixed payments, less any lease incentives receivable; and
- Payments of penalties for the termination of the lease, if the lease term reflects the lessee exercising that option.

(i) Maturity analysis - contractual undiscounted cash flow

	2022 $'000	**2021 $'000**
Less than one year	**2,698**	4,387
One to five years	**3,598**	11,156
More than five years	**460**	7,685
Total undiscounted lease liabilities as 30 September	**6,756**	23,228

(ii) Lease liabilities included in the statement of financial position at 30 September

Lease payments due within 12 months	**2,379**	3,485
Lease payments due after more than 12 months	**3,687**	15,970
	6,066	19,455

(iii) Amounts recognised in profit or loss

Lease liabilities interest	**(528)**	(886)
Income from sub-leasing right-of-use assets	**48**	94

(iv) Amounts recognised in statement of cash flow

Financing cash outflow relating to the principal portion of lease payments	**2,974**	2,696
Operating cash outflow relating to the interest expense portion of lease payments	**529**	956
Total cash outflow for leases	**3,503**	3,652

3.0 OPERATING ASSETS AND LIABILITIES (continued)

3.7 Intangibles

Recognition and measurement

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired controlled entities at the date of acquisition. Goodwill on acquisitions of controlled entities is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to a cash-generating unit (CGU) for the purpose of impairment testing. The allocation is made to those CGUs that are expected to benefit from the business combination in which the goodwill arose.

Customer relationships and brand names

Other intangible assets include customer relationships and brand names acquired as part of business combinations and recognised separately from goodwill. Customer relationships are amortised over 10 years on a straight line basis. Brand names are amortised over 20 years on a straight line basis.

Software

Software costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

	Brand Names $'000	**Customer relationships $'000**	**Software $'000**	**Goodwill $'000**	**Total $'000**
2022					
Opening net book amount	**1,590**	**8,314**	**18,162**	**444,138**	**472,204**
Additions	**-**	**-**	**5,114**	**-**	**5,114**
Amortisation charge	**(124)**	**(2,933)**	**(4,829)**	**-**	**(7,886)**
Impairment charge - continuing operations	**(1,466)**	**-**	**(696)**	**-**	**(2,162)**
Foreign exchange variation	**-**	**-**	**(499)**	**(9,845)**	**(10,344)**
Closing net book amount	**-**	**5,381**	**17,252**	**434,293**	**456,926**
2022					
Cost	**18,721**	**29,342**	**82,193**	**434,293**	**564,549**
Accumulated amortisation and impairment	**(18,721)**	**(23,961)**	**(64,941)**	**-**	**(107,623)**
Net book amount	**-**	**5,381**	**17,252**	**434,293**	**456,926**

	Brand names $'000	**Customer relationships $'000**	**Software $'000**	**Goodwill $'000**	**Total $'000**
2021					
Opening net book amount	1,714	11,248	16,050	440,294	**469,306**
Additions	-	-	5,832	-	**5,832**
Amortisation charge	(124)	(2,934)	(3,962)	-	**(7,020)**
Foreign exchange variation	-	-	242	3,844	**4,086**
Closing net book amount	1,590	8,314	18,162	444,138	472,204
2021					
Cost	18,721	29,342	80,145	444,138	**572,346**
Accumulated amortisation and impairment	(17,131)	(21,028)	(61,983)	-	**(100,142)**
Net book amount	1,590	8,314	18,162	444,138	472,204

3.0 OPERATING ASSETS AND LIABILITIES (continued)

3.7 Intangibles (continued)

(i) Impairment of assets

For the year ended 30 September 2022, the Group recognised impairments of $1.5 million against brand names and $0.7 million against software upon annual impairment review.

Goodwill and 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 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

For the purpose of annual impairment testing, goodwill is allocated to the following CGUs, which are the units expected to benefit from the synergies of the business combinations in which the goodwill arises.

	Consolidated	
	2022 **$'000**	**2021** **$'000**
Australia Commercial	**282,493**	282,493
Novated	**46,475**	46,475
New Zealand Commercial	**105,325**	115,170
Goodwill allocation at 30 September	**434,293**	444,138

The recoverable amount of each of the Group's CGUs was determined based on value-in-use calculations, consistent with the methods used as at 30 September 2021. These calculations require the use of assumptions, which includes business unit's approved budget and three-year projected cash flows.

Goodwill is reviewed on an annual basis or more frequently if events or changes in circumstances indicate a potential impairment.

The impairment test is applied consistently to all CGUs that have goodwill allocated. The value in use is determined by discounting projected future cash flows. Cash flows are projected based on budgets approved by the Board, with an extrapolation of expected cash flows into perpetuity using the growth rates determined by management.

The following table sets out the key assumptions for each of the Group's CGUs.

	30 September 2022			**30 September 2021**		
	Australia Commercial	**Novated**	**New Zealand Commercial**	**Australia Commercial**	**Novated**	**New Zealand Commercial**
Long term growth rate	2.5%	2.5%	2.0%	2.5%	2.5%	2.0%
Post-tax discount rate	10.50%	11.00%	11.50%	10.50%	11.00%	11.50%

Growth rates are reviewed based on data available in the market and adjusted based on forecast expectations of the industry performance, historical data and risks to these expectations. Long term growth rates are based on target rates of the Reserve Bank of Australia and Reserve Bank of New Zealand while considering the economic data from the International Monetary Fund.

Based on the methodology outlined above, the recoverable amount in New Zealand Commercial, Australia Commercial and Novated CGUs were higher than the carrying amount of those CGUs and therefore no impairment was recognised.

Key estimate and judgement: Impairment of goodwill
The testing of goodwill requires management to make estimates as to the future cash flows of the CGUs. Where the actual cash flows of the CGU are lower than the estimated cash flows, the Group may recognise an impairment on goodwill. To address this risk management tests for likely scenarios which could impact the cash flows of the CGUs and makes an assessment on the likelihood of this to occur based on internal and external data.

4.0 CAPITAL MANAGEMENT

This section provides information relating to the Group's capital structure and its exposure to financial risk, how they affect the Group's financial position and performance, and how the risks are managed. The capital structure of the Group consists of debt and equity.

4.1 Borrowings

Recognition and measurement

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Fair value approximates carrying value in relation to borrowings except for the fixed term loan (refer to note 4.2 for details).

The secured borrowings may be drawn at any time and is subject to annual review. Subject to the continuance of satisfactory credit ratings, the borrowing facilities may be drawn at any time and have an average maturity of 14 months (2021: 15 months).

	Consolidated	
	2022 **$'000**	**2021** **$'000**
Bank loans	**75,000**	96,000
Notes payable	**1,119,195**	1,128,858
Borrowing costs	**(2,573)**	(3,694)
Total secured borrowings	**1,191,622**	1,221,164
Amount expected to be settled within 12 months	**313,631**	334,313
Amount expected to be settled after more than 12 months	**877,991**	886,851
	1,191,622	1,221,164

Bank loans

Bank loans are secured by fixed and floating charge over the assets of the Company and all wholly owned subsidiaries. The carrying amount of assets pledged as security was $187,972,000 (2021: $163,396,000).

On 17 September 2021 the Group refinanced a portion of its bank loans, the facility that was repaid had a maturity date of 25 October 2022. The new facility of $126.0 million consists of a revolving facility of $78.0 million and letter of credit facility of $3.0 million with a maturity date of 1 October 2024 and a term facility of $45.0 million with a maturity date of 1 October 2026. The Group's bank loans include a loan of $30.0 million (2021: $30.0 million) with a maturity of 31 July 2025.

Notes payable

Notes payable are secured by fixed and floating charge over the motor vehicles and equipment that are leased to customers. The carrying amount of assets pledged as security was $1,336,952,000 (2021: $1,347,951,000).

4.0 CAPITAL MANAGEMENT (continued)

4.1 Borrowings (continued)

Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	Consolidated	
	2022	**2021**
	$'000	**$'000**
Loan facilities used at reporting date	**1,194,195**	1,224,858
Loan facilities unused at reporting date	**393,859**	160,766
Total loan facilities available	**1,588,054**	1,385,624

Financial covenants

The Group has complied with financial covenants of its borrowing facilities during the 2022 and 2021 reporting periods.

Reconciliation of movements of liabilities to cash flows arising from financing activities

Liabilities arising from financing activity	Consolidated	
	2022	**2021**
	$'000	**$'000**
Borrowing balance at 1 Oct	**(1,221,164)**	(1,344,992)
Proceeds from borrowings	**(429,591)**	(403,644)
Repayments of borrowings	**429,184**	546,792
Non cash movements		
Foreign exchange	**32,593**	(13,061)
Amortisation of capital borrowing cost	**(2,644)**	(6,259)
Borrowing balance 30 Sep	**(1,191,622)**	(1,221,164)

4.2 Financial risk management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit or loss information has been included where relevant to add further context.

Risk management

The Group's 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 Group is exposed to a variety of financial risks: market risk (this includes foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risk, and ageing analysis for credit risk.

Market risk

(i) *Foreign exchange risk*

The Group operates in Australia and in New Zealand and is exposed to foreign exchange risk arising primarily with respect to the New Zealand dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The Group manages its exposures to the New Zealand dollar by ensuring that its assets and liabilities in New Zealand are predominantly in New Zealand dollars.

For sensitivity measurement purposes, a +/- 10% (2021:10%) sensitivity in foreign exchange rates to the Australian dollar has been selected as this is considered realistic given the current levels of exchange rates, the recent levels of volatility and market expectations for future movements in exchange rates. Based on the financial instruments held at 30 September 2022, had the Australian dollar weakened/strengthened by 10% (2021:10%) against the New Zealand dollar compared to year-end rates, with other variables held constant, the consolidated entity's after-tax profits for the year and equity would have been $3,077,623 (2021: $2,327,673) higher/lower, as a result of exposure to exchange rate fluctuations of foreign currency operations. All foreign exchange risk is due to the translation of the New Zealand entities on consolidation.

4.0 CAPITAL MANAGEMENT (continued)

4.2 Financial risk management (continued)

Market risk (continued)

(ii) *Interest rate risk*

	2022 Weighted average interest rate as at year end %	Balance $'000	2021 Weighted average interest rate as at year end %	Balance $'000
Borrowings				
- Fixed interest rate	7.100%	30,000	7.100%	30,000
- Floating interest rate	4.949%	1,164,195	2.148%	1,194,858
Interest rate swaps (notional principal amount)	1.895%	(1,125,954)	1.174%	(1,134,651)
Unhedged/(Overhedged) variable debt		38,241		60,207

Interest rate risk results principally from repricing risk from the Group lease portfolio and borrowings. The Group's lease receivables are fixed rate lease contracts. The interest rate is fixed for the life of the contract. Lease contracts are typically originated with an average maturity of between four to five years.

The borrowings to fund the leases are variable rate borrowings where the rates are regularly reset to current market rates. Interest rate risk is managed by entering into interest rate swaps, whereby the Group pays fixed rate and receives floating rate.

The Group settles monthly net interest receivable or payable. The Group remeasures the hedging instruments at fair value and recognises a gain or loss in other comprehensive income and deferred to the hedging reserve, where the hedge is effective. It is reclassified into the Income Statement if the hedging relationship ceases. In the year ended 30 September 2022, nil expense was reclassified into profit or loss (2021: nil). The Group recognised a gain on hedge ineffectiveness of $3.8m (2021: $1.7m).

The Group hedges 100% of the lease book that is financed through the Group's funding structures. This 100% hedging strategy results in hedge ineffectiveness where the Group provides funding and no external borrowing is used.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date and assuming that the rate change occurs at the beginning of the financial year and is then held constant throughout the reporting period.

The selected basis points (bps) increase or decrease represents the Group’s assessment of the possible change in interest rates. A positive number indicates a before-tax increase in profit and equity and a negative number indicates a before-tax decrease in profit and equity.

Sensitivities have been based on an increase in interest rates by 100 bps (2021: 100 bps) and a decrease by 100 bps (2021: 100 bps) across the yield curve.

2022		**Interest rate risk**	
	Carrying amount $'000	**-100 bps Profit/equity $'000**	**+100 bps Profit/equity $'000**
Financial assets			
Cash and cash equivalents	238,233	(2,382)	2,382
Finance leases			
- Fixed interest rate	325,866	-	-
Total (decrease)/increase	**564,099**	**(2,382)**	**2,382**
Financial liabilities			
Borrowings			
- Fixed interest rate	30,000	-	-
- Floating rate	1,164,195	11,642	(11,642)
Trade and other liabilities	148,618	-	-
Derivatives used for hedging	(39,679)	(11,260)	11,260
Total increase/(decrease)	**1,303,134**	**382**	**(382)**

4.0 CAPITAL MANAGEMENT (continued)

4.2 Financial risk management (continued)

Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate sensitivity analysis (continued)

	Carrying amount $'000	-100 bps Profit/ Equity $'000	+100 bps Profit/ Equity $'000
Financial assets			
Cash and cash equivalents	226,949	(2,269)	2,269
Finance leases			
- Fixed interest rate	346,960	-	-
Total (decrease)/increase	573,909	(2,269)	2,269
Financial liabilities			
Borrowings			
- Fixed interest rate	30,000	-	-
- Floating rate	1,194,858	11,949	(11,949)
Trade and other liabilities	132,664	-	-
Derivatives used for hedging	5,919	(11,347)	11,347
Total increase/(decrease)	1,363,441	602	(602)

Credit risk

The recoverability of finance lease receivables and trade and other receivables is reviewed on an ongoing basis. A loss allowance account (provision for impairment) is recognised when there is a difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows the Group expects to receive (ie all cash shortfalls), discounted at the original effective interest rate.

To manage credit risk the Group has a credit assessment process. Leases are provided to novated and commercial customers. Credit underwriting typically includes the use of either an application scorecard and credit bureau report or a detailed internal risk profile review, including a review of the customer against a comprehensive credit database. Internal credit review and verification processes are also used depending on the applicant.

The credit risk function consists of dedicated credit employees who apply the Group's credit and underwriting policy within specific approval authorities. The credit risk team monitors the performance of the portfolio and considers the macro environment to manage exposure to specific clients and specific sectors. The Group has a specialist collections function, which manages all delinquent accounts.

The provision for impairment under AASB 9: Financial Instruments applies to the Group's net investment in finance lease receivables and trade and other receivables. The Group will recognise provision for impairments using the simplified approach and record lifetime expected credit losses, as allowed under AASB 9 for lease receivables and trade and other receivables.

Measurement

To measure the expected credit loss (ECL) the group uses a credit loss model developed at a product level based on shared risk characteristics. The key model inputs used in measuring the ECL include:

- Exposure at Default (EAD): represents the calculated exposure in the event of a default. The EAD for finance leases is the principal amount outstanding at reporting date.

- Probability of Default (PD): the development of PDs is developed at a product level considering shared credit risk characteristics. In calculating the PD, 24 months of historical delinquency transition matrices are used to develop a point in time PD estimate.

- Loss Given Default (LGD): the LGD is the magnitude of the ECL in a default event. The LGD is estimated using historical recovery experience.

4.0 CAPITAL MANAGEMENT (continued)

4.2 Financial risk management (continued)

Credit risk (continued)

Macroeconomic scenarios

The assessment of credit risk, and the estimation of ECL, will be unbiased and probability weighted, and incorporate all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable information about future events and economic conditions at the report date. The Group has established a process whereby forward-looking macroeconomic scenarios and probability weightings are developed for ECL calculation purposes. The final probability weighted ECL amount will be calculated from a baseline, an upside scenario and a downside scenario.

The weightings of each scenario as applied for 2022 and 2021 are as below:

Scenario	Expectation	Weighting 2022	Weighting 2021
Base Case	This scenario is reflective of the economy as-is with minor volatility.	60%	50%
Upside	This scenario is reflective of a scenario that is benign as compared to the baseline scenario	20%	-
Downside	This scenario is reflective of an adverse economic period as compared to the baseline scenario	20%	50%

With the onset of COVID-19 the Group adjusted the weighting of the scenario’s to cater for the uncertainty of the financial impact of COVID-19 on the ECL. The uncertainty associated with the effect from COVID-19 is much less compared to the start of the pandemic. The Group has returned to the scenario weightings that were in place prior to COVID-19.

In calculating an ECL the Group includes forward looking information. The Group has identified a number of key indicators that are considered, the most significant of which are unemployment rate, gross domestic product, interest rates and inflation. The predicted relationships between these key indicators and the key model inputs in measuring the ECL have been developed by analysing historical data as part of the model build, calibration and validation process. These indicators are assessed semi-annually. Three possible scenarios are applied: Base Case, Upside and Downside. The forward-looking inputs are applied to the macroeconomic scenarios.

Definition of default

Default is generally defined as the point when the borrower is unlikely to pay its credit obligations in full or the borrower is more than 90 days past due.

Write-off

Balances are written off, either partially or in full, against the related allowance when there is no reasonable expectation of recovery. For all balances, write-off takes place only at the completion of collection procedures, or where it no longer becomes economical to continue attempts to recover. Subsequent recoveries of amounts previously written off decrease the amount of impairment losses recorded in the profit or loss.

Impairment provisions

The Group’s total impairment provisions from 1 October 2021 to 30 September 2022 are set out below, reconciling the opening loss allowance to the closing loss allowance. Except as disclosed in note 1, no significant changes to estimation techniques or assumptions were made during the reporting period.

	Net investment in finance lease receivables $'000	Trade and other receivables $'000
Opening loss allowance as at 1 October 2020	**13,709**	**2,182**
Increase / (Decrease) in loss allowance	(1,476)	1,496
Write-offs*	(5,927)	(1,367)
Opening loss allowance as at 1 October 2021	**6,306**	**2,311**
Increase / (Decrease) in loss allowance	(2,263)	875
(Write-offs) / Recoveries	(252)	10
Closing loss allowance as at 30 September 2022	**3,791**	**3,196**

4.0 CAPITAL MANAGEMENT (continued)

4.2 Financial risk management (continued)

Credit risk (continued)

* Write-offs for finance lease receivables includes a write off of $5.2 million relating to Viewble credit exposures. This amount was fully provided for in 2019 and related to the Eclipx Commercial Finance business that was sold on 13 September 2019.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. To mitigate against liquidity risk, the Group maintains cash reserves and committed undrawn credit facilities to meet anticipated funding requirements for new business. In addition, the Group can redraw against its committed credit limits if the principal outstanding is reduced by the contractual amortisation payments. Details of unused available loan facilities are set out in note 4.1.

Management monitors rolling forecasts of the Group’s liquidity reserve (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows. In addition, the Group’s liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Amounts due to funders are repaid directly by rental and repayments received from the Group’s customers.

The table below analyses the Group’s contractual financial liabilities into relevant maturity groupings. The amounts disclosed below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For interest rate swaps, the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

Contractual maturities of financial liabilities 2022	**Less than 1 year $'000**	**Between 1 and 2 years $'000**	**Between 2 and 5 years $'000**	**Over 5 years $'000**	**Total contractual cash flows $'000**	**Carrying amount $'000**
Non-derivatives						
Trade and other liabilities	**(148,618)**	**-**	**-**	-	**(148,618)**	**(148,618)**
Borrowings	**(359,606)**	**(274,664)**	**(643,733)**	**(26,454)**	**(1,304,457)**	**(1,191,622)**
Provisions	**(5,422)**	**(2,604)**	**-**	-	**(8,026)**	**(8,026)**
Total non-derivatives	**(513,646)**	**(277,268)**	**(643,733)**	**(26,454)**	**(1,461,101)**	**(1,348,266)**
Derivatives						
Interest rate swaps	**12,763**	**13,511**	**10,362**	5,479	**42,115**	**39,679**
Total derivatives	**12,763**	**13,511**	**10,362**	**5,479**	**42,115**	**39,679**

Contractual maturities of financial liabilities 2021	**Less than 1 year $'000**	**Between 1 and 2 years $'000**	**Between 2 and 5 years $'000**	**Over 5 years $'000**	**Total contractual cash flows $'000**	**Carrying amount $'000**
Non-derivatives						
Trade and other liabilities	(132,664)	-	-	-	(132,664)	(132,664)
Borrowings	(352,978)	(273,641)	(599,315)	(38,618)	(1,264,552)	(1,221,164)
Provisions	(7,054)	(2,636)	-	-	(9,690)	(9,690)
Total non-derivatives	(492,696)	(276,277)	(599,315)	(38,618)	(1,406,906)	(1,363,518)
Derivatives						
Interest rate swaps	(7,120)	(833)	2,007	146	(5,800)	(5,919)
Total derivatives	(7,120)	(833)	2,007	146	(5,800)	(5,919)

4.0 CAPITAL MANAGEMENT (continued)

4.2 Financial risk management (continued)

Fair value risk

This section explains the judgements and estimates made in determining the fair values of the assets and liabilities that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its assets and liabilities into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

2022	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets/(liabilities)				
Derivatives used for hedging	**-**	**39,679**	**-**	**39,679**
Total financial assets/(liabilities)	**-**	**39,679**	**-**	**39,679**

2021	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets/(liabilities)				
Derivatives used for hedging	-	(5,919)	-	(5,919)
Total financial assets/(liabilities)	-	(5,919)	-	(5,919)

There were no transfers between levels for recurring fair value measurements during the year. With the exception of the fixed term loan, fair value of financial liabilities and financial assets approximates the carrying value.

The fixed term loan has a carrying value of $30,000,000 and a fair value of $32,029,000.

A description of the level in the hierarchy is as follows:

Level 2: The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an asset or liability are observable, these are included in level 2.

Valuation techniques used to determine fair values
The fair values of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. The fair value of interest rates swaps are included in level 2. No other assets or liabilities held by the Group are measured at fair value.

4.3 Cash and cash equivalents

Recognition and measurement

For the purpose of presentation in the statement of cash flows, 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. Restricted cash, that represents cash held by the entity as required by funding arrangements, is disclosed separately on the statement of financial position and combined for the purpose of presentation in the statement of cash flows.

4.0 CAPITAL MANAGEMENT (continued)

4.3 Cash and cash equivalents (continued)

	Consolidated	
	2022 $'000	2021 $'000
Unrestricted		
Operating accounts	**101,481**	76,443
	101,481	76,443
Restricted		
Collections accounts	**53,557**	66,889
Liquidity reserve accounts	**22,946**	25,691
Vehicle servicing and maintenance reserve accounts	**60,249**	57,926
Cash and bank and on hand	**136,752**	150,506
Total as disclosed in the statement of cash flows	**238,233**	226,949

The weighted average interest rate received on cash and cash equivalents for the year was 1.53% (2021: 0.12%).

Liquidity reserve, maintenance reserve, vehicle servicing, collateral and customer collection accounts represent cash held by the entity as required under the funding arrangements and are not available as free cash for the purposes of operations of the Group until such time as the obligations of each trust are settled. Term deposit accounts are also not available as free cash for the period of the deposit.

4.4 Derivative financial instruments

Recognition and measurement

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) *Cash flow hedges*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in equity are recycled in the statement of profit or loss and other comprehensive income in the periods when the hedged item will affect profit or loss (for instance, when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

(ii) *Derivatives that do not qualify for hedge accounting*

Where a derivative instrument does not qualify for hedge accounting or hedge accounting has not been adopted, changes in the fair value of these derivative instruments are recognised immediately in the statement of profit or loss and other comprehensive income.

(iii) *Derivatives*

Derivatives are only used for economic hedging purposes (to hedge interest rate risk) and not as trading or speculative instruments. The Group has the following derivative financial instruments:

4.0 CAPITAL MANAGEMENT (continued)

4.4 Derivative financial instruments (continued)
Recognition and measurement (continued)

(iii) Derivatives (continued)

	Consolidated	
	2022	**2021**
	$'000	**$'000**
Interest rate swaps - cash flow hedges	**39,679**	(5,919)
Total derivative financial instrument assets/(liabilities)	**39,679**	(5,919)
Amount expected to be settled within 12 months	**12,763**	(7,120)
Amount expected to be settled after more than 12 months	**26,916**	1,201
Total derivative financial instrument assets/(liabilities)	**39,679**	(5,919)

4.5 Contributed equity

Recognition and measurement

Ordinary fully paid 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.

	2022 Shares	**2021 Shares**	**2022 $'000**	**2021 $'000**
Share capital				
Fully paid ordinary shares	**277,578,176**	291,698,011	**578,072**	639,213
Other equity securities				
Treasury shares	**8,722,000**	21,511,183	**-**	-
Total issued equity	**286,300,176**	313,209,194	**578,072**	639,213

Movements in ordinary share capital

	Shares	**$'000**
Opening balance 1 October 2021	291,698,011	639,213
Shares sold to settle equity grants	12,621,490	-
Shares acquired to settle equity grants	(1,242,274)	-
On-market share buy back	(27,053,476)	(63,060)
Exercise of options	1,554,425	1,919
Balance 30 September 2022	277,578,176	578,072

Treasury shares

Treasury shares are shares in Eclipx Group Limited that are held by Eclipx Group Limited Employee Share Trust or by staff under loans. These shares are issued under the Eclipx Group Limited Employee Share scheme and the Executive LTI plan. The shares that have not been settled in cash are funded with a loan and are in substance an option and are reflected with zero value until such time that they are settled in cash so as to exercise the option.

Details	**Number of shares 2022**	**Number of shares 2021**
Opening balance	**21,511,183**	4,545,761
Shares sold to settle equity grants	**(12,621,490)**	(260,367)
Shares acquired to settle equity grants	**1,242,274**	16,922,990
On-market share buy back	**27,053,476**	12,230,298
Shares cancelled	**(26,909,018)**	(11,927,499)
Exercise of options	**(1,554,425)**	-
Closing balance	**8,722,000**	21,511,183

4.0 CAPITAL MANAGEMENT (continued)

4.6 Commitments

a. Lease commitments: Group as lessor

i. Finance leases
Future lease payments due to the Group under non-cancellable leases, are as follows:

	Consolidated	
	2022 **$'000**	**2021** **$'000**
Commitments in relation to finance leases are receivable as follows:		
Within one year	**136,704**	148,659
Later than one year but not later than five years	**226,507**	236,100
Later than five years	**3**	6
	363,214	384,765

ii. Operating leases
Lease payments receivable on leases of motor vehicles are as follows:

	Consolidated	
	2022 **$'000**	**2021** **$'000**
Lease payments under non-cancellable operating leases of motor vehicles not recognised in financial statements are receivable as follows:		
Within one year	**279,694**	255,458
Later than one year but not later than five years	**343,556**	299,560
Later than five years	**10,069**	8,299
	633,319	563,317

b. Contractual commitments for the acquisition of property, plant or equipment

The Group had contractual commitments for the acquisition of property, plant or equipment totalling $47,039,068 (2021: $46,190,161). These commitments are not recognised as liabilities as the relevant assets have not yet been received.

4.7 Dividends

Recognition and measurement

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, before or at the end of the financial year but not distributed at balance date.

Details of dividends paid and proposed during the financial year are as follows:

	Consolidated	
	2022 **$'000**	**2021** **$'000**
Final dividends paid		
Total dividends paid	**-**	-

5.0 EMPLOYEE REMUNERATION AND BENEFITS

Recognition and measurement

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Retirement benefit obligations

The Group makes payments to employees' superannuation funds in line with the relevant superannuation legislation. Contributions made are recognised as expenses when they arise. A total of expense of $4.3 million (2021: $3.8 million) was recognised in the financial year.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Bonus plans

The Group recognises a liability and an expense for bonuses on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

5.1 Share based payments

Share based payments

Share based compensation benefits are provided to employees via the Eclipx Group LTI plan.

The fair value of options and rights granted under the Eclipx Group LTI plan is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options and rights (vesting period).

Non-market and service based vesting conditions are included in the assumptions about the number of options that are expected to become exercisable. At the end of each reporting period, the Group revises its estimate of the number of options that are expected to become exercisable.

The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of profit or loss and other comprehensive income, with a corresponding adjustment to equity.

In the event a share scheme is cancelled, the remaining unexpensed fair value of the original grant for those options still vesting at the date of cancellation is taken as a charge to the statement of profit or loss and other comprehensive income.

Options and rights are subject to the same performance hurdles. The performance hurdles may include individual performance, earnings per share ("EPS") components and a service condition. EPS component is based on the compound annual growth rate ("CAGR") of the Group's earnings per share.

Loan shares

Eclipx Group Limited issued shares to senior management employees of the Group with consideration satisfied by loans to the employees granted by Eclipx Group Limited. These arrangements are considered to be "in substance options" and treated as share-based payments. All loan shares were settled in the year ended 30 September 2021.

5.0 EMPLOYEE REMUNERATION AND BENEFITS (continued)

5.1 Share based payments (continued)

Options

The fair value at grant date is determined using a Black-Scholes Option Pricing Model that takes into account the exercise price; term of the option; share price at grant date; expected volatility of the underlying share; expected dividend yield and the risk free interest rate for the term of the option.

Options do not carry a right to receive any dividends. If options vest and are exercised to receive shares, these shares will be eligible to receive any dividends.

Rights

The fair value at grant date is the difference between the spot price of the underlying asset less the expected present value of the future dividends over the expected life.

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 any dividends.

(i) *Long Term Incentive Plan*

For the year ended 30 September 2022, the following awards were provided under the following employee share ownership plans:

Options and rights

The awards granted will be subject to continuation of service and testing against EPS or individual performance or they will only be subject to remaining in the service of the Group at the time of vesting.

5.0 EMPLOYEE REMUNERATION AND BENEFITS (continued)

5.1 Share based payments (continued)

(i) Long Term Incentive Plan (continued)

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

Loan shares

Grant date	Exercise price	Weighted average exercise price	Balance at start of the year	Granted during the year	Forfeited during the year	Exercised during the year	Unvested balance at end of the year	Vested balance not exercised
			Number	Number	Number	Number	Number	Number
2022								
None								
2021								
25-Sep-14	$1.65	$1.65	7,078,236	-	-	(7,078,236)	-	-

5.0 EMPLOYEE REMUNERATION AND BENEFITS (continued)

5.1 Share based payments (continued)

(i) Long Term Incentive Plan (continued)

Options

Grant date	Expected vesting date	Exercise price	Weighted average exercise price	Balance at start of the year Number	Granted during the year Number	Forfeited during the year Number	Exercised during the year Number	Unvested balance at end of the year Number	Vested option not exercised Number
2022									
08-Nov-17	15-Nov-21	$4.18	$4.18	550,000	-	(550,000)	-	-	-
8-Jan-19	15-Nov-21	$2.54	$2.54	1,220,000	-	(1,220,000)	-	-	-
24-May-19	24-May-22	$1.20	$1.20	9,204,547	-	(1,420,455)	(1,420,456)	-	6,363,636
18-Jul-19	17-Jul-22	$1.60	$1.60	2,356,321	-	-	(1,896,550)	-	459,771
27-Nov-19	27-Nov-22	$1.63	$1.63	12,184,558	-	(1,298,724)	-	10,885,834	-
4-Apr-20	30-Sep-21	$0.75	$0.75	12,157,233	-	-	(12,157,233)	-	-
4-Apr-20	30-Sep-21	$0.85	$0.85	14,212,236	-	-	(14,212,236)	-	-

Grant date	Expected vesting date	Exercise price	Weighted average exercise price	Balance at start of the year Number	Granted during the year Number	Forfeited during the year Number	Exercised during the year Number	Unvested balance at end of the year Number	Vested option not exercised Number
2021									
08-Nov-17	15-Nov-21	$4.18	$4.18	555,000	-	(5,000)	-	550,000	-
24-Aug-18	30-Sep-20	$4.18	$4.18	150,000	-	(150,000)	-	-	-
8-Jan-19	15-Nov-21	$2.54	$2.54	1,240,000	-	(20,000)	-	1,220,000	-
31-May-19	23-May-20	$1.20	$1.20	1,016,184	-	-	(1,016,184)	-	-
24-May-19	24-May-22	$1.20	$1.20	9,204,547	-	-	-	9,204,547	-
18-Jul-19	17-Jul-22	$1.60	$1.60	2,356,321	-	-	-	2,356,321	-
27-Nov-19	27-Nov-22	$1.63	$1.63	12,184,558	-	-	-	12,184,558	-
4-Apr-20	30-Sep-21	$0.75	$0.75	12,157,233	-	-	-	12,157,233	-
4-Apr-20	30-Sep-21	$0.85	$0.85	14,212,236	-	-	-	14,212,236	-

5.0 EMPLOYEE REMUNERATION AND BENEFITS (continued)

5.1 Share based payments (continued)

(i) Long Term Incentive Plan (continued)

Rights

Grant date	Expected vesting date	Balance at start of the year Number	Granted during the year Number	Forfeited during the year Number	Exercised during the year Number	Unvested balance at end of the year Number	Vested not exercised Number
2022							
08-Nov-17	15-Nov-21	145,000	-	(145,000)	-	-	-
24-Aug-18	17-Aug-21	200,000	-	-	(200,000)	-	-
08-Jan-19	15-Nov-21	550,000	-	(260,000)	(205,000)	-	85,000
27-Nov-19	15-Nov-21	198,528	-	-	(144,900)	-	53,628
23-Nov-21	22-Nov-24	-	394,702	(59,097)	-	335,605	-
23-Nov-21	22-Nov-22	-	151,098	(47,277)	-	103,821	-
18-Feb-22	22-Nov-24	-	274,510	-	-	274,510	-

Grant date	Expected vesting date	Balance at start of the year Number	Granted during the year Number	Forfeited during the year Number	Exercised during the year Number	Unvested balance at end of the year Number	Vested not exercised Number
2021							
08-Nov-17	15-Nov-21	157,500	-	(12,500)	-	145,000	-
24-Aug-18	17-Aug-21	200,000	-	-	-		200,000
08-Jan-19	15-Nov-21	560,000	-	(10,000)	-	550,000	-
31-May-19	31-May-20	49,286	-	-	(49,286)	-	-
27-Nov-19	27-Nov-20	428,548	-	-	(428,548)	-	-
27-Nov-19	15-Nov-21	206,940	-	(8,412)	-	198,528	-

5.0 EMPLOYEE REMUNERATION AND BENEFITS (continued)

5.1 Share based payments (continued)

(i) Long Term Incentive Plan (continued)

(i) *Fair value of options granted*

The model inputs for rights granted during FY 2022 and FY 2021 are as follows:

Grant date	**18-Feb-22**	**23-Nov-21**	**23-Nov-21**
Award type	**Rights**	**Rights**	**Rights**
Vesting date	22-Nov-24	22-Nov-24	22-Nov-22
Share price at grant	$2.34	$2.20	$2.20
Exercise price	Nil	Nil	Nil
Dividend yield (p.a)	Nil	Nil	Nil
Fair value per instrument	$2.34	$2.20	$2.20

5.0 EMPLOYEE REMUNERATION AND BENEFITS (continued)

5.1 Share based payments (continued)

(ii) *Expenses arising from share based payment transactions*

Total expenses arising from share based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated	
	2022	**2021**
	$'000	**$'000**
Awards currently issued to employees of controlled entities during the year	**2,971**	4,503

(iii) *Terms and conditions of Share Schemes*

The share based payments issued are subject to vesting conditions described above. Refer to the remuneration report for details of these vesting conditions.

5.2 Key management personnel disclosure

	Consolidated	
	2022	**2021**
	$'000	**$'000**
Short-term employee benefits	**2,342**	2,614
Termination benefits	**432**	-
Post-employment benefits	**128**	134
Long-term employee benefits	**(94)**	17
Share based payments	**1,283**	3,182
	4,091	5,947

6.0 OTHER

6.1 Reserves

Recognition and measurement

Share based payment reserve

The share based payment reserve is used to recognise:
- the fair value of options and rights issued to Directors and employees but not exercised;
- the fair value of shares issued to Directors and employees; and
- other share-based payment transactions.

Cash flow hedge reserve

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income. Amounts are reclassified to profit or loss when the associated hedge transaction affects profit or loss.

Treasury reserve

Treasury shares are unpaid loan shares in Eclipx Group Limited that have been issued as part of the Eclipx Group Share scheme and the Executive LTI plan. See note 5.1 for further information.

Foreign currency translation reserve

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

Dividend reserve

The earnings generated by the Group prior to the write offs and losses on disposal have been transferred to the dividend reserve.

	Consolidated	
	2022 $'000	2021 $'000
Reconciliation of reserves		
Hedging reserve - cash flow hedges (a)	**25,170**	(4,124)
Treasury reserve	**(19,095)**	(8,195)
Foreign currency translation reserve	**(9,429)**	6,845
Share based payments reserve (b)	**31,699**	31,036
Dividend reserve (c)	**158,206**	158,206
Total reserve	**186,551**	183,768

Movements in reserves		
(a) Hedging reserve - cash flow hedges		
Balance at 1 October	**(4,124)**	(18,039)
Revaluation	**41,370**	19,760
Deferred tax	**(12,076)**	(5,845)
Balance as at 30 September	**25,170**	(4,124)

(b) Share based payments reserve		
Balance at 1 October	**31,036**	27,857
Awards issued to employees of controlled entities during the year	**2,971**	4,503
Employee share scheme cash settlements	**(2,308)**	(1,324)
Balance at 30 September	**31,699**	31,036

6.0 OTHER (continued)

6.1 Reserves (continued)

	Consolidated	
	2022 **$'000**	**2021** **$'000**
(c) Dividend reserve		
Balance at 1 October	**158,206**	158,206
Balance at 30 September	**158,206**	158,206

6.2 Parent entity information

(ii) *Summary financial information*

The individual financial statements for the parent entity show the following aggregate amounts:

	Consolidated	
	2022 **$'000**	**2021** **$'000**
Statement of financial position		
Current assets	**163**	162
Non-current assets	**448,190**	524,423
Total assets	**448,353**	524,585
Current liabilities	**(487)**	(581)
Non-current liabilities	**(85,615)**	(103,904)
Total liabilities	**(86,102)**	(104,485)
Shareholders equity		
Issued share capital	**578,072**	639,213
Reserve	**104,290**	100,685
Retained earnings	**(320,111)**	(319,798)
	362,251	420,100
Profit/(loss) for the year	**(313)**	(267)

(iii) *Guarantees entered into by the parent entity*

As at 30 September 2022 there were cross guarantees given by Eclipx Group Limited, Pacific Leasing Solutions (Australia) Pty Limited, Leasing Finance (Australia) Pty Limited, Fleet Holding (Australia) Pty Limited, PLS Notes (Australia) Pty Limited, Fleet Partners Pty Limited, Fleet Aust Subco Pty Limited, Fleet Partners Franchising Pty Limited, Car Insurance Pty Limited, FleetPlus Holdings Pty Limited, Fleet Choice Pty Ltd, FleetPlus Pty Limited, FleetPlus Novated Pty Limited, PackagePlus Australia Pty Limited, Eclipx Insurance Pty Ltd, CarInsurance.com.au Pty Ltd, Leasing Finance Services Pty Ltd and Accident Services Pty Ltd.

No liability was recognised by the parent entity or the consolidated entity in relation to the above guarantee as the fair value of the guarantee is immaterial.

6.0 OTHER (continued)

6.2 Parent entity information (continued)

(iv) *Contingent liabilities of the parent entity*

The parent entity did not have any contingent liabilities as at 30 September 2022 or 2021. For information about guarantees given by the parent entity, see above.

6.3 Related party transactions

(i) *Controlling entity*

The parent entity of the Group is Eclipx Group Limited.

(ii) *Interest in other entities*

The controlled entities of the Group listed below were wholly owned during the current and prior year, unless otherwise stated:

Australia

Fleet Aust Subco Pty Ltd
Pacific Leasing Solutions (Australia) Pty Ltd
Leasing Finance (Australia) Pty Ltd
PLS Notes (Australia) Pty Ltd
Fleet Holding (Australia) Pty Ltd
Fleet Partners Pty Ltd
FleetPlus Holdings Pty Limited
FleetPlus Pty Ltd
FleetPlus Novated Pty Ltd
PackagePlus Australia Pty Ltd
Equipment Finance Holdings Pty Ltd
FP Turbo Series 2021-1 Trust
FP Turbo Series 2016-1 Trust
FP Turbo EV Warehouse Trust 2021-1
FP Turbo Trust 2007-1 (Australia)
FP Turbo Series 2014-1 Trust
FP Turbo Warehouse Trust 2014-1 (Australia)
Fleet Partners Franchising Pty Ltd
Eclipx Insurance Pty Ltd
CarInsurance.com.au Pty Ltd
Car Insurance Pty Ltd
Fleet Choice Pty Ltd
Accident Services Pty Ltd
FP Turbo Government Lease Trust 2016-1
FleetPlus Asset Securisation Pty Ltd (a)
Leasing Finance Services Pty Ltd
Eclipx - MIPS Member Finance Trust
FP Turbo Warehouse Trust 2021-1

New Zealand

FleetPlus Ltd (NZ)
Eclipx NZ Ltd
Fleet NZ Limited
Eclipx Pacific Leasing Solutions (NZ) Limited
Eclipx Leasing Finance (NZ) Limited
PLS Notes (NZ) Ltd
FP Ignition 2017 B Trust
Fleetpartners NZ Trustee Ltd
Truck Leasing Ltd
FP Ignition Trust 2011-1 New Zealand
FleetPartners NZ Trust
FPNZ Warehouse Trust 2015-1
FP Ignition 2017 Warehouse Trust
Eclipx Fleet Holding (NZ) Ltd

(a) The Group does not have control of FleetPlus Asset Securisation Pty Ltd.

(iii) *Transactions with other related parties*

Except for the matters disclosed above, there were no material transactions with other related parties.

6.0 OTHER (continued)

6.4 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Group.

	Consolidated	
	2022	**2021**
	$	**$**
(a) Audit and assurance services		
Audit Services		
KPMG Australian firm:		
Audit and reveiw of financials	**1,007,300**	1,160,470
(b) Non-audit services		
KPMG Australian firm:		
Other	**-**	8,000
Total remuneration for non-audit services for KPMG	**-**	8,000
Total remuneration for KPMG	**1,007,300**	1,168,470

6.5 Deed of cross guarantee

Eclipx Group Limited, Pacific Leasing Solutions (Australia) Pty Limited, Leasing Finance (Australia) Pty Limited, Fleet Holding (Australia) Pty Limited, PLS Notes (Australia) Pty Limited, Fleet Partners Pty Limited, Fleet Aust Subco Pty Limited, Fleet Partners Franchising Pty Limited, Car Insurance Pty Limited, FleetPlus Holdings Pty Limited, Fleet Choice Pty Ltd, FleetPlus Pty Limited, FleetPlus Novated Pty Limited, PackagePlus Australia Pty Limited, Eclipx Insurance Pty Ltd, CarInsurance.com.au Pty Ltd, Leasing Finance Services Pty Ltd and Accident Services Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, pursuant to ASIC Corporations (Wholly Owned Companies) Instrument 2016/785, the wholly owned entities have been relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and Directors' reports.

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

6.0 OTHER (continued)

6.5 Deed of cross guarantee (continued)

Set out below is a statement of profit or loss and other comprehensive income for the year of the Closed Group.

	Consolidated	
	2022	**2021**
	$'000	**$'000**
Statement of profit or loss and other comprehensive income		
Revenue from continuing operations	**455,137**	424,803
Cost of revenue	**(248,381)**	(237,051)
Lease finance costs	**(19,474)**	(26,695)
Net operating income before operating expenses and impairment charges	**187,282**	161,057
Impairment losses on loans and receivables	**594**	(1,129)
Software Impairment	**(696)**	-
Other Intangible Impairment	**(1,466)**	-
Total impairment	**(1,568)**	(1,129)
Employee benefit expense	**(51,992)**	(45,071)
Depreciation and amortisation expense	**(8,828)**	(9,379)
Operating overheads	**(14,302)**	(18,764)
Total overheads	**(75,122)**	(73,214)
Operating finance costs	**(6,078)**	(14,740)
Profit before income tax	**104,514**	71,974
Income tax expense	**(32,045)**	(21,633)
Profit for the year, net of tax	**72,469**	50,341
Other comprehensive income, net of tax	**21,245**	7,177
Total comprehensive income for the year	**93,714**	57,518

6.0 OTHER (continued)

6.5 Deed of cross guarantee (continued)

Set out below is a consolidated statement of financial position as at reporting date of the Closed Group.

	Consolidated	
	2022	**2021**
	$'000	**$'000**
ASSETS		
Cash and cash equivalents	**65,591**	56,087
Restricted cash and cash equivalents	**103,003**	108,725
Trade and other receivables	**57,023**	46,481
Inventory	**5,571**	13,353
Finance leases	**310,232**	323,802
Operating leases reported as porperty, plant and equipment	**482,893**	462,508
Property, plant and equipment	**1,296**	1,810
Receivables - advances to related parties	**84,256**	108,838
Right-of-use assets	**2,954**	4,691
Intangibles	**344,430**	347,921
Derivative financial instruments	**25,629**	-
Total assets	**1,482,878**	1,474,216
LIABILITIES		
Trade and other liabilities	**82,433**	100,783
Provisions	**7,049**	7,169
Derivative financial instruments	**-**	7,398
Borrowings	**814,793**	834,105
Lease liabilities	**3,822**	6,025
Payable - advances from related parties	**37,707**	16,202
Deferred tax liabilities	**15,617**	2,636
Total liabilities	**961,421**	974,318
Net assets	**521,457**	499,898
EQUITY		
Contributed equity	**578,072**	639,213
Reserves	**175,367**	165,136
Retained earnings	**(231,982)**	(304,451)
Total equity	**521,457**	499,898

6.0 OTHER (continued)

6.6 Reconciliation of cash flow from operating activities

	Consolidated	
	2022 $'000	**2021 $'000**
Profit after tax for the year	**103,317**	75,950
Depreciation and amortisation	**171,908**	180,028
Amortisation of capitalised borrowing costs	**2,644**	6,259
Credit impairment provision release	**(1,537)**	(440)
Impairment expenses	**2,162**	-
Share based payments expense	**2,971**	4,503
Unwind on contingent consideration	**-**	(107)
Fleet and stock impairment release	**(569)**	(2,190)
Disposal of assets	**1,512**	-
Net gain on sale of non-current assets	**(78,455)**	(53,603)
Hedging gain	**(3,840)**	(1,745)
Exchange rate variations on New Zealand cash and cash equivalents	**5,950**	(2,290)
Net cash inflow from operating activities before change in assets and liabilities	**206,063**	206,365
Change in operating assets and liabilities:		
(Increase)/Decrease in trade and other receivables	**(12,196)**	2,868
Principal settlement of finance leases	**148,016**	164,559
Settlement of Inventory	**(39,702)**	(30,366)
Increase in deferred tax liabilities	**19,210**	29,722
Increase in trade and other liabilities	**4,246**	22,598
Decrease in current provisions	**(1,036)**	(96)
Increase in other current liabilities	**2,661**	1,274
Net cash inflow from operating activities	**327,262**	396,924

6.7 Events occurring after the reporting period

Except for the matters disclosed above, no other matters or circumstances that occurred since the end of the reporting period that may materially affect the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

Directors' Declaration

In the opinion of the Directors of Eclipx Group Limited (Group):

(a) The consolidated Financial Statements and notes of the Group that are set out on pages 31 to 79 are in accordance with the Corporations Act 2001, including:

  (i) Giving a true and fair view of the Group's financial position as at 30 September 2022 and of its performance for the financial year ended on that date; and

  (ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

(c) There are reasonable grounds to believe that the Group and the group entities identified in Note 6.5 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785.

(d) 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 for the financial year ended 30 September 2022.

(e) The Directors draw attention to note 1 of the consolidated financial statements which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Gail Pemberton

Gail Pemberton
Chairperson

Sydney

Independent Auditor's Report

To the shareholders of Eclipx Group Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Eclipx 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 September 2022 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 September 2022;
- Consolidated statement of profit or loss and 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
- 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 Group 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 (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

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

- Valuation of goodwill
- Setting of vehicle residual values
- Revenue recognition in relation to 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 ($434.3m)

Refer to Note 3.7 Intangibles to the Financial Report

The key audit matter	**How the matter was addressed in our audit**
A key audit matter was the Group's annual testing of goodwill for impairment, given the size of the balance (being 21% of total assets) and the higher estimation uncertainty continuing from the business disruption impact of the COVID-19 global pandemic. The ongoing supply chain constraints which resulted from the COVID-19 pandemic, impacting the realisation of new business writings into cashflows was a key factor of this. Key judgements included significant forward-looking assumptions the Group applied in their value in use models, including: • forecast cash flows, growth rates and terminal growth rates – the Group has experienced business disruption with a supply shortage of new vehicles. This has resulted in lower new business writings but higher lease extensions, which is increasing margins earned. Demand for second-hand vehicles increased, resulting in increasing end of lease income which began to stabilise towards the end of the year. These conditions and the uncertainty of their continuation increase the estimation uncertainty in the impairment assessment, plus the risk of a significantly wider range of possible outcomes for us to consider. We focused on the expected rate of recovery of global supply chain disruption, future levels of second-hand motor vehicle prices and what the Group considers as their future	Our procedures included: • We assessed the Group's determination of CGU assets for consistency with the assumptions used in the forecast cash flows and the requirements of the accounting standards. • We considered 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. • We assessed the integrity of the value in use model used, including the accuracy of the underlying calculation formulas. • We met with management/those charged with governance to understand the continued impact of COVID-19 to the Group and the ongoing impact of global supply shortages of new vehicles on the Group's business and the expected financial results as supply is restored and orders are fulfilled. • We compared the forecast cash flows contained in the value in use model to the Group's budget approved by the Board. • Using our knowledge of the Group, its past performance and its industry, we challenged the Group's cash flow forecast and growth assumptions, including those relating to the ability to write new business going forward and the level at which increased second- hand motor vehicle prices would impact end-of-lease income. .

business model when assessing the feasibility of the Group's forecast cashflows; and - discount rates, which are complex in nature and may vary according to the conditions and the environment the specific CGUs are subject to from time to time. - We involved valuation specialists to supplement our senior audit team members in assessing this Key Audit Matter.	- We assessed the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the model. - We considered the sensitivity of the model by varying key assumptions, such as forecast growth rates, terminal growth rates, discount rates and end-of-lease sales, within a reasonably possible range. We considered the interdependencies of key assumptions when performing the sensitivity analysis and what the Group consider to be reasonably possible. We did this to identify those CGUs at higher risk of impairment and those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures. - Working with our valuation specialists we challenged the Group's growth assumptions in light of the expected continuation of uncertainty of business disruption. We compared forecast growth rates and terminal growth rates to authoritative published studies of industry trends and expectations, and considered differences for the Group's operations. - Working with our valuation specialists we independently developed a discount rate range considered comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the Group and the industry it operates in. - We assessed the disclosures in the Financial Report using our understanding of the Group obtained from our testing against the requirements of the relevant accounting standards.

Setting of vehicle residual values

Refer to Critical Accounting Estimates and Assumptions and disclosures over residual values in the context of property, plant and equipment in Note 3.1 Property, plant and equipment in the Financial Report.

The key audit matter

Residual value setting relating to fleet vehicles is a Key Audit Matter due to:

- the significant audit effort required and the high degree of judgement applied by us in assessing the Group's valuation of residual values;
- the flow on impact residual value setting has on a number of key accounts in the Group's Financial Report, including vehicle depreciation and impairment; and
- the timing of revenue recognition across the term of a lease may be affected by setting different residual values as it impacts the level of revenue recognised during the term of the lease compared to at the end of the lease.

Key judgements included vehicle impairment testing as well as the robustness of the residual value setting process as indicators of the Group's ability to set accurate residual values.

In particular, we considered the Group's following significant judgements used in the vehicle impairment model:

- expected forecast residual value at the end of the lease term, in particular how the continuing economic impacts of the COVID-19 pandemic may alter residual values;
- periodical future lease-related fee cash flow assumptions; and
- assumptions on the timing and future condition of vehicles returned at the end of the lease, and associated cash flows.

How the matter was addressed in our audit

Our procedures included:

- Understanding the process by which residual values are set by the Group and testing a sample of key controls over the Group's residual valuation process, such as the monthly review and approval of residual value changes by senior management.
- Comparing a sample of approved residual value changes to the-residual values in the lease system.
- Assessing the Group's judgement on future lease-related fee cash flows and end of lease cash flow assumptions. The assessment is based on the expected timing and future condition of returned vehicles applied in the Group's vehicle impairment model, including the continuing economic impact of COVID-19 on the extension of leases and comparing the estimated cash flows to the historical cash flow experience for a sample of previous leases.
- Assessing the forecast sales prices ascribed to vehicles at the end of their lease and the associated cash flows against recent prices achieved and trends in the market. Our procedures included comparing the continuing impact of supply chain constraints on used vehicle sales prices against publicly available industry and market data.
- Assessing the Group's ability to forecast vehicle residual values by selecting a statistical sample of vehicles disposed of during the year. We compared the sale price achieved to sales invoices for accuracy, and then compared it to the recorded written down values as assessed in prior periods, enabling us to assess the ability of the Group to accurately estimate values of assets forecast into the end of the lease term.

	● Comparing a sample of the current recorded residual value of vehicles against the current market value of those vehicles sourced from an independent database of used vehicle valuations.

Revenue recognition in relation to maintenance income ($102.8m – maintenance and management income)

Refer to Note 2.2 Revenue to the Financial Report

The key audit matter	**How the matter was addressed in our audit**
Maintenance income, which is a component of maintenance and management income presented in Note 2.3 of the financial report, includes a high level of estimation and accounting complexity. This area is a Key Audit Matter due to increased audit effort arising from: • Stage of completion accounting which inherently requires judgement by the Group to determine where in the lifecycle of maintenance the vehicle is at reporting date, along with potential re-estimations of total lifecycle maintenance. • Increased estimation uncertainty particularly in forecasting the timing and cost of lifetime maintenance services, taking into consideration any changed customer behaviours from the economic impacts of the COVID-19 pandemic, compared to historic patterns. • The Group's key assumptions of the average age, term and usage of the vehicle fleet, as well as the proportion of maintenance costs incurred compared to expected for the vehicle type.	Our procedures included: • Assessing the Group's revenue recognition policy against relevant accounting standards. • Recalculating and assessing the Group's estimates of the stage of completion of the contracted maintenance for a sample of leased assets. We checked the mathematical accuracy of the stage of completion model. For a sample of maintenance leases, we checked the average age, term and usage assumptions in the model for consistency with the servicing and maintenance profile, which is based on internal lease portfolio statistics of the vehicle type. The completeness and accuracy of these statistics of the internal lease portfolio was assessed through the testing of relevant IT application controls. • Challenging the Group's judgement in determining the key assumptions by comparing the average cost of lifetime maintenance activities performed to publicly available market costs of servicing vehicles. • We assessed the disclosures in the financial report against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in Eclipx 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.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report, and the Remuneration Report. The About Eclipx Group, The Chairman's Letter, Chief Executive Officer's Letter, Business Overview, Year in Review, Environmental Social and Governance, Board of Directors, Corporate Directory and Shareholder Information sections of the Annual Report are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will 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: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Eclipx Group Limited for the year ended 30 September 2022, 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 17 to 30 of the Directors' report for the year ended 30 September 2022.

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

KPMG

KPMG

Peter Zabaks

Partner

Sydney

6 November 2022