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## ASX Release

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### ECLIPX GROUP 2023 ANNUAL GENERAL MEETING CHAIR'S ADDRESS

In accordance with the Listing Rules, please see attached the address to be delivered by the Chair of Eclix Group Limited (ASX: ECX), Gail Pemberton, at this morning's Annual General Meeting held in Sydney, Australia.

This announcement has been authorised by the Board of Directors.

## ENDS

<b>Authorised by:</b> Damien Berrell Chief Financial Officer and Company Secretary	<b>Investor enquiries</b> Damien Berrell Chief Financial Officer and Company Secretary <a href="mailto:Damien.berrell@eclix.com">Damien.berrell@eclix.com</a> +61 4 5735 7041
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## ECLIPX GROUP 2023 ANNUAL GENERAL MEETING

### CHAIR'S ADDRESS

Good morning, my name is Gail Pemberton, Chair of the Board of Directors of Eclipx Group Limited and Chair of this Meeting.

Ladies and gentleman, it is now 9:00am, the appointed time for the holding of the Meeting. I am advised by the Company Secretary that the necessary quorum is present.

I therefore have the pleasure in declaring the Annual General Meeting of the shareholders of Eclipx open and I thank you for attending.

I will commence the proceedings today by acknowledging the Gadigal people of the Eora Nation, the traditional owners of this land, and pay my respects to Elders past, present and emerging.

This morning, I will provide a brief overview of our business and achievements during FY22.

Our Chief Executive, Julian Russell, will then give an update on our business, and subsequently pass across to our Incoming Chief Executive, Damien Berrell, to provide an update on the expectations for FY23, post our first quarter performance.

There will then be time for questions from shareholders when we move on to the formal business of the meeting and the resolutions for your consideration.

I welcome our Independent Non-Executive Directors here today:

- Linda Jenkinson;
- Russell Shields;
- Fiona Trafford-Walker;
- Cathy Yuncken; and
- Trevor Allen.

We also welcome:

- Julian Russell – Chief Executive Officer;
- Damien Berrell – Chief Financial Officer and Company Secretary;
- Peter Zabaks, from KPMG, Eclipx's Auditor;
- Andrew Martin, Returning Officer for today's Meeting from Link Market Services, Eclipx's share registry;

I would also like to welcome our Executive Team joining us here today.

In designing and delivering our strategy, there is no substitute for having a best-in-class Executive Team and Board.

Since the commencement of Simplification in 2019, the Group has developed a market-leading Executive team who have demonstrated their track record through successful strategic implementation.

A critical workstream for the Group, in both the development of our Executive team and strategic planning, is our ongoing approach to succession planning.

### **CEO succession**

At the time of our FY22 results, the Group advised that our Chief Financial Officer, Damien Berrell, would succeed our Chief Executive, Julian Russell following this AGM.

When Julian joined the Group, it faced significant financial and strategic uncertainty. Despite these challenges, and the subsequent emergence of COVID-19, Julian led the successful execution of the Simplification Plan resulting in a de-risked capital structure, higher quality of earnings, significantly lower costs and a disciplined focus on capital allocation.

As part of this Group transformation, the Executive team was renewed adding significant experience, technical capabilities and sector expertise. This paved the way for Strategic Pathways, a strategy designed and led by both Julian and Damien, which has driven a significant uplift in commercial intensity, including demonstrated profitable market share gains in target markets and increased customer and employee engagement scores.

With these strong strategic foundations now in place, and the commencement of the three-year Accelerate program, it was determined that it was a logical time for leadership succession. In recent months, Julian has been transitioning the leadership to Damien, and has been retained to provide ongoing support to the Board of Directors and Damien until September 2023.

Damien has over twenty years' experience in the domestic and international non-bank financial institutional space, with the majority of his career in senior leadership positions of highly successful fleet leasing businesses. He was appointed as ECX CFO shortly after being hired from a competitor in early 2020. At that competitor, Damien played a leading role in repositioning the business including the implementation of fleet ERPs and the re-engineering of their operational processes, experience which is highly relevant to the Accelerate program.

As part of Damien's move into CEO and Managing Director, James Owens has been appointed to Group CFO. James is currently the Group's Chief Strategy Officer and prior to that was a partner at KPMG, specialising in a range of transaction services, with a heavy focus on mergers & acquisitions. At his time at KPMG, James was involved in over 150 acquisition and capital markets transactions, and brings significant acquisition execution experience to our Group, which is highly relevant to the Group's near-term strategy.

I will come back to our strategic progress shortly, but first I will talk through the FY22 performance highlights.

## **FY22 performance highlights**

Turning to slide 8, 2022 was a highly disruptive year with the continuation of the COVID health crisis.

Despite this disruption, the Group has seen continued financial and strategic momentum during FY22. The Group delivered outperformance across all key metrics, including another record NPATA of \$110.8 million, up 29% year on year.

The Group's financial outperformance was driven by strong growth in net operating income up 13%, supported by NOI margin expansion and the profitable sales of our end of lease vehicles into an abnormally strong used vehicle market.

The Group maintained a flat operating expense profile with great discipline, despite a challenging inflationary environment. The strong NOI and operating expense profile has contributed to heightened organic cash conversion of 113%, which in turn has enabled a further strengthening of our balance sheet.

The financial position of the Group has never been stronger, finishing FY22 in a net cash position of \$26 million. A stronger balance sheet has provided us with greater flexibility to allocate capital for permanent Earnings Per Share (EPS) expansion opportunities including Strategic Pathways, Accelerate and the Group's Capital Management Program.

The Group declared a capital return to shareholders of \$72 million for FY22 in the form of an on-market share buy-back program. That is equivalent to a dividend pay-out ratio of approximately 65% of our \$110.8 million NPATA.

The on-market share buy-back was selected as the best alternative mechanism for a return of capital to shareholders in an absence of distributable franking credits. It is expected that the Group will resume dividends as it accrues franking credits, and in the absence of no superior capital allocation alternative.

While a strengthened balance sheet has enabled the Group to deliver strong capital returns to shareholders, it has also provided greater strategic flexibility to implement our strategy, Strategic Pathways. This strategy is designed to deliver sustainable shareholder value through above system growth in Corporate Fleet, further penetration of the Group's Novated customer base, and to drive operating lease product penetration into Small Fleets. As you have seen from the FY22 results, this strategy has been progressing very well since it was launched two years ago.

As part of Strategic Pathways, the Group recently announced its investment into Accelerate, a program designed to remove duplication through the consolidation of brands, systems and processes. It is expected to deliver \$6 million in annualised run-rate operating expense savings by mid FY25, and allow our group to scale for profitable growth.

Above all, our Group's strategy is focussed on delivering sustainable, long term EPS growth for our shareholders through four primary drivers. Firstly, Strategic Pathways is designed to deliver sustainable top-line growth. The Accelerate program is expected to deliver that top-line growth more efficiently and profitably. The third driver will be EPS enhancement through our ongoing buy-back program, while the fourth driver is our acquisition strategy which remains a critical focus for our Group.

One guiding principle of our Group's strategy is our approach to ESG, which has seen great progress during FY22, outlined on slide 9.

## **Environmental, Social and Governance**

In March 2022, the Group proudly became one of 12 new organisations in Australia to receive a citation by the WGEA as an Employer of Choice for Gender Equality.

In the same month the Group was ranked equal #1 in the ASX300 for female Board representation by the Australian Institute of Company Directors.

In September 2022, the Group's New Zealand business became Toitū carbonreduce certified, while maintaining its Climate Active status in Australia; combined, this makes the Group the first and only fleet management company with both sets of climate certification. Coupled with our partnership with the Clean Energy Finance Corporation, this places the Group in a strong position to support our clients with their ESG and emissions targets, including transitioning fleets to lower emission vehicles.

More recently, the Group has commenced work with Reconciliation Australia to develop their first reconciliation plan – 'Reflect'. This demonstrates the Group's commitment to strengthening relationships between Aboriginal and Torres Strait Islander peoples and non-Indigenous peoples, for the benefit of all Australians.

The Group continues to strive towards best practice in Corporate Governance and Sustainability, and the Board, Executive team and employees are committed to achieving this goal. The Group released its inaugural Group Sustainability Report in December 2022, which outlines our ongoing approach to ESG development and progress in more detail.

## Concluding remarks

Before passing across to Julian, let me conclude with some final remarks about our Group on slide 10.

The COVID-19 health crisis has demonstrated the clear defensive nature and resilience of the Group's business model, from stable revenue to operating expense discipline.

Enhanced financial returns have enabled a significant de-risking in our balance sheet net debt from \$256 million in March 2019 to a net cash position of \$26 million in September 2022.

Since FY19, the Group has delivered a compound annual growth rate (CAGR) in EPS of 73%. If EPS is normalised to remove the temporary over-earning on end of lease sales, the EPS CAGR would be 44%.

Our Group is well positioned to deliver further sustainable EPS growth and shareholder value through Strategic Pathways including the Accelerate program, capital management and our acquisition strategy.

In closing, I would like to express my sincere appreciation to all team members who have contributed to the strong performance of our Group. Their loyalty, resilience and dedication have delivered positive outcomes at Eclix in the face of extraordinary challenges. Also, on behalf of the Eclix Group, I also express my sincere thanks and appreciation to our customers, to you our investors, and to our capital market partners for your continuing support.

I would now like to ask our Chief Executive Officer, Julian Russell to address the meeting.