

15 September 2023

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

2023 Annual Report, Notice of Annual General Meeting and Proxy Form

In accordance with the Listing Rules, SG Fleet Group Limited (ASX: SGF) advises that the 2023 Annual Report, Notice of Annual General Meeting and Proxy Form will be sent to shareholders today. Copies of the documents to be mailed are attached.

The Annual General Meeting will be held virtually on Tuesday, 17 October 2023, commencing at 3.00 pm AEDT. Shareholders can participate in the meeting using the online platform at <http://web.lumiagm.com/326384843> via a computer or mobile device. Relevant instructions are included in the Notice of Meeting.

Tawanda Mutengwa
Company Secretary
SG Fleet Group Limited

SG Fleet Group Limited
Level 2, Building 3, 20 Bridge Street
Pymble, Sydney, NSW 2073 Australia
Locked Bag 1003, Gordon, NSW 2072 Australia

SG Fleet Group

Integrated Mobility

Annual Report 2023

Onward



sgfleet

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About SG Fleet Group Limited

SG Fleet Group Limited is a leading provider of integrated mobility solutions, including fleet management, vehicle leasing, and salary packaging services. We deliver highly efficient products and services to meet our customers' needs in a socially, environmentally, and ethically responsible manner.

The company operates in Australia, New Zealand, and the United Kingdom and has over 270,000 vehicles under management worldwide. SG Fleet listed on the Australian Securities Exchange in March 2014.

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

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

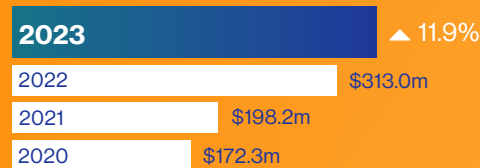
SG Fleet's expertise in low and zero-emission vehicles and the introduction of a number of measures to promote Electric Vehicle (EV) take-up in Australia resulted in significantly increased demand for the company's services during the 2023 financial year. We were able to deploy the EV know-how already accumulated in the United Kingdom in support of our customers' sustainable transport objectives. During the year, SG Fleet also continued to progress the integration of the Australian and New Zealand businesses of LeasePlan Corporation, acquired in the previous financial period. Ongoing in-house innovation activity again brought additional products and services to market, including the DingGo digital accident management platform, charging activity management capabilities for the eStart service, and a refresh of the Inspect365 safety inspection application.

A Year in Numbers

Financial

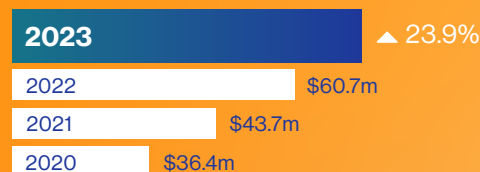
NET REVENUE

\$350.3m



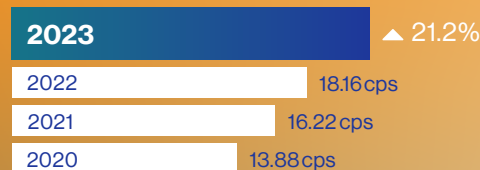
NPAT

\$75.2m



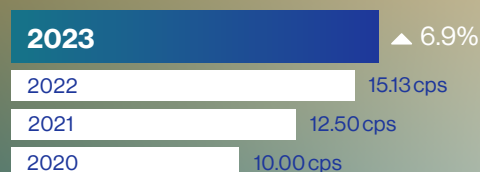
EPS

22.00cps



DIVIDEND

16.18cps



OPERATIONAL

VEHICLES UNDER MANAGEMENT¹

270,000+

INCREASE IN NUMBER OF ZERO
EMISSION VEHICLES MANAGED²

446%

KILOMETRES TRAVELLED BY
MANAGED FLEET²

3.8 billion+

REPAIRS MANAGED¹

510,000+

FUEL AND TOLL
TRANSACTIONS PROCESSED²

18 million+

Our Ambition

To be a trusted partner
in shaping the future of
sustainable mobility

Our Purpose

To solve our customers'
mobility needs
and aspirations

1. Group.
2. AU.



Electric Vehicles – Driving a better mobility future

SG Fleet has been a leader in the battery and fuel cell electric vehicle segments from the very early days of these technologies. Since the appearance of the first EVs in our managed fleet over ten years ago, we have developed our know-how and helped our customers embark on their journey towards more sustainable mobility solutions.



In 2019, we launched the eStart zero emission vehicle transition planning service. eStart wraps up the entire EV universe for our customers, from development of the transition process to the implementation of their EV strategy. Helped by our exceptional access to available vehicle stock and our purchasing power, we take advantage of our unique scale to make this transition efficient and effective.

As is the case with any new technology, there are often challenges, concerns, and misconceptions regarding EVs. As a leader in the field, we see it as our responsibility to inform, educate, and help overcome every one of our customers' challenges. In the 2023 financial year, SG Fleet's EV Drive Days have again been the go-to event for organisations and individuals to get hands-on experience with the newest advances in EV technology and the ever-widening range of models available.

SG Fleet is a driving force in the EV world today and will continue to shape the future of low emission transport. We help set the direction through our representation on the Board of the Electric Vehicle Council in Australia, our membership of Drive Electric in New Zealand, and our recognised position as an EV expert in the UK market, where we won the 2022 Business Car Best Eco Initiative Award for eStart. SG Fleet will also continue to support and participate in ground-breaking new research such as the REVS EV-to-Grid Services project.

SG Fleet continues to innovate and disrupt the mobility market



Australia

A number of developments in Australia led to a dramatic increase in interest in low emission vehicles, particularly in the second half of the 2023 financial year. In November 2022, the Federal Government introduced legislation providing a Fringe Benefits Tax exemption for novated zero- or light-emission vehicles under the Luxury Car Tax threshold. Various States and Territories have added further financial incentives. Since then, SG Fleet's Australian business has seen a dramatic uptick in novated customer enquiries for eligible vehicles, accounting for approximately 40% of all enquiries in the third quarter of the reported period.

There is no doubt this burgeoning interest is more than an incentive-driven, temporary phenomenon. We are witnessing a significant shift in our customers' mindset and buying behaviour, with the importance of adopting cleaner and greener means of transportation increasingly front of mind, both for consumers and organisations. The April 2023 release of Australia's first-ever Electric Vehicle Strategy, which seeks to increase the supply of EVs and establish the required infrastructure to facilitate EV uptake, is likely to increase this momentum further.

While just three years ago, battery electric vehicles accounted for only 1% of new vehicle sales in Australia, that percentage is now approaching double digits. As one of the country's largest vehicle purchasers, SG Fleet is playing a key role in bringing EVs to local drivers, accounting for a significant proportion of new EV registrations nationally.

While interest in low-emission hybrid vehicles had been on the rise for a number of years now, growing by almost 50% as a proportion of SG Fleet's managed Australian fleet since the end of the 2021 calendar year, the sudden acceleration in demand for zero-emission vehicles has been exceptional. The number of EVs in our fleet doubled in the 12 months to December 2022, and then more than tripled in the six months since, buoyed by the Government's incentives. The increase is even more noticeable in the Novated channel, where the number of EVs increased almost five-fold during that period.





New Zealand

While the gap is narrowing, New Zealand's early adopter approach has resulted in a higher uptake of EVs compared to Australia. The NZ Government introduced the Clean Car Discount for consumers in 2021 and the Clean Car Standard, which incentivises the importation of low emission vehicles, in early 2023.

SG Fleet New Zealand informs and educates local organisations about EVs via its Drive Days and its involvement in the yearly NZ Electro Mobility Summit, which showcases electric vehicles, micro-mobility, and charging infrastructure solutions. In addition to its Drive Electric membership, SG Fleet New Zealand also participated in the Sustainable Business Council's Clean Car Accelerator program.



The number of EVs in our New Zealand fleet has grown steadily, doubling over the last 18 months. Interest in low-emission hybrids increased by a similar proportion during that period.



United Kingdom

The UK Government put in place a comprehensive approach for transport electrification several years ago, establishing the Office for Zero Emission Vehicles (OZEV) and outlining its 'Road to Zero' strategy. EV-related incentives include car grants, tax benefits, congestion charge exemptions, and parking benefits, as well as home and workplace charger grants. Companies and consumers have responded positively to these initiatives and EV take-up in the UK is significantly ahead of that in the Australasian region.

SG Fleet UK has established itself as an EV specialist in the local market, getting industry recognition for its know-how and sharing its insights across the entire SG Fleet organisation. This provides us with unique expertise across the full EV lifecycle, an important asset in markets that are still in the early stages of adoption, such as Australia and New Zealand.



At the end of the 2023 financial year, EVs accounted for close to 22% of SG Fleet UK's fleet, and with about 37% of new orders during the period going to EVs, this percentage will continue to increase. A feature of the UK market is the high uptake of light commercial EVs, which account for one third of our UK EV fleet. With light commercial EVs largely unavailable in Australia and New Zealand at the moment, our UK experience in this vehicle class again gives us a head start when helping corporate customers with the electrification of their commercial fleets.

Sustainability Statement

SG Fleet's approach to long-term value creation for all of its stakeholders is driven by the principle that industry-leading environmental, social, and governance ('ESG') behaviours should be integrated into daily business practices. The company established a Sustainability Committee, governed by a Charter, in 2019. In 2021, SG Fleet issued its first Sustainability Statement. The Group's ESG Strategy was launched in 2022, followed by a revised Environmental Policy in 2023.

The 2023 Sustainability Statement outlines the relevant actions taken by the company during the 2023 financial year with respect to the risks identified as material in the Group's ESG Strategy.

ESG Strategy Launch



In August 2022, SG Fleet Group Limited's Board approved the company's first comprehensive ESG Strategy, which was launched for internal and external stakeholders the following month.

The ESG Strategy further optimises how we determine our key ESG risks and how we approach the management of these risks, outlining both current practices and future focus areas. The determination process takes into account the nature of our business operations, which are predominantly the provision of services in an office-based environment.

The ESG Strategy, which will be reviewed on a three-yearly basis, can be found on the Corporate Social Responsibility page of the www.sgfleet.com website.

Governance Structure Enhanced



In December 2022, the company introduced a new ESG governance structure, replacing the Sustainability Committee founded in 2019. The structure reflects the broader scope of our approach under the new ESG Strategy. The ESG Committee's Charter was established in January 2023 and the first quarterly meeting took place in March 2023.

The ESG Committee's primary roles include monitoring the company's adherence to the ESG Strategy, the development of the yearly Action Plans and the verification of their execution, the centralised management of all ESG-related statements, and any reporting to the Board and Executive Committee. The ESG Committee is composed of senior executives responsible for the business areas related to the company's key ESG risks.

ESG Action Plan Development

The first yearly ESG Action Plan, which spanned the second half of the 2023 financial year, was developed in cooperation with internal and external stakeholders in late 2022. New Action Plans will be developed in June of every calendar year and apply to the subsequent financial year period.

The Action Plan consists of a list of initiatives grouped under the Environment, Social, or Governance headings and linked to specific key ESG risks. These initiatives are earmarked to be executed during the period or assessed for potential execution in future periods. Consideration is also given to the relevance of the initiatives for the Group as a whole or for specific jurisdictions.

◆◆ Future Focus

In the 2024 financial year, we will focus on aligning our ESG values across the organisation to take full advantage of the strong commitment of our people to sound ethical behaviours. Part of this will be the organisation of ESG-themed staff events covering environmental, physical and mental health, and diversity topics.

Key Highlights

- Group ESG Strategy, Committee, and Action Plan launch
- Environmental Policy sets emission reduction target
- ✓ UK operations achieve carbon neutral certification



Environment

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

SG Fleet's ESG Materiality Assessment identified the following environmental risks as material to the company:

- Levels of emission impacting the environment

Risks that are perceived as relevant to the wider community, even if not directly material to SG Fleet due to the nature of its business, are:

- Other environmental risks, such as energy consumption levels and waste

Group Environmental Policy

In April 2023, SG Fleet Group Limited's Board approved the company's new harmonised Environmental Policy, which superseded its Environmental Impact and Performance Policy, the corresponding policy of the acquired LeasePlan businesses, and the UK Environmental Policy.



The Policy outlines the company's approach to achieve the following objectives: (a) continually improve its overall environmental performance and management, (b) reduce the Scope 1, 2, and 3 emissions that fall within the boundaries of its environmental impact assessment, and (c) fulfill any compliance obligations.

With regard to the emission reduction objective, SG Fleet aims to reduce emission intensity, measured as tCO₂-e per Full-time Equivalent to take into account growth in the business, by 33% by the end of the 2030 financial year, with the 2023 financial period as the base year.

The execution of the Policy is independent of the company's carbon neutrality status in its various geographies and the company will continuously explore options to further cut emissions and progressively reduce its reliance on carbon offsets to achieve carbon neutrality.

To achieve the above objectives, SG Fleet operates an environmental management system ('EMS'), which is based on global and local standards, including ISO 14001:2018, and all applicable regulations and laws. Several company executives attended training relating to the ISO 14001:2018 standard during the reported period and the company aims to obtain group-wide certification for the standard during the 2024 financial year.

The EMS is comprised of the Environmental Policy, the environmental component of the ESG Action Plan, the ESG Committee governance structure, and all associated monitoring, measurement, management, and reporting activities.

The environmental component of the ESG Action Plan, referred to as the Emissions Reduction Action Plan, or E-RAP, lists environmental initiatives earmarked for execution or assessment during the period. The initiatives are grouped by the relevant risk, the corresponding emissions-producing activity, as well the scope under which these emissions fall. E-RAP focuses in particular on the areas identified as the main contributors to the company's emissions total. As these areas are an integral part of the company's day-to-day operations, the execution of the Environmental Policy and E-RAP, as well as the operation of the EMS, involve the implementation of adjustments to a range of ongoing business practices.

Supporting Eco-diversity

We were thrilled to see the official opening of the Wildbark Visitor Centre in Throsby in November 2022. SG Fleet has been a proud sponsor of the Woodlands and Wetlands Trust in the Australian Capital Territory for some years, offering our support as it continues to provide rich and diverse environments for current and future generations.



Educating and Supporting Our People, Our Customers, and the Community

We believe that we can create a positive environmental impact not only by reducing the company's own footprint, but also by shaping and supporting behaviours with our various stakeholders. In addition to instilling environmentally sound practices in the workplace, we aim to provide our people with information on how to contribute to a more sustainable future in every walk of life. The same objective is also the foundation of the work we do with our customers to support their organisational sustainability objectives.

SG Fleet's core expertise is mobility and during the 2023 financial year, we stepped up the way in which we share our know-how and our operational scale by introducing our customers to the latest advances in electric vehicles and micro-mobility. EV Drive Days proved particularly successful, with multiple sessions organised in Australia and New Zealand during the year. The Drive Days provided our customers with an opportunity to get behind the wheel of a range of electric and hybrid cars and trucks for a test drive, talk to experts about everything organisations need to know about operating and driving an EV, and plan for a new business mobility future with SG Fleet. This initiative, combined with several government incentives, undoubtedly contributed to the five-fold increase in EVs in the company's Australian customer fleet.

The future is multi-modal, and our solutions are not limited to traditional vehicle types. The functionality of alternative modes of transport is increasingly recognised in the personal and delivery transport space, with consumers and companies exploring micro-mobility as an environmentally friendly, viable alternative.

SG Fleet's cooperation with eMobility provider Zoomo offers customers additional options to improve the efficiency of their fleets, both in terms of flexibility and sustainability.

In the 2023 financial year, SG Fleet's expertise in sustainable mobility was again recognised by the industry and its peers, with the company's UK operations winning the coveted Business Car Best Eco Initiative Award for the eStart EV transition solution.



SG Fleet's contribution to a better transport future isn't limited to its day-to-day services. We also actively collaborate with industry bodies and organisations across all of our geographies to inform, foster debate, and break down barriers. In Australia, the company is represented on the Board of the Electric Vehicle Council and an active member of the Australian Hydrogen Council. In New Zealand, we have joined Drive Electric NZ and the Sustainable Business Council. In the UK, we work with the British Vehicle Rental and Leasing Association (BVRLA) to assist with the Government's Road to Zero strategy, sharing our know-how on an industry panel investigating 'second life' EVs and supporting the BVRLA's response to the Financial Conduct Authority's consultation on finance for positive sustainable change.



Future Focus

In future periods, in addition to continuing to make a difference by supporting our stakeholders' environmental objectives, we will widen the scope of our focus. This includes exploring the environmental performance of our premises with landlords, reciprocal participation in our customers' sustainability efforts, and the introduction of specific environmental training modules for our people.

Environment

Emissions

SG Fleet measures its emissions footprint both as direct CO₂ emissions and as the emissions equivalents associated with a range of business or support activities. As an office-based services company, SG Fleet does not directly produce meaningful levels of CO₂ in its day-to-day business operations. We only operate a small internal fleet of vehicles, and the provision of our services does not generally require significant travel or transport.

The main contributors to our emissions equivalent total are IT equipment and services, electricity consumption, staff commuting, and to a lesser extent, waste, direct emissions from our own fleet, and air travel. We continuously explore options to further cut emissions across Scope 1 and 2 and, where under the company's control, Scope 3, with a particular focus on these main contributors

Where possible, we move IT-related equipment and services off premises towards more sustainable solutions to reduce their emissions equivalent impact. Where possible, we also source equipment that includes offsets as part of the purchasing or leasing contract.

During the year, the company has stepped up its efforts to facilitate staff commuting by offering arrangements and facilities that will reduce fuel consumption overall. This includes carpooling clubs, the availability of eBikes, and the installation of bicycle storage shed at our offices.

Energy Consumption

SG Fleet's energy consumption is largely limited to the operation of its office and warehouse locations, including lighting, power sources, and heating. As the integration of premises acquired as part of the LeasePlan businesses continued, we transitioned additional office operations to more energy-efficient solutions and to renewable green energy sources.

At the end of the period, LED lighting and Green Energy arrangements were in place for all offices that will remain part of our network and where we have direct control over lighting and energy set-ups.

The rate of transition of SG Fleet's own fleet to low and zero-emission vehicles accelerated during the period, increasing from 10% at the end of the 2022 financial year to 35% at the end of the 2023 financial year. Use of our on-premises EV chargers increased significantly, in line with the higher proportion of EVs in our own fleet and amongst our staff.

The Australian operations of SG Fleet obtained ClimateActive certification as a carbon neutral organisation during the 2022 financial year. SG Fleet's UK operations achieved carbon neutrality early in the 2023 financial year.



◆◆ Future Focus

SG Fleet aims to accelerate its progress in reducing direct and equivalent emissions by targeting sources within its control, including the sourcing of lower emissions equivalent IT equipment and services.

We will explore new areas to minimise commute-related emissions by introducing shuttle buses where practical, supporting staff EV penetration by upgrading our charging infrastructure, and by offering further incentives to boost the use of eBikes. A new travel policy will also be introduced to ensure air travel is undertaken only when necessary.

The company is also targeting group-wide carbon neutrality status by completing the New Zealand certification currently underway.

◆◆ Future Focus

SG Fleet aims to lower its energy intensity ratio by putting in place additional initiatives to reduce overall energy consumption, including the adoption of 'smart working' set-ups and sensor/timed lighting and air conditioning systems. Where possible, the company continues to explore further opportunities with its landlords to improve the sustainability of its office locations.

Waste

SG Fleet does not produce meaningful quantities of waste for packaging or other purposes, but our aim is to further minimise waste generation in the conduct of our business. Where waste is generated, for example in the operation of offices or disposal of hardware, we explore opportunities to divert waste via the process of recycling triage.

IT assets, including desk and data centre hardware, are recycled wherever possible after extracting optimal, life-time use of the equipment. Company-issued mobile phones are offered for sale to the user, or if unsold, go into our external disposal process, with a third-party provider recycling, refurbishing, re-selling, or securely destroying these and other end-of-life IT assets. In selecting the third-party provider, we assess the company's disposal process and environmental commitments.

While SG Fleet does not dispose of vehicle tyres itself, the company is a member of Tyre Stewardship Australia, whose stated mission is to create productive outcomes for end-of-life tyres and increase the use of locally tyre-derived products. We actively encourage our customers to join this worthwhile scheme.



During the 2023 financial year, recycling facilities were boosted across our offices, including in our Pymble (NSW) Head Office, where the office refurbishment included the installation of additional, designated disposal receptacles.

We also increasingly source eco-friendly, lower-waste alternatives for merchandise and other small items, including bamboo or 'seeded' name badges used for events and conferences.

◆◆ Future Focus

We continue to look at opportunities to further reduce the production of waste and optimise its disposal. In our offices, plastic water bottles will progressively be phased out in favour of reusable containers, and we are exploring targeted recycling of items such as disposable cups and cutlery. Alternative disposal solutions for IT and telephony hardware are also under investigation. Internal items such as business cards and various certificates will be replaced by digital alternatives, as will be various items provided to customers, such as in-car documents and fuel cards, where practicable.



Other Environmental Aspects

While due to the nature of its business, SG Fleet does not utilise a meaningful amount of packaging or other materials such as paper, or consume and discharge significant amounts of water, we do approach the management of any materials and water consumption as an integral part of our overall environmental approach. Accordingly, we continue our efforts to minimise associated impacts.

Since the 2021 financial year, we have reduced paper use across the Group by 38%, despite the business growing substantially as a consequence of the acquisition of LeasePlan ANZ during that period. This was helped further by the introduction of a 'paperless & clean desk' policy in our newly refurbished Pymble head office in the 2023 financial year.

SG Fleet conducts yearly audits on the outsourced wash facilities used for the cleaning of end-of-lease vehicles, monitoring detergent use and water disposal processes.

As an office-based business located in urban areas, SG Fleet's activities have a negligible direct impact on natural habitats.

Social

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

SG Fleet's ESG Materiality Assessment identified the following social risks as material to the company:

- Working conditions (employment) and training
- Occupational health & safety
- Diversity, non-discrimination, and equal opportunity
- Customer privacy and data security

Risks that are perceived as relevant to the wider community, even if not directly material to SG Fleet due to the nature of its business, are:

- Support of indigenous communities
- Human rights, including forced, compulsory, or child labour in the company and its supply chain (Modern Slavery)



Working Conditions

SG Fleet's success as a business and its ability to deliver excellence in services and products to its customers relies on a motivated workforce. Providing a positive environment and optimal work conditions is an essential component of our efforts to support our employees.

During the 2023 financial year, we introduced a number of initiatives to provide a better and more flexible workplace, and increased employment benefits. Our efforts included a state-of-the-art refurbishment of our head office, with social, relaxation, and privacy spaces, additional disabled accessibility and facilities, as well as a greening of the workspace.

As part of SG Fleet's recruitment process, vacancies are evaluated for their suitability for flexible work arrangements and for arrangements other than full time. Eligible employees are able to participate in a 'Purchase Annual Leave' program to assist with balancing family commitments. We also offer employer-funded parental leave, a sick-leave donation program, social activities, and Wellness Days in addition to annual leave entitlements.

◆◆ Future Focus

SG Fleet will continue to implement strategies that support role and work flexibility, including the adoption of workplace arrangements and approaches that reflect a greater awareness of the social impacts of working conditions.





Training

SG Fleet is committed to supporting the continued growth of its people. We have a reputation within the industry of developing the best available talent and expertise. We provide formal and informal advancement and learning opportunities that recognise and grow the ability, capacity, and leadership skills of our people.

In the 2023 financial year, SG Fleet significantly stepped up its training and development activities. In addition to multiple e-learning modules and the various external courses and webinars offered, we launched a General Education Budget, providing financial support to staff wanting to develop their knowledge in areas relevant to their roles. This initiative forms part of a broader Learning Development Policy introduced in the second half of the year.

A strong emphasis was also put on the way we welcome new staff to the workplace. Staff orientation sessions were re-designed, and the improved workplace introduction process was duly recognised with the Brandon Hall Group Gold Medal Award for best new hire onboarding program at the 2023 HCM Excellence Conference.

At various levels of the organisation, we introduced additional development programs, such as the Gear Up manager development modules, and the executive and general manager talent pool frameworks.



◆◆ Future Focus

SG Fleet will continue to investigate opportunities to extend the range of its current training structures, both in terms of training topics and the ability of staff to access training. We will also implement initiatives to optimise the continued education process.

In line with our strong commitment to provide further e-learning opportunities for employees at SG Fleet, we will be providing all of our people with access to the LinkedIn Learning facility, which contains a digital library of over 20,000 courses covering a wide range of technical, business, software, and creative topics.

LinkedIn Learning

Social

Occupational Health and Safety

To champion our people, we place their well-being as our top priority, and foster a cooperative and supportive environment where our teams can thrive. Following several years of significant socio-economic changes and the resulting impact on individuals' lives and workplaces, SG Fleet increased its efforts during the 2023 financial year to ensure it supported the health and mental wellbeing of its people.

In addition to providing our staff with a healthy work environment, we conduct regular e-training on a range of topics that can impact their wellbeing. These modules include sexual harassment prevention, work health and safety awareness, and workplace bullying and occupational violence. In addition to risk mitigation education, we encourage our staff to proactively look after their physical and mental wellbeing. We provide access to a range of staff wellness benefits and activities, such as subsidised gym memberships and on-site classes.

SG Fleet also actively supports others in the community to raise awareness of the importance of good physical and mental health. We are a sponsor of the Men's Health Awareness Ball and the Workplace Wellness Festival.



Safety in the workplace is a core element of our efforts to support the wellbeing of our people and staff regularly participate in relevant e-learning modules. During the year, additional training was provided to first aiders, as well as to those tasked with addressing mental health challenges.

SG Fleet holds ISO45001 OH&S Management certification for parts of its business.

◆◆ Future Focus

We intend to investigate other occupational health and safety aspects within the workplace and in support of our employees outside the workplace and at home. In addition to expanding the mental health training program, we will be offering additional wellbeing benefits and introducing regular delivery of free healthy food options.

Diversity, Equal Opportunity, and Non-discrimination

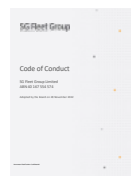
SG Fleet's business success is built on the expertise of its people. We recognise the importance of being an inclusive employer and have a strong commitment to equal opportunity and diversity. This drives the company's ability to attract, retain, and develop the best talent, create an engaged workforce,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

SG Fleet complies fully with the Workplace Gender Equality Act (2012) and is a complying employer with the Workplace Gender Equality Agency. We conduct regular e-training on equal employment opportunity. As at 30 June 2023, the company's workforce was made up of 46% women and 54% men.



In the 2023 financial year, we launched SG Fleet's Women's Network in New Zealand and the United Kingdom, followed by the launch of the Australian Chapter shortly after the end of the year. In March, we held our International Women's Day events, with staff attending Australian HR Institute lunches across various locations to celebrate woman's achievements, raise awareness about discrimination, acknowledge gender inequality, and increase efforts to address it.

We also celebrate the diverse range of cultural backgrounds and experiences of our employees and provide a welcoming work environment that is free from discrimination. During the year, we introduced designated locations for prayer, reflection, and general wellness activities. The company's new intranet also provides a calendar of activities celebrating culturally significant events such as Pride Month, Harmony Week, World Food Day, and others.



SG Fleet's Code of Conduct stipulates compliance with the letter and spirit of a full range of anti-discrimination laws to establish a workplace free from any kind of discrimination. The company conducts regular e-training on discrimination to reinforce awareness and correct behaviours

◆◆ Future Focus

SG Fleet continues to work towards a diverse workforce, including balanced gender representation at Board and Senior Management level. The company intends to widen its diversity focus to other areas, in addition to gender, and ensure that a more diverse representation also translates into actual inclusion of more diverse opinions. We will also investigate further initiatives, including e-learning, that will help break down perceptions that foster discrimination.



Indigenous Communities

SG Fleet is committed to furthering wherever possible the cause of Aboriginal and Torres Strait Islander, Māori, and other indigenous communities in the geographies in which it operates. In addition to offering employment opportunities, the company actively supports indigenous business ventures. We are a proud member of Supply Nation, which aims to promote and support procurement through indigenous organisations and create a more inclusive economy.

As part of the tender process, our procurement staff check the Supply Nation Membership list for any relevant suppliers. Indigenous businesses are then invited to tender and evaluated amongst other bidders. We currently source a number of goods from these businesses.



◆◆ Future Focus

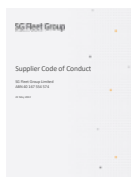
SG Fleet is aiming to build the right perspective amongst its leadership and its people to work towards an effective and impactful Reconciliation Action Plan in the future. We will also continue to put a greater emphasis on supporting indigenous businesses and employment where practical and viable.

We intend to build on the Acknowledgement of Country Guide made available to our people in the 2023 financial year by introducing relevant information on our digital platforms. Similar initiatives will also be rolled out for our New Zealand operations to recognise the Māori heritage. Various events related to indigenous communities in both Australia and New Zealand are now included in our cultural activities calendar.

Social

Human Rights, and Forced, Compulsory, or Child Labour

As an office-based services company, SG Fleet's direct exposure to the risk of human rights infringement is limited. The company does however expect partners in its supply chain that are more likely to encounter human rights issues to take necessary measures to mitigate against this risk. Our Supplier Code of Conduct stipulates our expectations with regard to the conduct of suppliers in terms of modern slavery risks, the treatment of labour, and human rights generally.



SG Fleet's approach to ensure responsible internal conduct with respect to human rights centres on the training of staff on related topics, such as modern slavery, non-discrimination, and diversity and equal opportunity.



We do not tolerate any form of enslavement or exploitation and we are committed to ensuring measures are in place to minimise the risk of modern slavery in our business and in our supply chain. The company has voluntarily put in place a Modern Slavery Policy, which outlines our overall approach to combatting modern slavery. During the 2023 financial year, we embarked on a review of our supplier modern slavery survey approach, with the aim of broadening the assessment to a wider range of environmental, social, and governance (ESG) criteria.



SG Fleet issues Modern Slavery Statements overviewing its initiatives during the respective reporting periods in Australia (pursuant to the Modern Slavery Act 2018 (Cth)) and the United Kingdom (pursuant to the Modern Slavery Act 2015 (UK)).

◆◆ Future Focus

SG Fleet intends to roll out a more robust supplier assessment methodology, based on the survey review currently underway, to optimise the process by which it identifies modern slavery and other ESG risks, as well as how any identified risks are investigated and addressed. We also intend to introduce selection criteria that take into account human rights management and behaviours of potential suppliers and work with our existing suppliers to achieve better outcomes across a range of related aspects.

Customer Privacy

To be able to create value for its customers and conduct its business in an efficient manner, SG Fleet needs to collect and process certain personal and business information. The way we collect, use, and retain this information is governed by strict protocols and detailed processes. SG Fleet complies with all applicable privacy laws in each jurisdiction in which we operate and processes customer information in accordance with its privacy policies. Our Personal Data Protection Policy sets out how we protect the personal data we collect.

The awareness of the importance of customer privacy and the need for secure handling of data is reinforced at the individual employee level through regular staff updates and continuous training via our e-learning portal. The SG Fleet Group has ISO27001 Information Security Management certification.

During the 2023 financial year, the company continued to enhance its relevant security set-up and maintain a robust data and privacy protection standard, including through regular penetration testing and crisis simulations.

◆◆ Future Focus

Further enhancements of SG Fleet's relevant processes will be introduced as the cyber security environment continues to evolve. The company will also enhance staff data security awareness by providing regular bulletins on how to identify potential threats.



Other Social Aspects

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

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

As in previous periods, we supported a wide range of initiatives in the countries in which we operate during the 2023 financial year. These included National Road Safety Week, the Santos Wheelchair Rugby National Championship, Friendship Circle, the Aboriginal and Torres Strait Islander Community Health Service, the Cancer Council's Biggest Morning Tea, Kmart Wishing Tree Appeal, and Redkite in Australia, Northland Emergency Services Trust, Auckland Rescue Helicopter Trust, Special Children's Christmas, Road Safety Week, and Pink Shirt Day in New Zealand, as well as support for Cancer Research UK (CRUK), the Motor Neuron Disease Association, and Guide Dogs for the Blind in the UK.

National Road Safety Week (Australia)

As a longstanding supporter, SG Fleet attended the launch of the National Road Safety Week in Perth in May. Many national icons around the country lit up in NRSW's yellow colours to remind people to 'Pledge To Drive So Others Survive'.



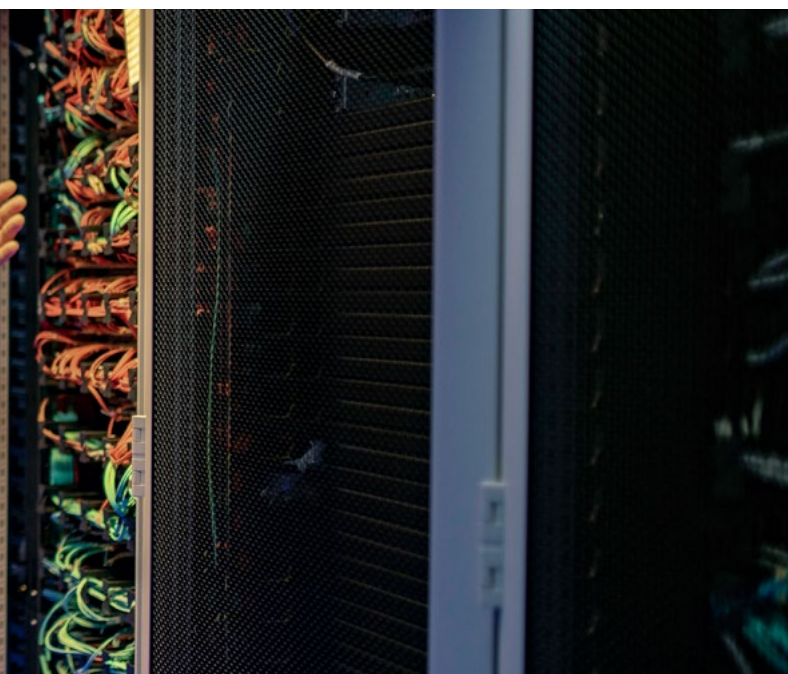
Pink Shirt Day (New Zealand)

The SG Fleet team in New Zealand took a stand against bullying in May, donning their colourful shirts in support of this worthwhile cause. Pink Shirt Day seeks to encourage inclusion and celebrate our unique differences, emphasising bullying is never OK.



Medical Research Support (United Kingdom)

In the UK, our people raised money for both Cancer Research UK (CRUK) and motor neuron disease research via 'Stand Up to Cancer' and a range of other activities.



Governance

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

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

SG Fleet's ESG Materiality Assessment identified the following governance risks as material to the company:

- Business ethics and conduct
- (Presence of) whistle-blower policy
- Supply chain management
- Anti-corruption and bribery
- Anti-competitive behaviour
- Risk and crisis management

SG Fleet's governance standards were again recognised in the 2023 financial year, with its Company Secretary Tawanda Mutengwa named as a finalist in the Governance Top 100 Awards.

The Governance Top 100 organisation emphasises the value and benefit that robust governance frameworks, and the individuals that are responsible for driving these initiatives, bring to an organisation.



TAWANDA MUTENGWA
GROUP COMPANY SECRETARY
SG FLEET GROUP LIMITED FINALIST 2022

Business Ethics and Conduct

Our people are expected to conduct themselves in a manner consistent with the company's standards and in compliance with all relevant legislation. SG Fleet's Code of Conduct outlines how we expect our representatives to behave and conduct business in the workplace on a range of issues. It includes legal compliance and guidelines on appropriate ethical standards.

◆◆ Future Focus

SG Fleet will continue to review its Code of Conduct as required, further improve the processes in place to ensure adherence to the Code, including training, and optimise how it addresses any breaches.

Whistle-blower Policy

SG Fleet is committed to ensuring that serious misconduct or malpractice is identified and addressed appropriately. We believe that the ability to raise related concerns is an important mechanism to ensure that the company functions efficiently and in accordance with its own principles of conduct.

SG Fleet has adopted a Whistle-blower Policy in accordance with the Corporations Act. The Whistle-blower Policy encourages whistle-blowers to raise concerns and reportable conduct, where there are reasonable grounds to support such action and to ensure that serious misconduct or malpractice is identified and addressed appropriately.

◆◆ Future Focus

SG Fleet's Audit, Risk and Compliance Committee reviews its Whistle-blower Policy annually, and we will further improve employee awareness of and access to the whistle-blower process.



Supply Chain Management

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

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

◆◆ Future Focus

SG Fleet continuously explores opportunities to optimise its supply chain management process, including in terms of the expected qualifications and behaviours of suppliers. The company started a review of its supplier ESG assessment process during the 2023 financial year and intends to roll out an optimised approach in future periods.

Anti-corruption and Bribery

SG Fleet prohibits bribery and corruption in any form, whether direct or indirect, and in any country in which it operates. We have adopted an Anti-bribery and Corruption Policy, detailing our commitment to conducting business activities with integrity and ensuring measures are in place to prevent bribery and corruption. The company expects its employees to demonstrate honesty, integrity, and fairness in all aspects of their business dealings and exercise a high standard of professionalism and ethical conduct in all their activities.

We promote employee awareness of and compliance with our policies against bribery and corruption through appropriate dissemination of our own procedures, policies, and training programmes.

◆◆ Future Focus

SG Fleet will continue to review its Anti-bribery and Corruption Policy as required, further improve the processes in place to ensure adherence to the Policy, including training, and optimise how it addresses any breaches.

Anti-competitive Behaviour

The company aims to maintain its reputation of having a high standard of ethical behaviour in conducting business and to behave with integrity in all dealings with competitors and customers.

SG Fleet's Code of Conduct stipulates the behaviours required to meet its standards in terms of responsible business practices. We actively monitor for any breaches of the Code. In the reported period, no actions or issues occurred in respect of anti-competitive behaviour.

◆◆ Future Focus

SG Fleet will continue to review its Code of Conduct as required, further improve the processes in place to ensure adherence to the Code, including training, and optimise how it addresses any breaches.

Risk and Crisis Management

The presence of effective risk management structures and processes is essential for the continued conduct of SG Fleet's business operations. SG Fleet has a strong risk management culture and a robust operating model, imbedding governance and risk responsibilities across multiple lines of defence.

We maintain a combined Audit, Risk and Compliance Committee as a subcommittee of the company's Board, as well as a dedicated internal audit function. The Committee reviews the company's risk management framework and internal control framework, while the internal audit function provides the Board and management with independent and objective assurance on the effectiveness of governance, risk management, and internal control processes.

◆◆ Future Focus

SG Fleet will continue to review its risk management approach and processes, in line with the evolving nature of its business and its operational environment.

Other Governance Aspects

Visit the Governance section of our Investor Centre to read our Corporate Governance Statement, which covers a number of additional governance aspects.

Corporate Governance Statement

<https://investors.sgfleet.com/Investors/?page=corporate-governance-statement>

UN Global Compact

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

In the 2023 financial year, the company joined UNGC's Early Adopter Programme to lodge its second Communication on Progress, assisting the organisation with the development of its digital reporting platform.



Chairman's report

“Our people have again demonstrated their exceptional commitment to the continued growth of your company.”



Dear Shareholder

I have the pleasure of presenting you with the SG Fleet Group Limited Annual Report for the year ended 30 June 2023.

In the 2023 financial year, your company has continued the momentum built up over the past few years. Our people have again demonstrated their exceptional commitment to the continued growth of your company. Helped by the seamless bringing together of the teams across SG Fleet and the acquired LeasePlan businesses, we have strengthened our leadership position in the industry, extended our products and services range, and enhanced the way we serve our customers.

These efforts have allowed SG Fleet to register a third year of continued progress across all key financial measures. For you, our shareholders, the outcome has been a further increase in dividends, and I'm delighted to announce that your Board has declared a combined 2023 financial year dividend of 16.18 cents per share, an increase of 7% on the prior year.

This year has again been a period during which the service focus of SG Fleet's employees has allowed us to navigate the uncertain operational environment. Rising interest rates impacted economic activity and consumer sentiment, and in our industry, logistical disruptions and parts shortages resulted in limited vehicle supply. This meant that a significant proportion of the strong order growth achieved during the financial year will only result in deliveries in future periods.

We have continued our concerted effort to provide our employees with the best possible work environment and support their contribution to the success of your company. During the 2023 financial year, we introduced a number of additional benefits for our people, creating a welcoming and flexible environment that supports strong productivity as well as physical and mental wellbeing. Undoubtedly, these initiatives have greatly supported our ability to deliver excellence in service to customers.

Your company has a reputation for fostering the best talent and expertise in the industry. We offer a range of training and learning opportunities to support the continued development of our employees. During the year, we launched our new Learning Development Policy, which includes financial support for those wishing to develop their knowledge on topics that will further improve their career opportunities within SG Fleet.

Our culture of learning and education is also reflected in our customer service approach. Sustainable mobility is at the core of what we do as a business, and we take an active role in providing our customers with the latest know-how in this field.

A feature of the year has been the rapid increase in uptake of electric vehicles, or EVs, and your company continues to play a key role in educating organisations and drivers about the benefits and the challenges associated with the adoption of this new technology. SG Fleet's EV Drive Days have been in high demand with our customers, leading to increased interest in our fleet EV transition services as organisations contemplate the future shape of their fleets. The invaluable insights we provide were duly recognised by the Business Car Best Eco Initiative Award we received for our eStart solution in the UK. Our work with our customers, as well as with industry bodies in Australia, New Zealand, and the UK, to facilitate a more sustainable transport future continues unabated.

The concept of sustainability in the way we operate and govern your company is also reflected in our overall approach to our Environmental, Social and Governance, or ESG, performance. In the first half of the 2023 financial year, we launched our ESG Strategy and Action Plan, which will further enhance the way we approach the management of any ESG risks, as well as how we can contribute positively to the objectives of our stakeholders and the wellbeing of the communities in which we operate. In addition to achieving Carbon Neutral status for our Australian and UK operations during the year, we introduced our new harmonised Environmental Policy. This policy sets a target for the continued reduction in emission intensity, to be achieved in the 2030 financial year.

In keeping with its strong culture of continuous development, your company will maintain its approach to innovate, not only in terms of the products and services it offers, but also in the way we manage our business, to achieve growth in a sustainable and responsible manner and reward you, our shareholders, for your support. The developments of this year have again confirmed that our strategy and our innovation have put us on the right path to achieve this objective.

I would like to give my thanks to everyone at SG Fleet for their efforts during the year. The contributions of the Directors of the Board, our management team, and our people have allowed your company to again make progress on past periods. I thank you, our Shareholders, for your continued encouragement of all those that have again contributed to making SG Fleet a company with a promising future.

Andrew Reitzer
CHAIRMAN

22 August 2023
Sydney

CEO's report

“Whilst the macro environment remained challenging, we again demonstrated the strength of our competitive position and our ability to translate this into positive business outcomes.”



Dear Shareholder

I am pleased to report on the financial performance of SG Fleet Group Limited for the year ended 30 June 2023. My review of this financial year will refer for comparison to the financial figures for the year ended 30 June 2022. Detailed financial data can be found in the full annual report.

Further progress across key financial metrics

The patterns seen in the 2022 financial year largely remained in place at the start of the reported period. While continued strong order growth was a feature throughout the 2023 financial year, towards period end, we did see an improvement in several areas, including better supply levels and a stabilisation in the labour environment.

Opportunities continued to arise at a steady pace, and we were able to translate these into customer wins and orders across all of our businesses. The Novated channel in particular saw a surge in interest for its products during the period. This trend was accelerated by the EV initiatives announced by the Federal Government, which dramatically increased interest in EVs amongst novated drivers.

Unfortunately, while supply of some models improved somewhat late in the financial year, the mainstream vehicles our tool-of-trade drivers require remained in scarce supply. As a result, our order pipeline grew further as strong new business growth outpaced the pick-up in deliveries.

During the year, the LeasePlan integration continued, and we were able to extract a number of benefits in terms of scale, product range and penetration, and operational processes. Following the end of the reported period, we also successfully completed the refinancing of the LeasePlan warehouse facility without any meaningful change in cost of funds and on improved general terms.

Whilst the macro environment remained challenging, we again demonstrated the strength of our competitive position and our ability to translate this into positive business outcomes. This meant we were able to maintain our excellent record of making consistent period-on-period progress across all key financial metrics.

Total net revenue for the full financial year was \$350.4 million, up 11.9% on the previous year. Net profit after tax for the reported period was up 23.9% on the previous year, to \$75.2 million. Reported earnings per share amounted to 22.00 cents, up 21.2% on the previous corresponding period. This consistent progress was achieved despite supply challenges continuing to delay deliveries and associated revenue.

Net rental and finance income grew by 18% to \$52.6 million, driven by an increase in the on-balance sheet funded fleet and further growth in the number of vehicles in inertia, a consequence of the lack of new vehicle stock. The Company's net mobility services revenue increased by 2% to \$91.3 million, while net additional products and services revenue grew by 3.3% to \$49.0 million, primarily as a result of the growth in funded deliveries. Finance commission reduced by 2.6% on the previous corresponding period, in line with the greater proportion of on-balance sheet funded deliveries, as well as extensions. Finance commission per unit benefited from higher average funded capital as a result of new car inflation and the greater uptake of electric vehicles, which generally carry a higher price tag. End-of-life net vehicle risk income achieved growth of 21%, to \$112.1 million on the back of the higher number of operating lease disposals in the 2023 financial year. As was the case in previous periods, end of lease income benefitted from used vehicle pricing, which remained relatively stable at high levels throughout the period. Operating expenses increased to \$196.9 million, largely as a consequence of higher technology costs associated with investment in our infrastructure and cyber-security measures, as well as continued material wage cost pressure.

Delivery numbers pick up in Corporate channel

The business environment in the Australian Corporate channel remained stable throughout the reported period. Tenders continued to come to market on a regular basis and competition was largely rational. As in previous years, many of our customers simply renewed or extended existing contracts.

Our win rates remained very healthy, both with existing full-service accounts and with organisations that moved from managed-only to financed or were new to outsourcing. Sale and leasebacks were a particular focus for the Company. These deliver growth in the fleet despite supply issues. Translating our wins and growing order book into deliveries remained the key challenge. Promisingly, in the second half of the financial year, supply improvements in some areas meant that we were able to increase deliveries noticeably and in the fourth quarter, the Corporate channel achieved its best delivery numbers since about two years ago.

In terms of customer penetration, we saw continued growth for a number of our products, such as the Inspect365 safety inspection tool, telematics, the DingGo accident and repair management platform portal, and the upgraded bookingintelligence asset management solution. Legacy LeasePlan customers in particular were keen adapters of this technology platform. Not surprisingly given the introduction of measures to promote EV take-up, demand for our eStart EV transition solution also grew further.

CEO's report

EV boom supports exceptional Novated activity levels

Largely mirroring the fortunes of the Corporate channel, Novated again made good progress during the reported period, winning new accounts and attracting additional driver interest. We reached new highs in terms of novated leads in the first half and this trend just accelerated in the second half, helped by EV interest and a significant step-up in our marketing presence. This in turn led to enquiry levels setting new records throughout the period and quotes doubling from the first to the second half.

The Government announcement of an FBT exemption for novated leasing of low emission vehicles in late 2022 led to a dramatic increase in demand for EVs and customer requests for quotes on these vehicles rose sharply. This allowed us to achieve industry-leading numbers in terms of EV penetration and at the end of the reported period, we had nine times more EVs in the Novated fleet than in the 2022 financial year.

Thankfully, we were able to deliver on this demand more easily as the period progressed, with fourth quarter Novated delivery numbers exceeding the previous high set in the first quarter of the 2022 financial year. Nevertheless, strong business growth meant that the order pipeline grew again on the previous period.

“The 2023 financial year was a period during which our UK business significantly raised its profile and received recognition for the unique expertise it offers to customers.”

Sustainability agenda drives New Zealand demand for efficient mobility expertise

While the New Zealand business environment showed some encouraging signs early in the 2023 financial year, the impact of natural disasters muted the local economy later in the period. Despite this, vehicle registration numbers remained strong. The natural disasters also led to sustained high used vehicle values as supply of new vehicles remained tight.

Tender activity in both the private and public sector remained very healthy. We were disciplined in the pursuit of new business in the context of at times irrational pricing, but retention of existing customers continued successfully. At the same time, we remained focused on expanding the services we provide to existing customers.

As in previous periods, customers approached their fleet management in the context of a broader sustainability or corporate responsibility agenda, and this continued to drive interest in our mobility and EV products. As was the case in Australia, the roll-out of this and other SG Fleet products to legacy LeasePlan customers continued to receive a very positive response.

UK business receives industry acclaim

In the UK, some of the concerns about interest rates started to abate as the year passed. In due course, this led to a steady improvement in corporate sentiment and the business opportunities pipeline grew.

As more opportunities emerged, our business was able to step up its win activity. This came in the shape of the continued conversion of panel arrangements to sole supply, the addition of vehicle units to existing customer fleets, and noticeably, another period of significant success for our Novalease consumer product. There is no doubt that the upward pressure on prices is driving consumers to look for a more efficient way to access vehicles, leading them to consider our salary sacrifice offering, particularly where there is an added tax incentive as is the case with EVs.

The 2023 financial year was a period during which our UK business significantly raised its profile and received recognition for the unique expertise it offers to customers. Following the Business Car Best Eco Initiative Award we received for the eStart solution in the first half, we won the FleetNews Leasing Company of the Year award in the sub-20,000 vehicle category later in the year.

LeasePlan integration progresses

During the reported period, the various project streams within the LeasePlan integration progressed well. Our focus remained on extracting the benefits we get as we continued to bring two great businesses together. These benefits are being realised predominantly in the areas of product, process, and supply. In addition to the harmonisation of our dealer network and process, we obtained improved supply arrangements for fuel, tyres, accident management and roadside assistance.

Our planning and work towards the full integration continues and we are constantly reviewing processes and products, and their impact on customers and service. The changes we are making are positive from a products, risk, and customer point of view, but change always comes with some temporary disruption.

After the end of the reported period, we took the decision to improve the customer experience during the system migration phase of the integration by making several planned products and services changes in the LeasePlan system and under the old brand first. Completing the pre-migration product harmonisation in the LeasePlan system first will ensure a smoother transition for customers when they do migrate to the SG Fleet system.

As a consequence of the re-prioritisation of the migration process, the final stages of the Australian system migration will now be completed towards the end of the 2025 financial year, at which stage we will start benefiting from the remaining acquisition synergies in the 2026 financial year. This change has no impact on the current financial year and the minor synergies we flagged for this period are expected to remain. We will also continue to extract synergy benefits throughout the 2025 financial year. We reconfirm our acquisition synergy targets and we are looking at opportunities to extract additional benefits.

Innovation focus on digitisation and electric vehicles

It is SG Fleet's stated aim to build out its products and services range and provide a truly integrated mobility solution for our customers. Digitisation is a core enabler of that. During the reported period, we transitioned our traditional accident management services to a digitised approach under the DingGo banner, a first in the industry. The service integrates claims, replacement vehicles and other accident-related needs into a customisable process management and reporting portal.

Another mobility solution we invested in, Carly, went from strength to strength, turning in its best quarterly results ever in the first half of the financial year. Conversations with customers in Australia and the UK continued about the introduction of Zoomo e-bikes into their fleets. DingGo, Carly and Zoomo are great examples of our strategy to make selective and targeted investments and then leverage the new products set into our customer base.

eStart continues to evolve and we added a capability to manage and process charging activity and charge cards called eManage to this solution. As EV drivers have multiple options to charge their vehicles, a standardised approach to reporting and invoicing is a key requirement for organisations running EV fleets.

Of course, the 2023 financial period was the year Australia fully embraced EVs on the back of the government's initiatives to promote take-up. There is no doubt this burgeoning interest is more than an incentive-driven, temporary phenomenon. We are witnessing a significant shift in our customers' mindset and buying behaviour, with the importance of adopting cleaner and greener means of transportation increasingly front of mind, both for consumers and organisations.

Helped by the experience and expertise we have already accumulated in the higher EV-penetration UK market, we capitalised on this emerging demand during the financial year. As one of Australia's largest vehicle purchasers, we played a key role in bringing EVs to local drivers, accounting for a significant proportion of new EV registrations nationally.

The number of EVs in our Australian fleet doubled in the 12 months to December 2022, and then more than tripled in the six months since. In New Zealand, the EV fleet has been growing steadily for a longer period now, but still doubled over the last 18 months. At the end of the 2023 financial year, EVs accounted for close to 22% of SG Fleet UK's fleet. SG Fleet UK has clearly established itself as an EV specialist in the local market, getting industry recognition for its know-how and sharing its insights across the entire SG Fleet organisation.

Over the years, we have set a benchmark in terms of innovating, adding value, and building flexible solutions for our customers, and not just for EVs. Our ultimate objective is to be our customers' integrated one-stop shop for all things mobility, and during the 2023 financial year, we accelerated our progress towards that goal.

"Our innovation strategy aims to build out our products and services range to provide a truly integrated mobility solution for our customers, with digitisation as a core enabler."

Favourable demand and delivery trends provide added momentum

In the 2023 financial year, we have been able to navigate an ever-changing macro environment, continue a transformational integration, and maintain good business growth. Improved supply levels allowed us to achieve our best delivery quarter for some time at the end of the reported period and the strong order book we secured during the 2023 financial year will ensure that this trend will flow into the 2024 financial period.

All of our businesses have shown good progress during the year. Momentum in the Australian Corporate business was maintained, and the Novated channel saw unprecedented activity levels across enquiries, quotes, orders, and deliveries during the period. The focus on sustainable mobility continued in New Zealand, playing into our recognised expertise in this area. In the UK, improving business sentiment translated into an acceleration in business activity towards the end of the financial year.

Our innovation strategy aims to build out our products and services range to provide a truly integrated mobility solution for our customers, with digitisation as a core enabler. The unique EV expertise we have built up across the organisation puts us in an ideal position to facilitate the introduction of more sustainable forms of transport. The positive impact of the EV boom on Novated orders will continue to play out over future periods and the EV transition will eventually also manifest itself in the Corporate channel.

I would like to give my sincere thanks to our Board, my Executive team and each of my colleagues across the Group. In an environment where our unique expertise and innovation capability is in increasing demand, SG Fleet's future is promising. I would like to thank you, our shareholders, for supporting us as we continue to strengthen our position as a leader in our industry, grow the value we add for our customers, and achieve higher returns for the Company.



Robbie Blau
CEO

22 August 2023
Sydney

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Directors' report

30 June 2023

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of SG Fleet Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Directors

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

Andrew Reitzer (Chairman)

Robert (Robbie) Blau

Cheryl Bart AO

Peter Mountford

Edwin Jankelowitz

Kevin Wundram

Tex Gunning

Colin Brown (alternate for Peter Mountford)

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

Principal activities

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

Dividends

Dividends paid during the financial year were as follows:

	CONSOLIDATED	
	2023	2022
	\$'000	\$'000
Final dividend for the year ended 30 June 2022 of 6.811 cents per ordinary share paid on 8 September 2022 (2022: Final dividend for the year ended 30 June 2021 of 5.393 cents)	23,293	16,039
Interim dividend for the year ended 30 June 2023 of 8.913 cents per share paid on 9 March 2023 (2022: Interim dividend for the year ended 30 June 2022 of 8.318 cents)	30,481	28,446
	53,774	44,485

On 22 August 2023, the Directors declared a fully franked final dividend for the year ended 30 June 2023 of 7.271 cents per ordinary share, to be paid on 15 September 2023 to eligible shareholders on the register on 1 September 2023. This equates to a total estimated distribution of \$24,866,000, based on the number of ordinary shares on issue as at 30 June 2023. The financial effect of dividends declared after the reporting date are not reflected in the 30 June 2023 financial statements and will be recognised in subsequent financial reports.

Directors' report

30 June 2023

Review of operations

The profit for the Group after providing for income tax amounted to \$75,248,000 (30 June 2022: \$60,732,000).

The fleet under management at 30 June 2023 consisted of 121,045 funded vehicles (30 June 2022: 122,516) and Lite Fleet of 149,597 (30 June 2022: 145,351).

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

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

Subsequent to the year end, the Group has extended the Autonomy 2021-1 Warehouse facility of \$1,050 million and Autonomy NZ 2021-2 Warehouse facility of \$240 million with the availability periods extended to June 2025.

Apart from the dividend declared and events as discussed above, no other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

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

Environmental regulation

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

Information on Directors

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

Name:	Robert (Robbie) Blau
Title:	Executive Director and Chief Executive Officer ('CEO')
Qualifications:	Bachelor of Commerce (Accounting and Law), Bachelor of Laws (Cum Laude) from the University of the Witwatersrand, Higher Diploma in Tax Law from Johannesburg University
Experience and expertise:	Robbie was appointed CEO of SG Fleet in July 2006 and has significant experience in the fleet management and leasing industry. Robbie has overall responsibility for the strategic development of the Group and manages its relationships with financial services partners. Previously, Robbie was Managing Director of Nucleus Corporate Finance in South Africa, which he founded in 1999. During his time at Nucleus Corporate Finance, Robbie advised South African listed entity Super Group Limited on corporate advisory and strategic projects. He also spent a year working with the Operations Director of South African Breweries Limited and practised as a commercial attorney for five years at Werksmans Attorneys in South Africa.
Other current directorships:	Carly Holdings Limited (ASX: CL8)
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Innovation and Technology Committee
Interests in shares:	8,050,288 ordinary shares in the Company
Interests in options:	4,244,276 options over ordinary shares in the Company
Interests in rights:	158,535 performance rights over ordinary shares in the Company

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

Directors' report

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

Name:	Edwin Jankelowitz
Title:	Non-Executive Director
Qualifications:	Bachelor of Commerce from the University of the Witwatersrand, Chartered Accountant (South Africa)
Experience and expertise:	Edwin has spent over 40 years in corporate offices and has been Chairman of a number of listed companies. He was a member of the Income Tax Special Court in South Africa for 20 years. Prior to joining the Group, Edwin was Finance Director of Metcash Trading Limited and Metcash Limited from May 1998 to January 2011, and a Non-Executive Director of the company until August 2015. Edwin held the positions of Finance Director, Managing Director and then Chairman at Caxton Limited from 1983 to 1997. Edwin was a consultant in business management and tax between 1980 and 1983. Edwin was with Adcock Ingram Ltd from 1967 to 1979 in the Head Office and was promoted over time to Group Company Secretary and then Finance Director.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Audit, Risk and Compliance Committee
Interests in shares:	23,000 ordinary shares in the Company

Name:	Kevin Wundram
Title:	Executive Director, Chief Financial Officer ('CFO') and Head of Risk
Qualifications:	Bachelor of Commerce from the University of the Witwatersrand, Honours Bachelor of Accounting Science degree from the University of South Africa, Chartered Accountant
Experience and expertise:	Kevin has been CFO of SG Fleet Group since July 2006 and has significant experience in the fleet management and leasing industry. He is responsible for the effective management of the finance, treasury, risk and corporate governance functions across the Group. Prior to joining the Group, Kevin was responsible for special projects at Super Group Limited, including the execution of acquisitions, disposals and due diligence. Kevin was also a member of the management committees of the Automotive Parts, Commercial Dealerships and Supply Chain Divisions. Prior to joining Super Group, Kevin worked in the audit and corporate finance divisions of KPMG South Africa for six years.
Other current directorships:	Alternate Director for Robbie Blau at Carly Holdings Limited (ASX: CL8)
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Innovation and Technology Committee
Interests in shares:	872,661 ordinary shares in the Company
Interests in options:	1,601,305 options over ordinary shares in the Company
Interests in rights:	60,506 performance rights over ordinary shares in the Company

Name:	Tex Gunning
Title:	Non-Executive Director
Qualifications:	Economics graduate of Erasmus University
Experience and expertise:	Tex previously served as the Chief Executive Officer and Chairman of the Managing Board of LeasePlan. He has also served on the supervisory board of TNT express from 2011–2013 to subsequently become the CEO of TNT Express between 2013 and 2016 which was later sold to Fedex in 2016. Tex has also served as CEO of Vedior between 2007 and 2008 after which the company was sold to Randstad. Subsequently he led for 5 years the merger of the ICI paint division with Akzo paint, restructuring and selling the US business to PPG. Tex has 25 years of experience with Unilever, of which 7 years as President East Asia Pacific. Tex currently serves as a supervisory board member of various entities including Erasmus University Trustfonds, The Nexus Institute and World Life Fund Netherlands. He is also chairman of the Board of The Amsterdam Canal festival and the World Economic Forum Climate Sector Leader Auto.
Other current directorships:	None
Former directorships (last 3 years):	LeasePlan Corporation N.V
Special responsibilities:	None
Interests in shares:	None

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

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

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

Company secretary

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

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2023, and the number of meetings attended by each Director were:

	BOARD OF DIRECTORS		AUDIT, RISK AND COMPLIANCE COMMITTEE		NOMINATION AND REMUNERATION COMMITTEE	
	Attended	Held	Attended	Held	Attended	Held
Andrew Reitzer	9	9	–	–	5	5
Robbie Blau	8	9	–	–	–	–
Cheryl Bart AO	7	9	4	4	5	5
Peter Mountford	9	9	4	4	5	5
Edwin Jankelowitz	9	9	4	4	–	–
Kevin Wundram	8	9	–	–	–	–
Tex Gunning	8	9	–	–	–	–

	INNOVATIONS AND TECHNOLOGY COMMITTEE	
	Attended	Held
Andrew Reitzer	2	2
Robbie Blau	2	2
Cheryl Bart AO	2	2
Kevin Wundram	2	2

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

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

Remuneration report (audited)

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

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

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

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

Principles used to determine the nature and amount of remuneration

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

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

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

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

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

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

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

Directors' report

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

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

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

Non-Executive Directors' remuneration

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

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

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

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

Name – Position	Fees per annum
Andrew Reitzer – Independent Non-Executive Chairman	\$211,958
Cheryl Bart AO – Independent Non-Executive Director	\$124,525
Peter Mountford – Non-Executive Director	\$123,375
Edwin Jankelowitz – Independent Non-Executive Director	\$139,256
Tex Gunning – Non-Executive Director	\$100,000

Executive remuneration

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

The executive remuneration and reward framework has four components:

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

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

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

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

Short-term incentives

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

Non-financial component of STI

The Individual Performance component comprises 20% of the STI and the financial component 80%.

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

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

Group performance and link to remuneration – Financial component of STI

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

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

The STI is subject to a 12 month payment deferral in equity in respect of 25% of the amount determined as payable and requires continual service over the deferred period.

Long-term incentives

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

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

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

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

The 2022 LTI offer will be assessed over a Performance Period of 1 July 2021 to 30 June 2024 with vesting to occur in August 2024 if the performance conditions are met.

The 2023 LTI offer will be assessed over a Performance Period of 1 July 2022 to 30 June 2025 with vesting to occur in August 2025 if the performance conditions are met.

The 2023 LTI to the Executive Directors were approved by the shareholders at the Annual General Meeting held on 25 October 2022. The 2021 LTI and 2022 LTI were granted to the Executive Directors on 28 October 2020 and 26 October 2021 respectively.

Group performance and link to remuneration – LTI

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

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

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

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

CAGR of EPS over the Performance Period for 2020 and 2021 LTI	% of options that become exercisable
Less than 3%	Nil
3% (Threshold performance)	42.9%
Between 3% and 7%	Straight-line pro-rata vesting between 42.9% and 100%
7% or above (Stretch performance)	100%

CAGR of EPS over the Performance Period for 2022 LTI	% of options that become exercisable
Less than 4.8%	Nil
4.8% (Threshold performance)	42.9%
Between 4.8% and 11.2%	Straight-line pro-rata vesting between 42.9% and 100%
11.2% or above (Stretch performance)	100%

CAGR of EPS over the Performance Period for 2023 LTI	% of options that become exercisable
Less than 3%	Nil
3% (Threshold performance)	42.9%
Between 3% and 7%	Straight-line pro-rata vesting between 42.9% and 100%
7% or above (Stretch performance)	100%

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

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

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

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

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

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

Use of remuneration consultants

During the financial year 30 June 2023, the Group engaged PricewaterhouseCoopers to review and recommend changes to its STI and LTI plans. These recommended changes, to the extent that they are adopted, will be implemented in future STI and LTI plans. PricewaterhouseCoopers was paid \$80,000 for the services.

An agreed set of protocols were put in place to ensure that the remuneration recommendations would be free from undue influence from KMP. These protocols included the selection of the preferred remuneration consultant being determined by the Nomination and Remuneration Committee, the appointed consultant being briefed by the Nomination and Remuneration Committee, without any KMP's present and the Remuneration Consultant reporting their recommendations directly to the Chairman of the Nomination and Remuneration Committee.

Voting and comments made at the Company's 2022 Annual General Meeting ('AGM')

At the 2022 AGM, the shareholders voted to approve the adoption of the remuneration report for the year ended 30 June 2022. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

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

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

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

	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	SHARE-BASED PAYMENTS		Total
	Cash salary and fees	Current year bonus	Non-monetary	Super-annuation	Leave benefits	Deferred bonus equity settled	Other equity settled	
2023	\$	\$	\$	\$	\$	\$	\$	\$
Non-Executive Directors:								
Andrew Reitzer	191,781	–	–	20,177	–	–	–	211,958
Cheryl Bart AO	112,671	–	–	11,854	–	–	–	124,525
Peter Mountford	123,375	–	–	–	–	–	–	123,375
Edwin Jankelowitz	126,000	–	–	13,256	–	–	–	139,256
Tex Gunning	100,000	–	–	–	–	–	–	100,000
Executive Directors:								
Robbie Blau	1,155,356	934,756	–	25,292	25,319	267,009	788,625	3,196,357
Kevin Wundram	582,586	336,678	–	25,292	12,778	97,295	298,277	1,352,906
Other KMP:								
Andy Mulcaster	518,418	239,676	–	25,292	11,113	69,834	154,169	1,018,502
Geoff Tipene*	296,660	127,840	21,702	13,626	–	35,673	91,556	587,057
Peter Davenport*	339,221	137,263	2,639	–	732	41,175	96,212	617,242
	3,546,068	1,776,213	24,341	134,789	49,942	510,986	1,428,839	7,471,178

* Total remuneration in local currency paid to Geoff Tipene amounts to NZ\$639,598. Total remuneration in local currency paid to Peter Davenport amounts to £343,976.

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	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	SHARE-BASED PAYMENTS		Total \$
	Cash salary and fees \$	Current year bonus \$	Non-monetary \$	Super-annuation \$	Leave benefits \$	Deferred bonus equity settled \$	Other equity settled \$	
2022								
Non-Executive Directors:								
Andrew Reitzer	188,738	–	–	18,872	–	–	–	207,610
Cheryl Bart AO	110,884	–	–	11,087	–	–	–	121,971
Graham Maloney*	97,500	–	–	–	–	–	–	97,500
Peter Mountford	121,417	–	–	–	–	–	–	121,417
Edwin Jankelowitz	108,935	–	–	10,888	–	–	–	119,823
Tex Gunning**	83,333	–	–	–	–	–	–	83,333
Executive Directors:								
Robbie Blau	1,098,791	863,255	–	23,568	74,951	348,619	836,300	3,245,484
Kevin Wundram	546,315	317,059	–	23,568	41,137	136,872	313,612	1,378,563
Other KMP:								
Andy Mulcaster	473,677	226,800	–	23,568	36,868	102,213	165,388	1,028,514
Geoff Tipene***	287,419	126,965	22,429	8,654	–	57,814	101,497	604,778
Peter Davenport***	342,654	145,608	2,315	–	1,861	22,877	108,186	623,501
	3,459,663	1,679,687	24,744	120,205	154,817	668,395	1,524,983	7,632,494

* Represents remuneration paid until resignation on 6 April 2022.

** Represents remuneration paid from appointment on 1 September 2021.

*** Total remuneration in local currency paid to Geoff Tipene amounts to NZ\$644,118. Total remuneration in local currency paid to Peter Davenport amounts to £339,591.

Colin Brown (Alternate Director) received no remuneration during the year ended 30 June 2023 and 30 June 2022.

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

Name	FIXED REMUNERATION		AT RISK – STI		AT RISK – LTI	
	2023	2022	2023	2022	2023	2022
Executive Directors:						
Robbie Blau	37%	37%	38%	37%	25%	26%
Kevin Wundram	46%	44%	32%	33%	22%	23%
Other KMP:						
Andy Mulcaster	55%	52%	30%	32%	15%	16%
Geoff Tipene	56%	52%	28%	31%	16%	17%
Peter Davenport	55%	56%	29%	27%	16%	17%

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

Name	CASH BONUS PAID/PAYABLE		CASH BONUS FORFEITED	
	2023	2022	2023	2022
Executive Directors:				
Robbie Blau	100%	100%	–	–
Kevin Wundram	100%	100%	–	–
Other KMP:				
Andy Mulcaster	100%	100%	–	–
Geoff Tipene	100%	100%	–	–
Peter Davenport	100%	100%	–	–

Service agreements

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

Details of these agreements are provided below:

Robbie Blau – CEO

- Total fixed remuneration ('TFR') of \$1,176,221 per annum, which includes base salary, statutory superannuation contributions and any salary sacrifice arrangements
- Participate in the STI with a maximum STI opportunity of 98% of TFR
- Participate in the LTI with a maximum LTI opportunity of 60% of TFR

Kevin Wundram – CFO

- TFR of \$605,646 per annum, which includes base salary, statutory superannuation contributions and any salary sacrifice arrangements
- Participate in the STI with a maximum STI opportunity of 70% of TFR
- Participate in the LTI with a maximum LTI opportunity of 45% of TFR

Other KMP

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

Terms of STI payments:

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

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

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

Terms of termination:

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

Directors' report

30 June 2023

Share-based compensation

Issue of shares

There were no shares issued to Directors and other KMP during the year ended 30 June 2023 as a result of the exercise of options as part of compensation (2022: Nil).

Option holding

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

Options over ordinary shares	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year	Expired/ forfeited after 30/06/2023	Exercised after 30/06/2023	Balance at the Directors' report date
Robbie Blau	3,376,571	867,705	–	–	4,244,276	–	–	4,244,276
Kevin Wundram	1,266,214	335,091	–	–	1,601,305	–	–	1,601,305
Andy Mulcaster	641,038	199,816	–	–	840,854	–	–	840,854
Geoff Tipene	393,723	110,635	–	–	504,358	–	–	504,358
Peter Davenport	418,790	115,173	–	–	533,963	–	–	533,963
Total Directors and other KMP	6,096,336	1,628,420	–	–	7,724,756	–	–	7,724,756
Non-KMP	1,689,323	460,590	–	(148,585)	2,001,328	(218,750)	–	1,782,578
Total options	7,785,659	2,089,010	–	(148,585)	9,726,084	(218,750)	–	9,507,334

Options:

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

Grant date	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year	Expired/ forfeited after 30/06/2023	Exercised after 30/06/2023	Balance at the Directors' report date
25/11/2019 (a)	960,980	–	–	(148,585)	812,395	–	–	812,395
28/10/2020 (b)	1,823,951	–	–	–	1,823,951	–	–	1,823,951
28/10/2020 (c)	3,235,700	–	–	–	3,235,700	(218,750)	–	3,016,950
26/10/2021 (d)	1,765,028	–	–	–	1,765,028	–	–	1,765,028
03/11/2022 (e)	–	2,089,010	–	–	2,089,010	–	–	2,089,010
	7,785,659	2,089,010	–	(148,585)	9,726,084	(218,750)	–	9,507,334

Grant date of options	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
25/11/2019 (a)	15/08/2022	14/08/2025	\$2.35	\$0.70
28/10/2020 (b)	15/08/2022	14/08/2025	\$1.68	\$0.45
28/10/2020 (c)	22/08/2023	21/08/2026	\$1.68	\$0.46
26/10/2021 (d)	12/08/2024	11/08/2027	\$2.93	\$0.60
03/11/2022 (e)	21/08/2025	20/08/2028	\$2.17	\$0.60

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

Performance rights holding:

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

Performance rights over ordinary shares (LTI)	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year	Expired/ forfeited after 30/06/2023	Vesting after 30/06/2023	Balance at the Directors' report date
Robbie Blau	287,090	94,349	(107,555)	–	273,884	–	(115,349)	158,535
Kevin Wundram	107,659	36,436	(40,333)	–	103,762	–	(43,256)	60,506
Andy Mulcaster	55,422	21,727	(15,995)	–	61,154	–	(24,457)	36,697
Geoff Tipene	34,041	12,030	(9,795)	–	36,276	–	(15,091)	21,185
Peter Davenport	36,198	12,523	(10,605)	–	38,116	–	(15,971)	22,145
Total Directors and other KMP	520,410	177,065	(184,283)	–	513,192	–	(214,124)	299,068
Non-KMP	2,083,378	1,080,206	(501,167)	(53,354)	2,609,063	(115,743)	(800,327)	1,692,993
Total rights (LTI)	2,603,788	1,257,271	(685,450)	(53,354)	3,122,255	(115,743)	(1,014,451)	1,992,061

Performance rights over ordinary shares (STI)	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year	Expired/ forfeited after 30/06/2023	Vesting after 30/06/2023	Balance at the Directors' report date
Robbie Blau	80,145	110,765	(80,145)	–	110,765	–	(110,765)	–
Kevin Wundram	28,615	40,682	(28,615)	–	40,682	–	(40,682)	–
Andy Mulcaster	19,414	29,101	(19,414)	–	29,101	–	(29,101)	–
Geoff Tipene	12,753	15,693	(12,753)	–	15,693	–	(15,693)	–
Peter Davenport	14,335	17,969	(14,335)	–	17,969	–	(17,969)	–
Total Directors and other KMP	155,262	214,210	(155,262)	–	214,210	–	(214,210)	–
Non-KMP	247,207	362,834	(221,183)	(26,024)	362,834	(11,521)	(351,313)	–
Total rights (STI)	402,469	577,044	(376,445)	(26,024)	577,044	(11,521)	(565,523)	–

Directors' report

30 June 2023

Performance rights

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

Grant date	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year	Expired/ forfeited after 30/06/2023	Vesting after 30/06/2023	Balance at the Directors' report date
LTI								
25/11/2019 (f)	590,916	–	(537,562)	(53,354)	–	–	–	–
28/10/2020 (g)	147,888	–	(147,888)	–	–	–	–	–
28/10/2020 (h)	1,130,194	–	–	–	1,130,194	(115,743)	(1,014,451)	–
26/10/2021 (i)	734,790	–	–	–	734,790	–	–	734,790
03/11/2022 (j)	–	1,257,271	–	–	1,257,271	–	–	1,257,271
Total rights (LTI)	2,603,788	1,257,271	(685,450)	(53,354)	3,122,255	(115,743)	(1,014,451)	1,992,061
STI								
08/09/2021 (k)	402,469	–	(376,445)	(26,024)	–	–	–	–
09/09/2022 (l)	–	577,044	–	–	577,044	(11,521)	(565,523)	–
Total rights (STI)	402,469	577,044	(376,445)	(26,024)	577,044	(11,521)	(565,523)	–

Grant date of rights	Vesting date	Fair value per right at grant date
25/11/2019 (f)	15/08/2022	\$2.46
28/10/2020 (g)	15/08/2022	\$1.55
28/10/2020 (h)	22/08/2023	\$1.47
26/10/2021 (i)	12/08/2024	\$2.33
03/11/2022 (j)	21/08/2025	\$1.74
08/09/2021 (k)	01/07/2022	\$2.95
09/09/2022 (l)	01/07/2023	\$1.74

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

Additional information

The earnings of the Group for the five years to 30 June 2023 are summarised below:

	2023 \$'000	2022 \$'000	2021 \$'000	2020 \$'000	2019 \$'000
Revenue	1,044,897	907,559	482,080	452,896	509,722
Profit after income tax	75,248	60,732	43,705	36,381	60,462
Dividends paid	53,774	44,485	26,859	43,159	47,035

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

	2023	2022	2021	2020	2019
Share price at financial year end (\$)	2.30	2.15	3.00	1.60	2.95
Basic earnings per share (cents per share)	22.00	18.16	16.22	13.88	23.20

Additional disclosures relating to KMP

Shareholding

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

	Balance at the start of the year	Received as part of remuneration	Additions	Other	Balance at the end of the year
Ordinary shares					
Andrew Reitzer	94,461	–	–	–	94,461
Cheryl Bart AO	30,665	–	–	–	30,665
Peter Mountford	580,000	–	–	–	580,000
Edwin Jankelowitz	23,000	–	–	–	23,000
Tex Gunning	–	–	–	–	–
Colin Brown	122,639	–	–	–	122,639
Robbie Blau	7,862,588	–	187,700	–	8,050,288
Kevin Wundram	803,713	–	68,948	–	872,661
Andy Mulcaster	617,618	–	35,409	–	653,027
Geoff Tipene	6,525	–	22,548	–	29,073
Peter Davenport	360,074	–	24,940	–	385,014
	10,501,283	–	339,545	–	10,840,828

This concludes the remuneration report, which has been audited.

Shares under option

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

Grant date	Expiry date	Exercise price	Number under option
25/11/2019	14/08/2025	\$2.35	812,395
28/10/2020	14/08/2025	\$1.68	1,823,951
28/10/2020	21/08/2026	\$1.68	3,016,950
26/10/2021	11/08/2027	\$2.93	1,765,028
03/11/2022	20/08/2028	\$2.17	2,089,010
			9,507,334

Shares under performance rights

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

Grant date	Vesting date	Number under rights
26/10/2021	12/08/2024	734,790
03/11/2022	21/08/2025	1,257,271
		1,992,061

Shares issued on the exercise of options

There were no ordinary shares of SG Fleet Group Limited issued on the exercise of options during the year ended 30 June 2023 and up to the date of this report.

Shares issued on the exercise of performance rights

There were no ordinary shares of SG Fleet Group Limited issued on the vesting of performance rights during the year ended 30 June 2023 and up to the date of this report.

Directors' report

30 June 2023

Material business risks

The Board approves the Group's Risk Management Policy and Risk Appetite. This provides a strong foundation from which the Group can successfully deliver on its strategic priorities. The Group's Risk Management Policy and Risk Appetite Statement guide management to proactively identify, monitor and manage the existing and emerging material risks that could impact the Group. Risk-aware decision making is embedded within the Group's key processes.

The following table sets out the material business risks, in no particular order and excluding generic risks, that could adversely affect the Group's future business, operations and financial prospects.

Risk description	Risk Mitigation
<p>Vehicle residual values</p> <p>The Group may inaccurately predict future market movements in used vehicle values. Used vehicle values are currently materially inflated due to disruptions in new vehicle supply. The Group expects used vehicle values to normalise at some point, which will cause a reduction in vehicle risk income. The timing of this normalisation is uncertain.</p>	<ul style="list-style-type: none"> – The Group uses advanced statistical modelling underpinned by extensive data and overlaid with deep industry expertise to set vehicle residual values. – Multiple residual value risk mitigation strategies are employed during the life of the lease, including lease restructures and extensions. – Contractual incentives are in place with customers to align interests in optimising residual value performance. – The Group's disposal model assists in achieving above-market end-of-lease disposal results. – When new vehicle supply is restored, income on new vehicle deliveries will increase, which will to some extent offset the decline in vehicle risk income.
<p>New vehicle supply</p> <p>The Group is dependent on a predictable and reliable new vehicle supply chain in order to deliver vehicles and originate leases within a reasonable timeframe from the date the customer places an order. The current disruption to new vehicle supply limits the Group's ability to do so, which adversely impacts customer satisfaction and revenue generation. In a time of rising interest rates, extended delays in new vehicle deliveries can adversely impact the profitability of some of the Group's products.</p>	<ul style="list-style-type: none"> – New vehicle order lead-times have been adjusted to account for the supply chain disruptions. – The Group frequently engages with manufacturers and dealers on the status of production lines and shipping. – Additional resources and technology have been deployed to keep customers informed at regular intervals of the status of their deliveries.
<p>People</p> <p>The Group's performance is largely dependent on its ability to attract and retain talent. Loss of key personnel could adversely affect financial performance and business growth. The current tight labour market conditions make recruitment and retention more difficult than is ordinarily the case. In addition, remuneration costs are increasing materially.</p>	<ul style="list-style-type: none"> – Competitive remuneration structures to attract, motivate and retain talent. – Succession planning to develop or attract talent for sustainable growth. – Employee engagement surveys to identify areas for improvement and support retention. – Performance management processes to help identify, develop and grow talent in line with the Group's values. – The development of a comprehensive employee value proposition. – Increased focus on individual, manager and leadership development.
<p>Economic conditions</p> <p>In the current inflationary environment, the Group is exposed to the risk that it is unable to pass cost increases on to customers thereby adversely impacting profitability. The rising interest rate environment may adversely impact consumer sentiment and the demand for leasing.</p>	<ul style="list-style-type: none"> – Robust controls are in place to manage headcount growth and remuneration adjustments. – Pricing is reviewed periodically. – A deal committee structure is in place to set pricing for new customer opportunities.

Risk description	Risk Mitigation
<p>Credit</p> <p>Historically, the majority of the Group's funding for its lease portfolio was provided under principal & agency funding arrangements in terms of which credit risk is borne by the underlying financier rather than the Group. The introduction of securitisation funding, combined with the acquisition of the LeasePlan ANZ business, means that the Group now has a material credit risk exposure in its own right.</p>	<ul style="list-style-type: none"> – The Group has an experienced credit team that operates within a robust credit policy and delegated lending authority framework. – The credit policy, and any changes thereto, are approved by the panel of financiers. – Appropriate segregation of duties is in place, both within the business and on the credit committee. – Annual reviews are performed on corporate customers. – Robust credit decisioning systems are in place. – Comprehensive portfolio parameter limits are in place together with monthly monitoring and reporting.
<p>Funding</p> <p>The Group's operations are dependent on having access to competitively priced funding for lease portfolio assets. This funding is secured using two primary funding models, principal & agency and securitisation warehouses. A loss of access to funding or a material change to the terms of funding could adversely affect the Group's ability to attract or retain customers. The Group's securitisation warehouses typically have two-year terms. At the expiration date, the Group is exposed to the risk that financiers may not have the appetite to extend the facility. If this occurs, the facility will enter an orderly amortisation phase, but no new business could be originated under the relevant facility. The Group is also exposed to the risk that the funding cost of the securitisation warehouses increases at the point of facility extension. An increase in funding costs would impact the profitability of the back-book as well as the ability to originate new leases at competitive pricing.</p>	<ul style="list-style-type: none"> – The Group has a diversified funding structure, with multiple funding partners. – Interest rate risk is hedged in accordance with the contractual maturity of the underlying leases. – The Group is consolidating its operations onto a single ERP system, which will allow originations to be funded using a variety of funding models and financiers.
<p>Integration project execution</p> <p>The Group is undertaking a large-scale, multi-year, integration of the LeasePlan acquisition. This project includes an organisational restructure and multiple system migrations. Delays or failures in the execution of this project could adversely impact the Group's operations and the achievement of synergy targets.</p>	<ul style="list-style-type: none"> – The integration project is overseen by a Steering Committee that meets fortnightly. The Steering Committee monitors progress and makes key decisions in relation to the integration. – Sub-committees are in place to manage each detailed integration stream. – Robust project management processes are in place for all system migration processes. – Appropriate budgets are in place to adequately resource each project.
<p>Regulatory</p> <p>Demand for novated leases is driven by the tax concessions available to lessees under existing fringe benefits tax ('FBT') legislation. Changes to the FBT legislation may adversely impact the attractiveness of novated leasing, which would impact the profitability of the Group's novated leasing channel.</p>	<ul style="list-style-type: none"> – The Group has diversified its lease portfolio to reduce the proportion of novated leases. – The Group invests in product development to increase the leasing value proposition beyond the tax concessions. – The company is a member of the National Automotive Leasing and Salary Packaging Association (NALSPA), which is a body formed to communicate the economic benefits of existing FBT policy settings.
<p>Cyber security/data privacy</p> <p>A successful cyber-attack could compromise the technology platforms used by the Group and could result in the exfiltration and loss of information or breach of data privacy laws and/or customer agreements.</p>	<ul style="list-style-type: none"> – A security operations centre is in place that actively monitors the Group's logical environment for malicious activity 24/7/365. – Robust Infosec and data privacy policies and processes are in place in line with international cybersecurity standards. – Regular penetration testing, vulnerability management controls and patching of all critical IT assets are in place. – Training in data privacy and security is conducted on a recurring basis.

Directors' report

30 June 2023

Indemnity and insurance of officers

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

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

Indemnity and insurance of auditor

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young Australia during or since the financial year.

Proceedings on behalf of the Company

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

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 36 to the financial statements.

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

The Directors are of the opinion that the services as disclosed in note 36 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

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

Officers of the Company who are former partners of Ernst & Young

There are no officers of the Company who are former partners of Ernst & Young.

Rounding of amounts

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

Auditor's independence declaration

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

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

On behalf of the Directors



Andrew Reitzer
Chairman



Robbie Blau
Chief Executive Officer

22 August 2023
Sydney

Auditor's independence declaration



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Auditor's independence declaration to the Directors of SG Fleet Group Limited

As lead auditor for the audit of the financial report of SG Fleet Group Limited for the financial year ended 30 June 2023, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of SG Fleet Group Limited and the entities it controlled during the financial year.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'Glenn Maris' in a cursive style.

Glenn Maris
Partner
22 August 2023

Statement of profit or loss

For the year ended 30 June 2023

	Notes	CONSOLIDATED	
		2023 \$'000	2022 \$'000 (Restated)
Revenue	6	1,044,897	907,559
Interest revenue calculated using the effective interest method		8,595	650
Share of loss of associates accounted for using the equity method	15	(474)	–
Expenses			
Mobility services cost of sale		(73,870)	(63,896)
Vehicle risk cost of sale		(288,706)	(261,029)
Additional product and services cost of sale		(46,335)	(35,635)
Rental and finance cost of sale		(7,627)	(11,545)
Other direct costs		(19,606)	(12,675)
Depreciation and amortisation	7	(241,942)	(202,611)
Impairment of intangible assets	7	–	(55)
Finance costs	7	(71,915)	(52,410)
Employee benefits expense		(151,729)	(136,442)
Occupancy costs		(4,018)	(3,515)
Technology and communication costs		(26,624)	(22,318)
Other expenses		(14,143)	(16,946)
Total expenses		(946,515)	(819,077)
Profit before income tax expense		106,503	89,132
Income tax expense	8	(31,255)	(28,400)
Profit after income tax expense for the year attributable to the owners of SG Fleet Group Limited		75,248	60,732
		Cents	Cents
Basic earnings per share	44	22.00	18.16
Diluted earnings per share	44	21.88	17.99

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

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

Statement of other comprehensive income

For the year ended 30 June 2023

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Profit after income tax expense for the year attributable to the owners of SG Fleet Group Limited	75,248	60,732
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation difference for foreign operations	5,646	(8,816)
Effective portion of changes in fair value of cash flow hedges, net of tax	(2,057)	32,193
Other comprehensive income for the year, net of tax	3,589	23,377
Total comprehensive income for the year attributable to the owners of SG Fleet Group Limited	78,837	84,109

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

Statement of financial position

As at 30 June 2023

	Notes	CONSOLIDATED		
		2023 \$'000	2022 \$'000 (Restated)	2021 \$'000 (Restated)
Assets				
Cash and cash equivalents	9	92,848	61,613	201,605
Restricted cash	10	167,566	168,820	29,512
Finance lease, trade and other receivables	11	801,560	627,041	66,886
Inventories	12	29,583	47,160	10,136
Derivative financial instruments	13	40,687	44,094	–
Prepayments	14	21,164	20,982	7,522
Income tax refund due	8	4,723	5,675	–
Investments – equity accounted	15	1,637	–	–
Investments – fair valued	16	6,438	6,556	2,627
Leased motor vehicle assets	17	1,010,814	967,019	94,176
Property, plant and equipment	18	11,346	8,443	5,461
Intangibles	19	623,130	630,965	401,006
Right-of-use assets	20	25,715	27,846	8,690
Deferred tax	8	–	–	6,235
Total assets		2,837,211	2,616,214	833,856
Liabilities				
Trade and other payables	21	275,803	235,047	100,793
Derivative financial instruments	22	26	688	1,877
Employee benefits	23	23,976	22,809	10,967
Provisions	24	31,860	29,782	20,055
Lease portfolio borrowings	25	1,296,404	1,199,266	65,041
Borrowings	26	300,814	292,392	124,519
Lease liabilities – right-of-use assets	27	25,956	27,319	9,015
Vehicle maintenance funds	28	140,509	157,838	82,542
Contract liabilities	29	72,642	62,341	40,617
Income tax	8	–	–	4,701
Deferred tax	8	95,353	42,790	–
Total liabilities		2,263,343	2,070,272	460,127
Net assets		573,868	545,942	373,729
Equity				
Issued capital	30	505,968	505,968	376,661
Reserves	31	(83,661)	(90,113)	(116,772)
Retained profits		151,561	130,087	113,840
Total equity		573,868	545,942	373,729

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

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

Statement of changes in equity

For the year ended 30 June 2023

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2021	376,661	(116,772)	118,297	378,186
Adjustment for correction of error (note 4)	–	–	(4,457)	(4,457)
Balance at 1 July 2021 – restated	376,661	(116,772)	113,840	373,729
Profit after income tax expense for the year	–	–	60,732	60,732
Other comprehensive income for the year, net of tax	–	23,377	–	23,377
Total comprehensive income for the year	–	23,377	60,732	84,109
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 30)	129,307	–	–	129,307
Share-based payments (note 31)	–	3,282	–	3,282
Dividends paid (note 32)	–	–	(44,485)	(44,485)
Balance at 30 June 2022 – restated	505,968	(90,113)	130,087	545,942

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

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2022 – restated	505,968	(90,113)	130,087	545,942
Profit after income tax expense for the year	–	–	75,248	75,248
Other comprehensive income for the year, net of tax	–	3,589	–	3,589
Total comprehensive income for the year	–	3,589	75,248	78,837
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 31)	–	2,863	–	2,863
Dividends paid (note 32)	–	–	(53,774)	(53,774)
Balance at 30 June 2023	505,968	(83,661)	151,561	573,868

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

Statement of cash flows

For the year ended 30 June 2023

	Notes	CONSOLIDATED	
		2023 \$'000	2022 \$'000 (Restated)*
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,137,646	996,276
Payments to suppliers and employees (inclusive of GST)		(704,355)	(677,560)
Cash generated from operations before investment in lease portfolio		433,291	318,716
Acquisition of operating and finance lease assets		(698,175)	(530,169)
Proceeds from disposal of operating lease assets (excluding vehicle risk income)		119,590	198,628
Capital receipts from finance lease assets		196,362	157,383
Interest received		8,595	650
Interest and other finance costs paid		(64,796)	(46,981)
Income taxes refunded		23,038	–
Income taxes paid		–	(52,106)
Net cash from operating activities	43	17,905	46,121
Cash flows from investing activities			
Payment for purchase of subsidiary, net of cash acquired		–	(455,812)
Payment for investments		(1,243)	(4,863)
Payments for property, plant and equipment	18	(7,126)	(4,015)
Proceeds from disposal of property, plant and equipment		405	616
Payments for intangibles	19	(5,533)	(4,244)
Payments for investments in associates	15	(782)	–
Net cash used in investing activities		(14,279)	(468,318)
Cash flows from financing activities			
Share awards settled through direct market acquisition	31	(1,759)	–
Proceeds from borrowings	43	145,045	1,837,871
Repayment of borrowings	43	(57,280)	(1,352,077)
Repayment of lease liabilities – right-of-use assets	43	(6,935)	(6,546)
Borrowing costs paid		(636)	(11,444)
Dividends paid	32	(53,774)	(44,485)
Net cash from financing activities		24,661	423,319
Net increase in cash and cash equivalents		28,287	1,122
Cash and cash equivalents at the beginning of the financial year		230,433	231,117
Effects of exchange rate changes on cash and cash equivalents		1,694	(1,806)
Cash and cash equivalents and restricted cash at the end of the financial year	9,10	260,414	230,433

* Restatement and realignment of comparatives:

30 June 2022 statement of cash flows has been restated/realigned to the current period presentation. Acquisition and disposal of lease portfolio assets are included within the operating activities above compared to investing activities disclosed in the prior year. As a result, 30 June 2022 net cash flow from operating activities is lower by \$183,905,000 from \$230,026,000 to \$46,121,000. 30 June 2022 net cash used in investing activities improved by \$183,905,000 from an outflow of \$652,223,000 to \$468,318,000. Receipts from customers and Payments to suppliers have been grossed by \$23,220,000 inclusive of GST. There has been no impact on the net increase in cash and cash equivalents of \$1,122,000 as at 30 June 2022.

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

Notes to the financial statements

30 June 2023

Note 1. General information

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

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

Level 2, Building 3
20 Bridge Street
Pymble NSW 2073

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 22 August 2023. The Directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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

Basis of preparation

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

Historical cost convention

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

Critical accounting estimates

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

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 40.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of SG Fleet Group Limited as at 30 June 2023 and the results of all subsidiaries for the year then ended.

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

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

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

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

Notes to the financial statements

30 June 2023

Note 2. Significant accounting policies continued

Operating segments

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

Foreign currency translation

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

Foreign currency transactions

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

Foreign operations

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

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

Revenue recognition

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

Revenue from contracts with customers

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

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

The Group combines two or more contracts in a linked arrangement when contracts are entered into at or near the same time, contracts are negotiated as a package with a single commercial objective or there is price dependency between the contracts. Where these elements are satisfied, the Group will account for these combined agreements as one contract.

Mobility services income

Mobility services revenue includes the products and services required to keep a vehicle on the road in a safe and compliant manner. This revenue category includes income from registering and insuring the vehicle, providing assistance in the event of a break-down or accident, telematics and safety inspections. It also includes income from car-share bookings. This is an annuity income stream which is primarily driven by the funded fleet size and brought to account over time due to continuous performance obligations received by customers over the term of the lease.

Additional products and services

Additional products and services revenue is generated by products that are not typically related to keeping the vehicle on the road and mobile. This revenue category includes products such as accessories, redundancy protection, Trade Advantage and rebates. This income stream is largely transactional in nature and the key driver is the volume of funded deliveries coupled with penetration rates. Revenue from the sale of additional products and services is recognised when it is received or when the right to receive payment is established and the performance obligation has been satisfied. Specifically, upfront establishment fees levied to the customer to establish the contract for the services to be provided for the term of the contract, are recognised over the term of the contract. Revenue related to the waiver of the lessee's wear and tear obligations is recognised at the point in time, being at the end of the lease term.

Finance commission

Finance commission is the income earned on leased vehicles funded off balance sheet. This income stream is largely transactional in nature, has no direct costs and the key driver is the volume of funded deliveries. Introductory commissions earned are recognised in profit or loss in full at a point in time, being in the month in which the finance is introduced to the relevant financier. Trailing commissions earned for the collection and distribution of ongoing customer rentals to the financier are recognised over time.

Vehicle risk income

Vehicle Risk Income ('VRI') is the income earned as a result of underwriting a long-term risk position on a vehicle at lease commencement, the ultimate financial outcome of which will depend on circumstances and market conditions that occur over the life of each vehicle. VRI consists of an end of lease component (revenues earned on the sale of vehicles from underwriting residual value risk) and in-life component (profits earned from underwriting maintenance and other running costs). VRI end of lease is largely transactional in nature and its primary driver is the volume of operating lease disposals. VRI in-life is a combination of annuity and transactional income and is driven by the number of open-contract vehicles and vehicles with underwritten maintenance risk positions.

Rental and finance income

Rental and finance income is the income earned on leased vehicles funded on the balance sheet. Rental income is generated by operating lease vehicles, short-term rental vehicles as well as subscription vehicles. Rental income on operating leases is recognised in profit or loss in periodic amounts over the lease term on a straight-line basis. Where variable lease payments are offered which are not linked to an index or rate they are recognised within rental income in the statement of profit and loss in the period which they arise.

Finance Income is generated by finance lease vehicles. The cost of sale related to this income stream is operating lease depreciation, direct interest and short-term hire costs. This is an annuity income stream, and the key driver of this income stream is the size of the on balance sheet funded fleet. Rental and finance income is recognised overtime over the lease term.

Other income

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

Interest

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

Income tax

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

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

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

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

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

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

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

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

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

Notes to the financial statements

30 June 2023

Note 2. Significant accounting policies continued

Cash and cash equivalents

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

Finance, trade and other receivables

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

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

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

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

Inventories

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

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

Derivative financial instruments

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

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

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

Cash flow hedges

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

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

Associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost adjusted by cumulative post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. If impaired, the carrying value of the Group's share of the underlying assets of associates is written down to its estimated recoverable amount. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Property, plant and equipment

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

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

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

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

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

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

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

Leases

Group as lessee

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

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

Right-of-use assets

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

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

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

Lease liabilities – right-of-use assets

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

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

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

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

Group as lessor

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

Notes to the financial statements

30 June 2023

Note 2. Significant accounting policies continued

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

Group as lessor – leased motor vehicle assets

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

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

Lease rental income on operating leases is recognised in the statement of profit or loss in periodic amounts over the lease term on a straight line basis. Where variable lease payments are offered which are not linked to an index or rate they are recognised within rental income in the statement of profit or loss in the period which they arise.

Intangible assets

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

Goodwill

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

Customer contracts

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

Software

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

Impairment of non-financial assets

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

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

Trade and other payables

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

Contract liabilities

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

Borrowings

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

Maintenance deferred income liability

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

Finance costs

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

Provisions

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

Residual values

The Group has entered into various agreements with its financiers that govern the transfer of the residual value risk inherent in operating lease assets from the financier to the Group at the end of the underlying lease agreement. These agreements include put/call options, sale direction deeds and guaranteed buyback arrangements. The residual value provision is an onerous contract provision and is created to cover estimated future shortfalls on the disposal of these vehicles.

Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

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

Defined contribution superannuation expense

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

Share-based payments

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

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

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

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

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

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

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

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

Fair value measurement

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

Notes to the financial statements

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Note 2. Significant accounting policies continued

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

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

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

Vehicle maintenance funds

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

Issued capital

Ordinary shares are classified as equity.

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

Dividends

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

Business combinations

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

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

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

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

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

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

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

Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

Comparatives

Comparatives in the financial report have been realigned to the current period presentation. There has been no effect on the comparative period profit.

Rounding of amounts

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2023. The adoption of these Accounting Standards and Interpretations is not expected to have any significant impact on the Group's financial statements.

Note 3. Critical accounting judgements, estimates and assumptions

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

Revenue from vehicle risk Income

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

Principal and Agent considerations

In revenue from contracts with customers, the Group provides a range of goods and services whereby it is required to determine whether the nature of its promise to its customers is a performance obligation to provide the specified goods or services itself (that is, the Group entity is a principal) or to arrange for those goods or services to be provided by another party (that is, the Group is an agent).

Significant judgement is applied to the Group consideration of each of its performance obligations as a principal or agent within an individual contract. The determination of principal or agent impacts the presentation of each individual item within the statement of profit or loss as gross revenues or net revenues.

Linked arrangement considerations

As discussed in note 2, the Group combines two or more contracts in a linked arrangement when contracts are entered into at or near the same time, contracts are negotiated as a package with a single commercial objective or there is price dependency between the contracts. Where these elements are satisfied, the Group will account for these combined agreements as one contract.

The consideration and judgement regarding the linking of contracts is complex and dependent on several factors, with significant judgement required to consider associated price dependency within each of the linked arrangements. Where relevant, considering contracts as linked arrangements results in the inclusion of the variable cost of vehicle acquisition in the cost of inventories at the end of an arrangement.

Goodwill

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units, to which goodwill belongs, have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to note 19 for further information.

Residual values

As discussed in note 2, the Group has entered into various agreements with its financiers relating to residual value risk inherent in operating lease assets being transferred to the Group at the end of the underlying lease agreement. A provision is raised to cover the future shortfall on the disposal of these vehicles. Significant judgment is required in estimating the market value of the vehicle in its expected future condition.

Income tax

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

Notes to the financial statements

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Note 4. Restatement of comparatives

Correction of error

Previously the Group's residual value provision was estimated on a pooled asset basis. This has been changed to reflect the required provision at an asset level. The impact of the retrospective change on the comparative period financial position and results is provided below.

Variable consideration payments to customers have been reclassified from Vehicle Risk Cost of Sale to Rental and Finance Income. Mobility services income and expenses have been stated on a gross basis to reflect the nature of the contracts where the Group acts as principal and not the agent for services provided. As a result, comparative period revenue increased by \$21,438,000 with a corresponding increase in the comparative period cost of sales.

Statement of profit or loss

When there is a restatement of comparatives, it is mandatory to provide a statement of profit or loss and other comprehensive income for the year ended 30 June 2022. However, since the above change to the residual risk provision did not impact the comparative year statement of profit or loss, the Group has elected not to show the statement of profit or loss amounts.

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

Extract	CONSOLIDATED		
	2021 \$'000 Reported	\$'000 Adjustment	2021 \$'000 Restated
Assets			
Deferred tax	4,328	1,907	6,235
Total assets	831,949	1,907	833,856
Liabilities			
Provisions	13,691	6,364	20,055
Total liabilities	453,763	6,364	460,127
Net assets	378,186	(4,457)	373,729
Equity			
Retained profits	118,297	(4,457)	113,840
Total equity	378,186	(4,457)	373,729

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

Extract	CONSOLIDATED		
	2022 \$'000 Reported	\$'000 Adjustment	2022 \$'000 Restated
Liabilities			
Provisions	23,418	6,364	29,782
Deferred tax	44,697	(1,907)	42,790
Total liabilities	2,065,815	4,457	2,070,272
Net assets	550,399	(4,457)	545,942
Equity			
Retained profits	134,544	(4,457)	130,087
Total equity	550,399	(4,457)	545,942

Statement of cash flows:

Refer to the statement of cash flows for details on restatement.

Note 5. Operating segments

Identification of reportable operating segments

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

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

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

Intersegment receivables, payables and loans

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

Major customers

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

Operating segment information

Consolidated – 2023	Australia \$'000	New Zealand \$'000	United Kingdom \$'000	Corporate \$'000	Total \$'000
Revenue					
Revenue from contracts with customers	577,419	80,155	60,075	–	717,649
Rental and finance income	227,796	62,066	37,386	–	327,248
Total sales revenue	805,215	142,221	97,461	–	1,044,897
Interest income	6,774	1,523	298	–	8,595
Total revenue	811,989	143,744	97,759	–	1,053,492
EBITDA	314,114	75,973	31,211	(938)	420,360
Depreciation and amortisation	(171,310)	(49,663)	(20,969)	–	(241,942)
Finance costs	(55,933)	(12,003)	(3,979)	–	(71,915)
Profit/(loss) before income tax expense	86,871	14,307	6,263	(938)	106,503
Income tax expense					(31,255)
Profit after income tax expense					75,248
Assets					
Segment assets	2,269,228	359,707	208,276	–	2,837,211
Total assets					2,837,211
Liabilities					
Segment liabilities	1,855,236	253,805	154,302	–	2,263,343
Total liabilities					2,263,343

Notes to the financial statements

30 June 2023

Note 5. Operating segments continued

Consolidated – 2022 (Restated)	Australia \$'000	New Zealand \$'000	United Kingdom \$'000	Corporate \$'000	Total \$'000
Revenue					
Revenue from contracts with customers	517,565	68,816	54,586	–	640,967
Rental and finance income	174,646	55,746	36,200	–	266,592
Total sales revenue	692,211	124,562	90,786	–	907,559
Interest income	333	291	26	–	650
Total revenue	692,544	124,853	90,812	–	908,209
EBITDA					
EBITDA	251,401	67,678	30,723	(5,594)	344,208
Depreciation and amortisation	(139,713)	(45,841)	(17,057)	–	(202,611)
Impairment of assets	(55)	–	–	–	(55)
Finance costs	(39,235)	(10,084)	(3,091)	–	(52,410)
Profit/(loss) before income tax expense	72,398	11,753	10,575	(5,594)	89,132
Income tax expense					(28,400)
Profit after income tax expense					60,732
Assets					
Segment assets	2,083,931	355,476	176,807	–	2,616,214
Total assets					2,616,214
Liabilities					
Segment liabilities	1,680,359	261,172	128,741	–	2,070,272
Total liabilities					2,070,272

Note 6. Revenue

	CONSOLIDATED	
	2023 \$'000	2022 \$'000 (Restated)
Revenue from contracts with customers		
Mobility services income	165,132	153,383
Additional products and services	95,404	83,124
Finance commission	30,992	31,832
Vehicle risk income	416,986	368,048
Other income	9,135	4,580
	717,649	640,967
Other revenue		
Finance lease income	27,068	16,444
Operating lease income	300,180	250,148
	327,248	266,592
Revenue	1,044,897	907,559

Disaggregation of revenue

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

	CONSOLIDATED	
	2023 \$'000	2022 \$'000 (Restated)
Timing of revenue recognition		
Revenue transferred at a point in time – upfront	59,137	58,715
Revenue transferred over time	250,890	229,025
Revenue transferred at a point in time – end of life	407,622	353,227
	717,649	640,967

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

Note 7. Expenses

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	377	112
Computer hardware and office equipment	2,870	1,950
Motor vehicles	821	624
Leased motor vehicle assets	211,779	175,515
Right-of-use assets	7,680	7,697
Total depreciation	223,527	185,898
Amortisation		
Customer contracts	13,911	12,616
Software	4,504	4,097
Total amortisation	18,415	16,713
Total depreciation and amortisation	241,942	202,611
Impairment		
Intangibles – customer contracts	–	55
Finance costs		
External borrowing costs for corporate debt	18,386	12,243
External borrowing costs for lease portfolio	68,609	37,456
Net interest (receivable)/payable on interest rate swap contracts	(16,522)	2,362
Cash flow hedge ineffectiveness	(121)	(288)
Net foreign exchange losses/(gains)	577	(162)
Interest on lease liabilities – right-of-use assets	858	711
Interest on lease make good	128	88
Total finance costs	71,915	52,410
Net fair value loss		
Net fair value loss on investments	32	934
Superannuation expense		
Defined contribution superannuation expense	10,730	10,138

Notes to the financial statements

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Note 8. Income tax

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Income tax expense		
Current tax	(21,912)	32,825
Deferred tax – origination and reversal of temporary differences	53,167	(4,425)
Aggregate income tax expense	31,255	28,400
Deferred tax included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	53,167	(4,425)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	106,503	89,132
Tax at the statutory tax rate of 30%	31,951	26,740
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	73	53
Non-deductible expenses	1,409	2,493
	33,433	29,286
Difference in overseas tax rates	(881)	(1,398)
Adjustment recognised for prior periods	(1,297)	734
Assessed loss	–	(222)
Income tax expense	31,255	28,400

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Amounts charged/(credited) directly to equity		
Deferred tax assets	(1,037)	13,084
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	12,384	11,483
Potential tax benefit at statutory tax rates	3,095	2,871

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

Notes to the financial statements

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Note 9. Cash and cash equivalents

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Cash at bank	92,848	61,613
Amount expected to be recovered within 12 months	92,848	61,613

Note 10. Restricted cash

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Secured deposits	26,605	27,388
Securitisation collection and capital accounts	27,589	11,185
Securitisation reserves	113,372	130,247
	167,566	168,820
Amount expected to be recovered within 12 months	167,566	168,820

Secured deposits represent bank account balances held as security as required under certain lease portfolio funding and insurance agreements. Cash held in bank accounts within the securitisation warehouses can only be used to service the obligations of the warehouse in accordance with the transaction agreements. These restricted balances are not available as free cash for the purpose of other operations of the Group.

Note 11. Finance lease, trade and other receivables

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Trade receivables	215,756	177,492
Less: Allowance for expected credit losses	(1,898)	(1,218)
	213,858	176,274
Finance lease receivables	590,195	451,938
Less: Allowance for expected credit losses	(2,493)	(1,171)
	587,702	450,767
	801,560	627,041
Amount expected to be recovered within 12 months	409,172	344,082
Amount expected to be recovered after more than 12 months	392,388	282,959
	801,560	627,041

Allowance for expected credit losses

The Group has recognised a loss of \$1,975,000 (2022: \$1,626,000) in profit or loss in respect of the expected credit losses for the year ended 30 June 2023.

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

	EXPECTED CREDIT LOSS RATE		CARRYING AMOUNT		ALLOWANCE FOR EXPECTED CREDIT LOSSES	
	2023 %	2022 %	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Consolidated						
Not overdue	0.31%	0.19%	796,973	626,076	2,493	1,166
30 to 60 days overdue	22.09%	38.30%	2,989	2,028	660	777
60 to 90 days overdue	19.27%	36.20%	1,546	644	298	233
90 to 120 days overdue	21.42%	49.10%	1,784	143	382	70
Over 120 days overdue	20.97%	26.50%	2,659	539	558	143
			805,951	629,430	4,391	2,389

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

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Opening balance	2,389	783
Additional provisions recognised	1,975	1,626
Exchange differences	27	(20)
Closing balance	4,391	2,389

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Lease receivables – finance lease		
Committed at the reporting date, receivable:		
1 year or less	220,733	186,898
Between 1 and 2 years	175,232	124,277
Between 2 and 3 years	148,118	96,082
Between 3 and 4 years	82,482	53,317
Between 4 and 5 years	37,095	27,206
Over 5 years	23,291	3,510
Total commitment	686,951	491,290
Less: Future finance charges	(96,756)	(39,352)
Net commitment recognised as assets	590,195	451,938

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Note 12. Inventories

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
End-of-term operating lease assets held for disposal	29,798	47,175
Less: Provision for impairment	(215)	(15)
	29,583	47,160
Amount expected to be recovered within 12 months	29,583	47,160

Note 13. Derivative financial instruments

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Interest rate swap contracts – cash flow hedges	40,687	44,094
Amount expected to be recovered within 12 months	16,197	16,439
Amount expected to be recovered after more than 12 months	24,490	27,655
	40,687	44,094

Refer to note 34 for further information on fair value measurement.

Note 14. Prepayments

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Prepayments	21,164	20,982
Amount expected to be recovered within 12 months	21,164	20,982

Note 15. Investments – equity accounted

Investment in DingGo AU Pty Ltd ('DingGo')

During the current financial year, the Group gained significant influence on the investments in DingGo AU Pty Ltd. As detailed in note 2, investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate.

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Investment in DingGo AU Pty Ltd	1,637	–
Amount expected to be recovered after more than 12 months	1,637	–
Reconciliation		
Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:		
Opening carrying amount	–	–
Transfer from investments – fair valued on gaining significant influence	1,329	–
Additions during the year	782	–
Share of loss after income tax	(474)	–
Closing carrying amount	1,637	–

Interests in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the Group are set out below:

Name	Principal place of business/ Country of incorporation	Ownership interest 2023 %
DingGo AU Pty Ltd	Australia	19.96%

Note 16. Investments – fair valued

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Investments in listed equity securities	1,011	648
Investments in other companies	5,427	5,908
	6,438	6,556
Amount expected to be recovered after more than 12 months	6,438	6,556

Refer to note 34 for further information on fair value measurement.

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Note 17. Leased motor vehicle assets

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Lease portfolio assets – at cost	1,143,418	1,033,285
Less: Accumulated depreciation	(132,604)	(66,266)
	1,010,814	967,019
Amount expected to be recovered within 12 months	282,705	387,386
Amount expected to be recovered after more than 12 months	728,109	579,633
	1,010,814	967,019

Reconciliations

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

Consolidated	Leased assets \$'000
Balance at 1 July 2021	94,176
Additions	483,512
Additions through business combinations	883,626
Disposals	(299,607)
Exchange differences	(19,173)
Depreciation expense	(175,515)
Balance at 30 June 2022	967,019
Additions	363,733
Disposals	(119,590)
Exchange differences	11,431
Depreciation expense	(211,779)
Balance at 30 June 2023	1,010,814

Note 18. Property, plant and equipment

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Leasehold improvements – at cost	5,397	1,564
Less: Accumulated depreciation	(1,076)	(991)
	4,321	573
Computer hardware and office equipment – at cost	9,756	11,266
Less: Accumulated depreciation	(6,312)	(7,015)
	3,444	4,251
Motor vehicles – at cost	4,536	4,023
Less: Accumulated depreciation	(955)	(404)
	3,581	3,619
	11,346	8,443
Amount expected to be recovered after more than 12 months	11,346	8,443

Reconciliations

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

Consolidated	Leasehold improvements \$'000	Computer hardware and office equipment \$'000	Motor vehicles \$'000	Total \$'000
Balance at 1 July 2021	397	3,149	1,915	5,461
Additions	299	2,120	1,596	4,015
Additions through business combinations	5	1,135	1,299	2,439
Disposals	–	(181)	(435)	(616)
Exchange differences	(16)	(22)	(132)	(170)
Depreciation expense	(112)	(1,950)	(624)	(2,686)
Balance at 30 June 2022	573	4,251	3,619	8,443
Additions	4,101	2,037	988	7,126
Disposals	–	–	(386)	(386)
Exchange differences	24	26	181	231
Depreciation expense	(377)	(2,870)	(821)	(4,068)
Balance at 30 June 2023	4,321	3,444	3,581	11,346

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Note 19. Intangibles

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Goodwill – at cost	523,980	519,547
Customer contracts – at cost	141,766	140,424
Less: Accumulated amortisation	(59,368)	(44,708)
Less: Accumulated impairment	(125)	(125)
	82,273	95,591
Software – at cost	34,641	29,070
Less: Accumulated amortisation	(17,764)	(13,243)
	16,877	15,827
	623,130	630,965
Amount expected to be recovered after more than 12 months	623,130	630,965

Reconciliations

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

Consolidated	Goodwill \$'000	Customer contracts \$'000	Software \$'000	Total \$'000
Balance at 1 July 2021	357,880	27,449	15,677	401,006
Additions	–	–	4,244	4,244
Additions through business combinations	165,732	81,878	21	247,631
Disposals	–	–	(12)	(12)
Exchange differences	(4,065)	(1,065)	(6)	(5,136)
Impairment of assets	–	(55)	–	(55)
Amortisation expense	–	(12,616)	(4,097)	(16,713)
Balance at 30 June 2022	519,547	95,591	15,827	630,965
Additions	–	–	5,533	5,533
Exchange differences	4,433	593	21	5,047
Amortisation expense	–	(13,911)	(4,504)	(18,415)
Balance at 30 June 2023	523,980	82,273	16,877	623,130

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

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Australian CGU	441,493	441,493
United Kingdom CGU	53,760	49,852
New Zealand CGU	28,727	28,202
Total	523,980	519,547

Impairment testing for goodwill

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

- Cash flows were projected based on actual operating results and the four-year business plan. Cash flow beyond Year 4 was projected at a growth rate of 0% (2022: 0%) for the three CGUs;
- Revenue growth was projected at 4.8% (2022: 7.1%) per annum for the Australian CGU, 15.2% (2022: 8.3%) per annum for the United Kingdom CGU and 4.4% (2022: 8.1%) per annum for the New Zealand CGU;
- Direct costs were forecast based on the margins historically achieved by the business;
- Overheads were forecast based on current levels adjusted for inflationary increases; and
- The Company's pre-tax weighted average cost of capital was applied in determining the recoverable amount. The discount rate of 11.77% (2022: 9.29%) was used for the Australian CGU, 9.43% (2022: 7.29%) for the United Kingdom CGU and 10.5% (2022: 9.01%) for the New Zealand CGU.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external and internal data sources.

Sensitivity analysis

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

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Note 20. Right-of-use assets

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Right-of-use assets – at cost	55,162	49,589
Less: Accumulated depreciation	(29,447)	(21,743)
	25,715	27,846
Amount expected to be recovered after more than 12 months	25,715	27,846

The Group leases office premises under agreements of between 3 to 10 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The Group also leases motor vehicles and equipment under agreements of between 1 to 5 years.

Reconciliation

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

Consolidated	Office premises \$'000	Motor vehicles \$'000	Others \$'000	Total \$'000
Balance at 1 July 2021	8,113	534	43	8,690
Additions	13,511	256	305	14,072
Additions through business combinations	12,920	–	38	12,958
Exchange differences	(176)	(1)	–	(177)
Depreciation expense	(7,234)	(393)	(70)	(7,697)
Balance at 30 June 2022	27,134	396	316	27,846
Additions	4,699	653	–	5,352
Lease modification and termination	(63)	–	–	(63)
Exchange differences	260	–	–	260
Depreciation expense	(7,225)	(359)	(96)	(7,680)
Balance at 30 June 2023	24,805	690	220	25,715

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

- note 7 for details of interest on lease liabilities and other lease expenses;
- note 27 and note 43 for details of lease liabilities at the beginning and end of the reporting period;
- note 33 for the maturity analysis of lease liabilities; and
- consolidated statement of cash flows for repayment of lease liabilities.

Note 21. Trade and other payables

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Trade payables	252,957	214,409
Accrued expenses	22,846	20,638
	275,803	235,047
Amount expected to be settled within 12 months	275,803	235,047

Refer to note 33 for further information on financial instruments.

Trade payables include residual values payable to financiers, which are secured by the underlying operating lease asset and security deposits of \$26,605,000 (2022: \$27,632,000).

Note 22. Derivative financial instruments

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Interest rate swap contracts – cash flow hedges	26	688
Amount expected to be settled within 12 months	11	256
Amount expected to be settled after more than 12 months	15	432
	26	688

Refer to note 33 for further information on financial instruments. Refer to note 34 for further information on fair value measurement.

Note 23. Employee benefits

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Annual leave	12,478	11,606
Long service leave	11,498	11,203
	23,976	22,809
Amount expected to be settled within 12 months	22,424	21,472
Amount expected to be settled after more than 12 months	1,552	1,337
	23,976	22,809

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Note 24. Provisions

	CONSOLIDATED	
	2023 \$'000	2022 \$'000 (Restated)
Lease make good	4,733	4,785
Residual value risk	18,339	17,856
Other provisions	8,788	7,141
	31,860	29,782
Amount expected to be settled within 12 months	11,676	11,177
Amount expected to be settled after more than 12 months	20,184	18,605
	31,860	29,782

Lease make good

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

Residual value risk provision

The provision is to recognise the future liability relating to residual value exposures as described in note 2 and note 3. The Group has entered into agreements with its lease portfolio financiers under which the residual value risk inherent in operating leases is transferred from the financier of the asset to the Group at the end of the lease. Under these agreements, at the end of the contractual lease term for each vehicle, the Group is obliged to pay the guaranteed residual value amount to the financier. The Group then sells the vehicles and realises a profit or loss on sale. Secured deposits have been issued to lease portfolio financiers as security for these obligations. An amount of \$18,339,000 (2022: \$17,856,000) has been recognised as a residual value provision to cover potential shortfalls on the disposal of these vehicles.

Other provisions

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

Movements in provisions

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

	Lease make good \$'000	Residual value risk (restated) \$'000	Other provision \$'000
Consolidated – 2023			
Carrying amount at the start of the year	4,785	17,856	7,141
Additional provisions recognised	128	–	2,341
Exchange differences	36	483	24
Unused amounts reversed	(216)	–	(718)
Carrying amount at the end of the year	4,733	18,339	8,788

Note 25. Lease portfolio borrowings

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Lease portfolio borrowings – non-securitised	75,830	65,193
Lease portfolio borrowings – securitised	1,220,574	1,134,073
	1,296,404	1,199,266
Amount expected to be settled within 12 months	514,290	443,495
Amount expected to be settled after more than 12 months	782,114	755,771
	1,296,404	1,199,266

Refer to note 33 for further information on financial instruments.

Lease portfolio borrowings – non-securitised

The lease portfolio borrowings are secured by the underlying funded assets and lease agreements, together with secured deposits. These facilities are interest-bearing and are repaid monthly in accordance with the contractual amortisation schedule of the underlying assets.

Lease portfolio borrowings – securitised

The Group has established limited recourse securitisation warehouse trusts with total commitments from external financiers of \$1,369 million (2022: \$1,361 million). All amounts owing to parties to the warehouse are secured by fixed and floating charges over all assets of the warehouse, including cash balances, lease receivables and related leased motor vehicles. The financiers to the warehouse have no recourse to the Group, other than in relation to their responsibilities as originator and servicer of assets to the warehouse. As at 30 June 2023, the Group had utilised \$1,221 million (2022: \$1,134 million) of securitised lease portfolio borrowings.

Note 26. Borrowings

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Bank loans	301,662	299,723
Capitalised borrowing costs	(848)	(7,331)
	300,814	292,392
Amount expected to be settled after more than 12 months	300,814	292,392

Refer to note 33 for further information on financial instruments.

The total secured liabilities are as follows:

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Bank loans	301,662	299,723
Lease portfolio borrowings – non-securitised (note 25)	75,830	65,193
Lease portfolio borrowings – securitised (note 25)	1,220,574	1,134,073
	1,598,066	1,498,989

Corporate borrowings

Corporate borrowings comprise of bank loans and ancillary facility with a facility limit of \$423 million as at 30 June 2023. The facility is secured by fixed and floating charges over the assets of the Group as well as composite guarantees and indemnities issued by the Group and certain subsidiaries of the Group. The interest comprises a base rate plus a variable margin and all loans are repayable in full on the maturity date being 31 August 2024.

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Note 26. Borrowings continued

Financing arrangements

The Group has access to the following lines of credit:

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Total facilities		
Corporate borrowings (bank loans)	301,662	299,723
Corporate Borrowings (ancillary facilities)	121,529	56,998
Lease portfolio borrowings – non-securitised	152,110	197,838
Lease portfolio borrowings – securitised	1,369,186	1,360,552
	1,944,487	1,915,111
Used at the reporting date		
Corporate borrowings (bank loans)	301,662	299,723
Corporate Borrowings (ancillary facilities)	15,631	13,519
Lease portfolio borrowings – non-securitised	75,830	65,193
Lease portfolio borrowings – securitised	1,220,574	1,134,073
	1,613,697	1,512,508
Unused at the reporting date		
Corporate borrowings (bank loans)	–	–
Corporate Borrowings (ancillary facilities)	105,898	43,479
Lease portfolio borrowings – non-securitised	76,280	132,645
Lease portfolio borrowings – securitised	148,612	226,479
	330,790	402,603

Note 27. Lease liabilities – right-of-use assets

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Lease liabilities – right-of-use assets	25,956	27,319
Amount expected to be settled within 12 months	6,209	7,134
Amount expected to be settled after more than 12 months	19,747	20,185
	25,956	27,319

Note 28. Vehicle maintenance funds

	CONSOLIDATED	
	2023 \$'000	2022 \$'000 (Restated)
Vehicle maintenance funds	140,509	157,838
Amount expected to be settled within 12 months	49,787	56,205
Amount expected to be settled after more than 12 months	90,722	101,633
	140,509	157,838

Note 29. Contract liabilities

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Contract liabilities	72,642	62,341
Amount expected to be settled within 12 months	57,039	45,793
Amount expected to be settled after more than 12 months	15,603	16,548
	72,642	62,341
Reconciliation		
Reconciliation at the beginning and end of the current and previous financial year are set out below:		
Opening balance	62,341	40,617
Additions through business combinations	–	43,320
Transfer to revenue – included in the opening balance	(43,283)	(56,639)
Increase in cash received excluding amounts recognised as revenue during the year	53,584	35,043
Closing balance	72,642	62,341

Notes to the financial statements

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Note 30. Issued capital

	CONSOLIDATED			
	2023 Shares	2022 Shares	2023 \$'000	2022 \$'000
Ordinary shares – fully paid	341,984,920	341,984,920	505,968	505,968

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2021	297,396,370		376,661
Shares issued on acquisition of LeasePlan ANZ	1 September 2021	44,588,550	\$2.90	129,307
Balance	30 June 2022	341,984,920		505,968
Balance	30 June 2023	341,984,920		505,968

Ordinary shares

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

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

Share buy-back

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

Capital risk management

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

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

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

The capital risk management policy remains unchanged from 30 June 2022.

Note 31. Reserves

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Foreign currency reserve	(2,908)	(8,554)
Hedging reserve – cash flow hedges	29,640	31,697
Share-based payments reserve	8,765	5,902
Capital reserve	(119,158)	(119,158)
	(83,661)	(90,113)

Foreign currency reserve

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

Hedging reserve – cash flow hedges

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

Share-based payments reserve

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

Capital reserve

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

Movements in reserves

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

Consolidated	Foreign currency \$'000	Cash flow hedge \$'000	Share-based payments \$'000	Capital \$'000	Total \$'000
Balance at 1 July 2021	262	(496)	2,620	(119,158)	(116,772)
Foreign currency translation	(8,816)	–	–	–	(8,816)
Share-based payments	–	–	3,282	–	3,282
Movement in hedges – gross	–	45,277	–	–	45,277
Deferred tax	–	(13,084)	–	–	(13,084)
Balance at 30 June 2022	(8,554)	31,697	5,902	(119,158)	(90,113)
Foreign currency translation	5,646	–	–	–	5,646
Share-based payments	–	–	4,622	–	4,622
Share awards settled through direct market acquisition	–	–	(1,759)	–	(1,759)
Movement in hedges – gross	–	(3,094)	–	–	(3,094)
Deferred tax	–	1,037	–	–	1,037
Balance at 30 June 2023	(2,908)	29,640	8,765	(119,158)	(83,661)

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Note 32. Dividends

Dividends

Dividends paid during the financial year were as follows:

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Final dividend for the year ended 30 June 2022 of 6.811 cents per ordinary share paid on 8 September 2022 (2022: Final dividend for the year ended 30 June 2021 of 5.393 cents)	23,293	16,039
Interim dividend for the year ended 30 June 2023 of 8.913 cents per share paid on 9 March 2023 (2022: Interim dividend for the year ended 30 June 2022 of 8.318 cents)	30,481	28,446
	53,774	44,485

On 22 August 2023, the Directors declared a fully franked final dividend for the year ended 30 June 2023 of 7.271 cents per ordinary share, to be paid on 15 September 2023 to eligible shareholders on the register on 1 September 2023. This equates to a total estimated distribution of \$24,866,000, based on the number of ordinary shares on issue as at 30 June 2023. The financial effect of dividends declared after the reporting date are not reflected in the 30 June 2023 financial statements and will be recognised in subsequent financial reports.

Franking credits

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Franking credits available for subsequent financial years based on a tax rate of 30%	20,327	80,312

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

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

The franking credits above excludes exempting credits.

Note 33. Financial instruments

Financial risk management objectives

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

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

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

Market risk

Foreign currency risk

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

Price risk

The Group is exposed to market price risk on the investments it holds at fair value.

Interest rate risk

The Group's main interest rate risk arises from its borrowings and cash at the bank, both of which carry variable rates of interest. The Group policy is to ensure that at least 60% of Group corporate borrowings are hedged into a fixed rate for the term of the borrowing (unless approved by the Board). Non-securitised lease portfolio borrowings (other than where used to fund leases in inertia or informal extension) are required to be hedged using an amortising swap profile that reflects the expected repayment profile of the borrowings. Securitisation borrowings are similarly required to be hedged using an amortising swap profile that reflects the expected repayment profile of the borrowings, in compliance with parameters agreed with the financiers to the securitisation.

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

Consolidated	2023 Balance \$'000	2022 Balance \$'000
Cash at bank	92,848	61,613
Securitisation accounts	140,961	141,432
Secured deposits	26,605	27,388
Bank loans (unhedged)	(55,000)	(55,000)
Net exposure to cash flow interest rate risk	205,414	175,433

An official increase/decrease in interest rates of 100 (2022: 100) basis points would have a favourable/adverse effect on profit before tax and equity of \$2,054,000 (2022: \$1,754,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analyst's forecasts.

Derivatives interest rate swap

The Group has entered into interest rate swap contracts with the following notional/principal values as at 30 June 2023:

- \$246,660,000 (2022: \$244,722,000) of bullet swaps maturing in September 2024 with a weighted average fixed rate of 0.65% (2022: 1.07%) in respect of corporate debt borrowings; and
- \$1,328,158,000 (2022: \$1,174,357,000) of amortising swaps with tenors of up to 5 years and a weighted average fixed rate of 3.00% (2022: 1.31%), in relation to securitisation trusts.

Credit risk

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

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to finance, trade and other receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

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

Liquidity risk

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

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

Financing arrangements

Refer to note 26 for details of unused borrowing facilities at the reporting date.

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Note 33. Financial instruments continued

Remaining contractual maturities

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

	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Consolidated – 2023					
Non-derivatives					
<i>Non-interest bearing</i>					
Trade payables	252,957	–	–	–	252,957
<i>Interest-bearing – variable</i>					
Corporate borrowings (bank loans)	18,962	311,142	–	–	330,104
Lease portfolio liabilities – non-securitised	28,978	24,712	25,093	–	78,783
Lease portfolio facilities – securitised	547,018	339,379	453,967	8,457	1,348,821
<i>Interest-bearing – fixed rate</i>					
Lease liabilities – right-of-use assets	7,114	6,963	13,026	1,350	28,453
Total non-derivatives	855,029	682,196	492,086	9,807	2,039,118
Derivatives					
Interest rate swaps net settled	11	15	–	–	26
Total derivatives	11	15	–	–	26
	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Consolidated – 2022					
Non-derivatives					
<i>Non-interest bearing</i>					
Trade payables	214,409	–	–	–	214,409
<i>Interest-bearing – variable</i>					
Corporate borrowings (bank loans)	4,537	4,537	301,990	–	311,064
Lease portfolio liabilities – non-securitised	22,771	20,491	26,181	–	69,443
Lease portfolio facilities – securitised	442,918	291,194	434,713	9,748	1,178,573
<i>Interest-bearing – fixed rate</i>					
Lease liabilities – right-of-use assets	7,810	6,369	14,153	1,446	29,778
Total non-derivatives	692,445	322,591	777,037	11,194	1,803,267
Derivatives					
Interest rate swaps net settled	256	432	–	–	688
Total derivatives	256	432	–	–	688

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

Note 34. Fair value measurement

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability.

Consolidated – 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Investments in listed equity securities	1,011	–	–	1,011
Investment in other companies	–	–	5,427	5,427
Derivative financial instruments – Interest rate swap contracts	–	40,687	–	40,687
Total assets	1,011	40,687	5,427	47,125
Liabilities				
Derivative financial instruments – Interest rate swap contracts	–	26	–	26
Total liabilities	–	26	–	26

Consolidated – 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Investments in listed equity securities	648	–	–	648
Investment in other companies	–	–	5,908	5,908
Derivative financial instruments – Interest rate swap contracts	–	44,094	–	44,094
Total assets	648	44,094	5,908	50,650
Liabilities				
Derivative financial instruments – Interest rate swap contracts	–	688	–	688
Total liabilities	–	688	–	688

There were no transfers between levels during the financial year.

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

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

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

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

Notes to the financial statements

30 June 2023

Note 34. Fair value measurement continued

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

Consolidated	Other investments \$'000
Balance at 1 July 2021	1,330
Additions	4,578
Balance at 30 June 2022	5,908
Additions	848
Transfer to 'Investments accounted for using the equity method' on gaining significant influence	(1,329)
Balance at 30 June 2023	5,427

Note 35. Key management personnel disclosures

Compensation

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

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Short-term employee benefits	5,346,622	5,164,094
Post-employment benefits	134,789	120,205
Long-term benefits	49,942	154,817
Share-based payments	1,939,825	2,193,378
	7,471,178	7,632,494

Note 36. Remuneration of auditors

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

	CONSOLIDATED	
	2023 \$	2022 \$
Audit services – Ernst & Young (2022: KPMG)		
Audit or review of the financial statements	1,026,050	1,345,382
Other services – Ernst & Young (2022: KPMG)		
Tax services	–	102,300
Corporate advisory	–	136,071
	–	238,371
	1,026,050	1,583,753

Note 37. Maturity analysis – operating lease receivable

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Committed at the reporting date, receivable:		
Within one year	271,050	267,631
One to two years	154,923	163,498
Two to three years	114,306	116,518
Three to four years	63,920	67,856
Four to five years	25,276	27,440
	629,475	642,943

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

Note 38. Contingent liabilities and contractual commitments

The Group has entered into agreements with its lease portfolio financiers under which the residual value risk inherent in operating leases is transferred from the financier of the asset to the Group at the end of the lease. The aggregate value of these commitments amounts to \$713,858,000 (2022: \$702,488,000). Under these agreements, at the end of the contractual lease term for each vehicle, the Group is obliged to pay the guaranteed residual value amount to the financier. The Group then sells the vehicles and realises a profit or loss on sale. Bank guarantees, letters of credit and cash lock-ups have been issued to lease portfolio financiers as security for these obligations.

An amount of \$18,339,000 (30 June 2022 restated: \$17,856,000) has been recognised as a residual value provision to cover potential shortfalls on the disposal of these vehicles.

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

Note 39. Related party transactions

Parent entities

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

Subsidiaries

Interests in subsidiaries are set out in note 41.

Associates

Interests in associates are set out in note 15.

Key management personnel

Disclosures relating to key management personnel are set out in note 35 and the remuneration report included in the Directors' report.

Transactions with related parties

During the year, DingGo Pty Ltd (Associate entity) provided accident management services to the Group's customers resulting in a related party expense within Mobility Services cost of sales of \$797,000. DingGo Pty Ltd has one operating lease managed by the Group. As at 30 June 2023 there were no amounts payable or receivable from DingGo Pty Ltd.

Receivable from and payable to related parties

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

Loans to/from related parties

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

Notes to the financial statements

30 June 2023

Note 40. Parent entity information

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

Statement of profit or loss and other comprehensive income

	PARENT	
	2023 \$'000	2022 \$'000
Profit after income tax	59,343	344,738
Total comprehensive income	59,343	344,738

Statement of financial position

	PARENT	
	2023 \$'000	2022 \$'000
Total current assets	149	8,592
Total assets	1,087,433	1,044,773
Total current liabilities	–	–
Total liabilities	332,823	295,732
Equity		
Issued capital	716,356	716,356
Retained profits	38,254	32,685
Total equity	754,610	749,041

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

The parent entity and its subsidiaries are party to a deed of cross guarantee under which each company guarantees the debts of the others. No deficiencies of assets exist in any of these subsidiaries. Refer to note 42 for further details.

The parent entity has also provided guarantees and indemnities for bank facilities. Refer to note 26 for further details.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

Significant accounting policies

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

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

Note 41. Interests in subsidiaries

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

Name	Principal place of business/ Country of incorporation	OWNERSHIP INTEREST	
		2023 %	2022 %
SG Fleet Solutions Pty Limited	Australia	100%	100%
SG Fleet Holdings Pty Limited	Australia	100%	100%
SG Fleet Investments Pty Ltd	Australia	100%	100%
SG Fleet Management Pty Limited	Australia	100%	100%
SG Fleet Australia Pty Limited	Australia	100%	100%
SG Fleet Salary Packaging Pty Limited	Australia	100%	100%
NLC Pty Limited	Australia	100%	100%
NLC Finance Pty Ltd	Australia	100%	100%
NLC Insurance Pty Ltd	Australia	100%	100%
Vehicle Insurance Underwriters Pty Ltd	Australia	100%	100%
LeasePlan Australia Limited	Australia	100%	100%
SG Fleet NZ Limited	New Zealand	100%	100%
LeasePlan New Zealand Limited	New Zealand	–	100%
SG Fleet UK Limited	United Kingdom	100%	100%
SG Fleet UK Holdings Limited	United Kingdom	100%	100%
Fleet Hire Holdings Limited	United Kingdom	100%	100%
SG Fleet Solutions UK Limited	United Kingdom	100%	100%

Note 42. Deed of cross guarantee

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

SG Fleet Group Limited (holding entity)	NLC Insurance Pty Ltd
SG Fleet Solutions Pty Limited*	Vehicle Insurance Underwriters Pty Ltd
SG Fleet Holdings Pty Limited*	LeasePlan Australia Limited*
SG Fleet Investments Pty Ltd*	SG Fleet NZ Limited
SG Fleet Management Pty Limited*	LeasePlan New Zealand Limited**
SG Fleet Australia Pty Limited*	SG Fleet UK Limited
SG Fleet Salary Packaging Pty Limited*	SG Fleet UK Holdings Limited
NLC Pty Limited*	Fleet Hire Holdings Limited
NLC Finance Pty Ltd*	SG Fleet Solutions UK Limited

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

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

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

** In accordance with section 255 of the New Zealand Companies Act 1993, LeasePlan New Zealand Limited amalgamated to become SG Fleet NZ Limited on 1 November 2022. In accordance with the New Zealand Companies Act, LeasePlan New Zealand Limited ceased to exist as a separate entity, and all of its rights and obligations, became rights and obligations of SG Fleet NZ Limited.

Notes to the financial statements

30 June 2023

Note 43. Cash flow information

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

	CONSOLIDATED	
	2023 \$'000	2022 \$'000 (Restated)
Profit after income tax expense for the year	75,248	60,732
Adjustments for:		
Depreciation and amortisation	241,942	202,611
Impairment of intangibles	–	55
Net loss/(gain) on disposal of property, plant and equipment	(19)	12
Net fair value loss on investments	32	934
Share of loss – associates	474	–
Finance costs – non-cash	7,119	5,435
Share-based payments	4,622	3,282
Net movement in fair value of derivatives	(349)	(6)
Change in operating assets and liabilities:		
Decrease/(increase) in finance lease, trade and other receivables	(38,923)	2,516
Decrease/(increase) in inventories	17,577	(29,766)
Decrease/(increase) in income tax refund due	952	(5,675)
Decrease in deferred tax assets	–	4,328
Increase in prepayments	(182)	(13,460)
Increase in lease portfolio assets and finance lease receivables	(381,997)	(173,497)
Increase in trade and other payables	24,263	31,726
Increase/(decrease) in contract liabilities	10,301	(21,596)
Decrease in provision for income tax	–	(13,606)
Increase/(decrease) in deferred tax liabilities	53,600	(9,590)
Increase in employee benefits	1,167	2,113
Increase/(decrease) in other provisions	2,078	(427)
Net cash from operating activities	17,905	46,121

Non-cash investing and financing activities

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Additions and modifications to the right-of-use assets	5,289	12,066
Leasehold improvements (lease make good) within right-of-use assets	–	2,006
Shares issued in relation to business combinations	–	129,307
	5,289	143,379

Changes in liabilities arising from financing activities

Consolidated	Lease portfolio borrowings \$'000	Bank loans \$'000	Lease liabilities – right-of-use assets \$'000	Total \$'000
Balance at 1 July 2021	65,041	125,841	9,015	199,897
Net cash (used in)/from financing activities	310,794	175,000	(6,546)	479,248
Non-cash additions	–	–	12,066	12,066
Changes through business combinations	837,540	–	12,958	850,498
Exchange differences	(14,109)	(1,118)	(174)	(15,401)
Balance at 30 June 2022	1,199,266	299,723	27,319	1,526,308
Net cash (used in)/from financing activities	87,765	–	(6,935)	80,830
Non-cash additions/changes	–	–	5,289	5,289
Exchange differences	9,373	1,939	283	11,595
Balance at 30 June 2023	1,296,404	301,662	25,956	1,624,022

Note 44. Earnings per share

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Profit after income tax attributable to the owners of SG Fleet Group Limited	75,248	60,732
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	341,984,920	334,410,975
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	736,857	1,519,527
Performance rights over ordinary shares	1,190,233	1,574,641
Weighted average number of ordinary shares used in calculating diluted earnings per share	343,912,010	337,505,143
	Cents	Cents
Basic earnings per share	22.00	18.16
Diluted earnings per share	21.88	17.99

Notes to the financial statements

30 June 2023

Note 45. Share-based payments

The Group has a share option plan and performance rights to incentivise certain employees and Key Management Personnel. The share-based payment expense for the year was \$4,622,000 (2022: \$3,282,000).

Share option plan

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

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

2023

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
25/11/2019	14/08/2025	\$2.35	960,980	–	–	(148,585)	812,395
28/10/2020	14/08/2025	\$1.68	1,823,951	–	–	–	1,823,951
28/10/2020	21/08/2026	\$1.68	3,235,700	–	–	–	3,235,700
26/10/2021	11/08/2027	\$2.93	1,765,028	–	–	–	1,765,028
03/11/2022	20/08/2028	\$2.17	–	2,089,010	–	–	2,089,010
			7,785,659	2,089,010	–	(148,585)	9,726,084
Weighted average exercise price			\$2.05	\$2.17	\$0.00	\$2.35	\$2.07

2022

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
25/11/2019	14/08/2025	\$2.35	960,980	–	–	–	960,980
28/10/2020	14/08/2025	\$1.68	1,823,951	–	–	–	1,823,951
28/10/2020	21/08/2026	\$1.68	3,235,700	–	–	–	3,235,700
26/10/2021	11/08/2027	\$2.93	–	1,765,028	–	–	1,765,028
			6,020,631	1,765,028	–	–	7,785,659
Weighted average exercise price			\$1.79	\$2.93	\$0.00	\$0.00	\$2.05

The weighted average share price during the financial year was \$1.98 (2022: \$2.55) per ordinary share.

Outstanding options exercisable as at 30 June 2023 was 2,636,346 (2022: nil). The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.8 years (2022: 1 year).

Performance rights

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

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

2023		Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Grant date	Vesting date					
25/11/2019	15/08/2022	590,916	–	(537,562)	(53,354)	–
28/10/2020	15/08/2022	147,888	–	(147,888)	–	–
28/10/2020	22/08/2023	1,130,194	–	–	–	1,130,194
08/09/2021	01/07/2022	402,469	–	(376,445)	(26,024)	–
26/10/2021	12/08/2024	734,790	–	–	–	734,790
09/09/2022	01/07/2023	–	577,044	–	–	577,044
03/11/2022	21/08/2025	–	1,257,271	–	–	1,257,271
		3,006,257	1,834,315	(1,061,895)	(79,378)	3,699,299

2022		Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Grant date	Vesting date					
25/11/2019	15/08/2022	590,916	–	–	–	590,916
28/10/2020	15/08/2022	147,888	–	–	–	147,888
28/10/2020	22/08/2023	1,130,194	–	–	–	1,130,194
08/09/2021	01/07/2022	–	402,469	–	–	402,469
26/10/2021	12/08/2024	–	734,790	–	–	734,790
		1,868,998	1,137,259	–	–	3,006,257

Performance rights exercisable as at 30 June 2023 was nil (2022: nil). The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 37 months (2022: 31 months).

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

Grant date	Vesting date	Share price at grant date	Exercise price	Estimated volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
03/11/2022	21/08/2025	\$2.04	\$2.17	52.00%	6.00%	3.60%	\$0.600

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

Grant date	Vesting date	Share price at grant date	Exercise price	Dividend yield	Fair value at grant date
09/09/2022	01/07/2023	\$2.60	\$0.00	6.05%	\$1.740
03/11/2022	21/08/2025	\$2.04	\$0.00	6.00%	\$1.740

Note 46. Events after the reporting period

Subsequent to the year end, the Group has extended the Autonomy 2021-1 Warehouse facility of \$1,050 million and Autonomy NZ 2021-2 Warehouse facility of \$240 million with the availability periods extended to June 2025.

Apart from the dividend declared as disclosed in note 32, and the events above, no other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Directors' declaration

30 June 2023

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 42 to the financial statements.

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

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

On behalf of the Directors



Andrew Reitzer
Chairman

22 August 2023
Sydney



Robbie Blau
Chief Executive Officer

Independent auditor's report

to the members of SG Fleet Group Limited



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Independent auditor's report to the members of SG Fleet Group Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of SG Fleet Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit and loss, the consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2023 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Independent auditor's report

to the members of SG Fleet Group Limited



Revenue Recognition

Why significant	How our audit addressed the key audit matter
<p>The Group provides a range of services to customers for mobility services, additional products and services, financing commissions and vehicle risk income relating to sale of rental vehicles. In addition, the Group records income in relation to rental and finance income on a straight-line basis for amounts earned on leased motor vehicles where the Group is a lessor to the arrangement.</p> <p>Revenue recognition was considered a key audit matter due to the significance of this account to the financial statements and due to the judgements it required the Group to make, including:</p> <ul style="list-style-type: none"> ▶ Assessment of the Group's role in a contract with a customer as either principal or agent. ▶ Assessment of certain revenue arrangements as linked contracts, which impact the timing and extent of revenue recognised in the period. ▶ Estimation of the stand-alone selling price and total margin earned in a contract, in order to recognise revenue on maintenance services, and associated assessment of deferred revenue balances within deferred maintenance income (contract liabilities). <p>The Group's revenue recognition accounting policies are set out in Note 2. Note 3 discloses the critical accounting judgements, estimates and assumptions that have been applied by the Group when determining revenue.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▶ Assessment of whether the Group's revenue recognition accounting policies complied with the requirements of Australian Accounting Standards. ▶ For a sample of customer contracts we assessed the Group's determination as to whether it was acting as Principal or Agent in each contract and whether revenue recognised reflected the underlying contractual arrangement. ▶ For a sample of linked customer contracts we assessed the underlying contractual arrangements in order to determine whether they met the criteria of accounting for linked contracts under Australian Accounting Standards. ▶ We assessed the appropriateness of the calculation of the stand-alone selling price for revenue on maintenance services by considering the expected cost to provide these services plus a margin. ▶ We assessed deferred maintenance income by selecting a sample of transactions and agreed amounts recognised to maintenance services billed to customers, to amounts specified in the underlying lease agreements and amounts recorded on bank statements. ▶ We agreed a sample of costs incurred in providing maintenance services to external maintenance supplier invoices. ▶ We assessed the historical accuracy of the Group's estimate of total contract costs by comparing estimates from prior periods to actual costs incurred in the current period. ▶ We assessed the expected future margin on maintenance expenses, based on actual historical costs incurred and forecast costs to incur.

Residual Value Risk Provision

Why significant	How our audit addressed the key audit matter
<p>The Group has entered into agreements with financiers which require the transfer of the ownership of the underlying motor vehicle asset and the associated residual value risk to the Group at the end of applicable leases.</p> <p>It is the Group's policy to recognise a provision if the forecast sale proceeds of the asset are expected to be less than the guaranteed residual value payable to the financier.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▶ Assessed whether the accounting treatment of both the Group's historical and revised residual value risk provision was in accordance with Australian Accounting Standards. ▶ Assessed the effectiveness of controls surrounding the Group's residual value risk provision determination process.



Why significant	How our audit addressed the key audit matter
<p>At 30 June 2023 a provision of \$18.3m has been recorded as disclosed in Note 24.</p> <p>During the year the Group corrected a prior period error and has restated comparative balances as disclosed in Note 4.</p> <p>The provision considers current and expected market conditions and in particular factors, such as inherent volatility of the asset's disposal value due to changes in market conditions between balance date and the future dates at which the assets will be disposed.</p> <p>This was considered a key audit matter given the significant judgment involved in estimating the provision as well as the requirement in the current year to address the prior period error and restate comparative information.</p>	<ul style="list-style-type: none"> ▶ Considered the market conditions and economic factors assumed in the Group's determination of the probable residual values against external benchmark data. ▶ For a sample of motor vehicles included in the provision calculation, compared current residual valuations of comparable motor vehicles against the current market value of these motor vehicles using recent external auction prices achieved or other available market data for comparable vehicles. ▶ Assessed the calculation of the restatement required to prior period comparatives and adequacy of the associated financial report disclosure.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2023 Annual Report other than the financial report and our auditor's report thereon. We obtained the directors' report, Chairman's report and Chief Executive Officer's report that are to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express 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 and, in doing so, 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.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report

to the members of SG Fleet Group Limited



Auditor's responsibilities for the audit of the financial report

Our objectives are 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 22 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of SG Fleet Group Limited for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

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

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Glenn Maris'.

Glenn Maris
Partner
Sydney
22 August 2023

Shareholder information

30 June 2023

The shareholder information set out below was applicable as at 31 July 2023.

Distribution of equitable securities

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

	ORDINARY SHARES	
	Number of holders	% of total shares issued
1 to 1,000	592	0.07
1,001 to 5,000	759	0.65
5,001 to 10,000	416	0.95
10,001 to 100,000	645	4.81
100,001 and over	50	93.52
	2,462	100.00
Holding less than a marketable parcel	366	

Equity security holders

Twenty largest quoted equity security holders

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

	ORDINARY SHARES	
	Number held	% of total shares issued
Bluefin Investments Limited	182,028,160	53.23
Leaseplan Corporation NV	44,588,550	13.04
Citicorp Nominees Pty Limited	29,483,887	8.62
BNP Paribas Noms Pty Ltd (DRP)	12,806,409	3.74
J P Morgan Nominees Australia Pty Limited	9,439,238	2.76
National Nominees Limited	7,986,350	2.34
HSBC Custody Nominees (Australia) Limited	7,874,539	2.30
Robert Pinkas Blau	6,149,223	1.80
Netwealth Investments Limited (Wrap Services A/C)	6,144,842	1.80
Misamada Nominees Pty Limited (Misamada A/C)	1,901,065	0.56
MDJZ Fernandes Pty Ltd (Mdjz Fernandes A/C)	1,330,845	0.39
Shevin Pty Limited (The Shevin A/C)	779,732	0.23
Insync Investments Pty Ltd (Weekley Super Fund No 1 A/C)	595,565	0.17
Peter Mountford	580,000	0.17
Mulcaster Super Fund Pty Ltd (Mulcaster Super Fund A/C)	567,204	0.17
HSBC Custody Nominees (Australia) Limited – A/C 2	538,964	0.16
Macdonald Gilbert Bell	465,960	0.14
NCH Pty Ltd	445,017	0.13
Tark Family Holdings Pty Limited (Tark Family A/C)	441,253	0.13
Scotch Investments Pty Ltd (Scotch Investments A/C)	400,000	0.12
	314,546,803	92.00

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares	9,726,084	10
Performance rights over ordinary shares	1,992,061	98

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

Name	Class	Number held
Robbie Blau	Options over ordinary shares	4,244,276

Substantial holders

Substantial holders in the Company are set out below:

	ORDINARY SHARES	
	Number held	% of total shares issued
Bluefin Investments Limited	182,028,160	53.23
Leaseplan Corporation NV	44,588,550	13.04

Voting rights

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

Ordinary shares

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

Restricted securities

Class	Expiry date	Number of shares
Fully paid shares held by LeasePlan Corporation NV	Escrowed to 1 September 2023	22,294,275

Share buy-back

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

Corporate directory

Directors	<p>Andrew Reitzer – Independent Non-Executive Chairman</p> <p>Robbie Blau – Chief Executive Officer</p> <p>Cheryl Bart AO – Independent Non-Executive Director</p> <p>Peter Mountford – Non-Executive Director</p> <p>Edwin Jankelowitz – Independent Non-Executive Director</p> <p>Kevin Wundram – Chief Financial Officer</p> <p>Tex Gunning – Independent Non-Executive Director</p> <p>Colin Brown – Alternate Director for Peter Mountford</p>
Company secretary	Tawanda Mutengwa
Notice of annual general meeting	The annual general meeting of SG Fleet Group Limited will be held virtually at 3:00pm on Tuesday, 17 October 2023. Further details will be provided in the Notice of Meeting.
Registered office and Principal place of business	<p>Level 2, Building 3 20 Bridge Street Pymble NSW 2073</p> <p>Telephone: +61 2 9494 1000 Facsimile: +61 2 9391 5656 E-mail: globalenquiries@sgfleet.com</p>
Share register	<p>The Registrar Boardroom Pty Ltd Level 8, 210 George Street, Sydney, NSW 2000</p> <p>Telephone: +61 2 9290 9600 E-mail: enquiries@boardroomlimited.com.au Website: www.boardroomlimited.com.au</p>
Auditor	<p>Ernst & Young 200 George Street Sydney NSW 2000</p>
Stock exchange listing	SG Fleet Group Limited shares are listed on the Australian Securities Exchange (ASX code: SGF)
Website	www.sgfleet.com
Corporate Governance Statement	<p>The Directors and management are committed to conducting the business of SG Fleet Group Limited in an ethical manner and in accordance with the highest standards of corporate governance. SG Fleet Group Limited has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations.</p> <p>The Group's Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed and ASX Appendix 4G are released to the ASX on the same day the Annual Report is released. The Corporate Governance Statement can be found on the company's website at http://investors.sgfleet.com/Investors/?page=Corporate-Governance-Statement.</p>
Enquiries	investorenquiries@sgfleet.com

15 September 2023

Dear Shareholder

SG Fleet Group Limited Notice of Annual General Meeting

We write to advise that the SG Fleet Group Limited Annual General Meeting will be held virtually on Tuesday, 17 October 2023, commencing at 3.00 pm AEDT.

Shareholders can participate in the meeting using the online platform at <http://web.lumiagm.com/326384843> via a computer or mobile device. Relevant instructions are included in the Notice of Meeting.

The Notice of Annual General Meeting will be made available for viewing or downloading electronically on **Friday, 15 September 2023 at 11.00am AEST** on the below URL, replacing the sending of a Notice of Annual General Meeting by mail.

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

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

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

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

Tawanda Mutengwa
Company Secretary
SG Fleet Group Limited

SG Fleet Group Limited
Level 2, Building 3, 20 Bridge Street
Pymble, Sydney, NSW 2073 Australia
Locked Bag 1003, Gordon, NSW 2072 Australia

Notice of Annual General Meeting 2023

Notice is given that the Annual General Meeting of SG Fleet Group Limited (the **Company**) will be held virtually on **Tuesday, 17 October 2023** commencing at **3.00 pm AEDT**.

Shareholders can participate in the meeting using the online platform at web.lumiagm.com/326384843 via a computer or mobile device. Relevant instructions are included in the Online Shareholders' Meeting Guide 2023 annexed to this Notice of Meeting and marked Annexure A.

Shareholders are strongly encouraged to lodge their Voting Forms prior to 3.00 pm AEDT on Sunday, 15 October 2023, whether or not they are planning to participate in the virtual meeting.

The Company also encourages shareholders to send any questions relating to the AGM and its resolutions to investorenquiries@sgfleet.com prior to the meeting in order to assist with the provision of timely responses.

Business of the Meeting

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

To receive and consider the Financial Report of the Company and the Reports of the Directors and Auditor for the financial year ended 30 June 2023.

2. Remuneration Report

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

"That the Remuneration Report for the financial year ended 30 June 2023 be adopted".

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

3. Re-election of Kevin Wundram

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

"That Kevin Wundram be re-elected as a Director of the Company".

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

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

"That approval be given for all purposes, including ASX Listing Rule 10.14, to grant the Company's Chief Executive Officer, Robbie Blau, Options and Performance Rights (to maximum value of \$739,477) as his long-term incentive award for the financial year ending 30 June 2024 under the Company's Equity Incentive Plan, on the terms set out in the Explanatory Notes to this Notice of Meeting."

Note: A voting exclusion statement applies to this resolution.

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

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

"That approval be given for all purposes, including ASX Listing Rule 10.14, to grant the Company's Chief Financial Officer, Kevin Wundram, Options and Performance Rights (to a maximum value of \$277,315) as his long-term incentive award for the financial year ending 30 June 2024 under the Company's Equity Incentive Plan, on the terms set out in the Explanatory Notes to this Notice of Meeting."

Note: A voting exclusion statement applies to this resolution.

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

Voting Exclusions

Resolution 2 (Remuneration Report)

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

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

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

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

Resolution 4 (Grant of Options and Performance Rights to the Chief Executive Officer)

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

- (a) in any capacity on Resolution 4 by or on behalf of Robbie Blau or any of his associates; and
- (b) as a proxy on Resolution 4 by a person who is a member of the KMP on the date of the Annual General Meeting and their closely related parties.

However, the Company will not disregard any votes if they are cast as proxy for a person entitled to vote on Resolution 4:

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

Resolution 5 (Grant of Options and Performance Rights to the Chief Financial Officer)

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

- (a) in any capacity on Resolution 5 by or on behalf of Kevin Wundram or any of his associates; and
- (b) as a proxy on Resolution 5 by a person who is a member of the KMP on the date of the Annual General Meeting and their closely related parties.

However, the Company will not disregard any votes if they are cast as proxy for a person entitled to vote on Resolution 5:

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

Dated 22 August 2023

By order of the Board

Tawanda Mutengwa
Company Secretary

Notes on voting

Voting Entitlement

The Board has determined that persons who are registered as holding shares in the Company at 7.00 pm (AEDT) on Sunday, 15 October 2023 will be entitled to attend and vote at the Meeting. Share transfers registered after that time will be disregarded in determining entitlements to attend and vote.

Voting at the Meeting

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

Voting by proxy

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

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

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

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

Appointing a member of the KMP to act as your proxy

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

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

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

How to lodge a Proxy Form

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

Online

<https://www.votingonline.com.au/sgfagm2023>

Mail

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001
Australia

Hand delivery

Boardroom Pty Limited
Level 8, 210 George Street
Sydney NSW 2000
Australia

Fax

+61 2 9290 9655

To be effective, your Proxy Form (and any Power of Attorney or other authority under which it is signed or a certified copy), must be received no later than 48 hours prior to the Annual General Meeting (i.e. no later than **3.00pm (AEDT) on Sunday, 15 October 2023**).

Attorneys

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

Corporations

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

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

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

Explanatory Notes

These Explanatory Notes have been prepared to help shareholders understand the business to be put to shareholders at the 2023 Annual General Meeting.

Resolution 1 – Financial Report, Directors' Report and Auditor's Report

As required by the Corporations Act, the Financial Report, Directors' Report and Auditor's Report of the Company for the financial year ended 30 June 2023 will be laid before the Annual General Meeting.

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

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

Resolution 2 – Remuneration Report

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

The Company's Remuneration Report for the financial period ended 30 June 2023 is set out in the Directors' Report which forms part of the Company's 2023 Annual Report, a copy of which was provided to shareholders with this Notice of Annual General Meeting.

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

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

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

Board recommendation for Resolution 2

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

Resolution 3 – Re-election of Mr Kevin Wundram

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

While no Directors are eligible for re-election at this year's Annual General Meeting, Mr Wundram, who was re-elected at the 2021 Annual General Meeting, volunteers himself for re-election in accordance with Listing Rules 14.4 and 14.5.

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

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

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

Board recommendation for Resolution 3

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

Resolutions 4 and 5 – Grant of Options and Performance Rights as FY2024 LTI award to Chief Executive Officer and Chief Financial Officer

ASX Listing Rule 10.14 requires the Company to obtain shareholder approval for the issue of securities to a director under an employee incentive scheme. The Company is seeking shareholder approval for the grant of Options and Performance Rights to Mr Robbie Blau, Chief Executive Officer (CEO), and to Mr Kevin Wundram, Chief Financial Officer (CFO), as their Long-Term Incentive (LTI) awards for FY2024 under the Company's Equity Incentive Plan (Plan).

Explanatory Notes

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

FY2024 LTI	
Number of Performance Rights and Options	CEO: Options and Performance Rights to a maximum value of \$739,477. CFO: Options and Performance Rights to a maximum value of \$277,315. The maximum number of Options to be granted to the CEO and CFO will be determined based on the formula: Long-term outperformance opportunity multiplied by the proportion to be allocated to Options divided by the fair value of the Options at the Grant Date. The maximum number of Performance Rights to be granted to the CEO and CFO will be determined based on the formula: Long-term outperformance opportunity multiplied by the proportion to be allocated to Performance Rights divided by the fair value of the Performance Rights at the Grant Date.
Performance period	Three-year performance period commencing on 1 July 2023 and ending on 30 June 2026
Vesting period	Vesting will occur on the date the results for the financial year ending 30 June 2026, and subject to approval by the Board.

Maximum number of Options and Performance Rights to be granted

The CEO's long-term outperformance opportunity amounts to \$739,477 and the CFO's long-term outperformance opportunity amounts to \$277,315.

In accordance with the terms of the Company's Equity Incentive Plan, the CEO and CFO can elect to receive Options or Performance Rights or any combination of Options or Performance Rights up to their long-term outperformance opportunity.

Prior to the Grant Date, the CEO and CFO will determine the proportion of their long-term outperformance opportunity to be allocated to Options and the proportion to be allocated to Performance Rights.

The maximum number of Options to be granted to the CEO and CFO will be determined based on the formula: Long-term outperformance opportunity multiplied by the proportion to be allocated to Options divided by the fair value of the Options at the Grant Date.

The maximum number of Performance Rights to be granted to the CEO and CFO will be determined based on the formula: Long-term outperformance opportunity multiplied by the proportion to be allocated to Performance Rights divided by the fair value of the Performance Rights at the Grant Date.

The fair value of the Options and the Performance Rights will be determined by an independent expert.

Example calculation of number of Performance Rights and Options to be allocated to CEO and CFO

	CEO	CFO
Long-term Outperformance Opportunity	739,477	277,315
Proportion to be allocated to Performance Rights and Options (As selected by CEO and CFO)		
Performance Rights	25%	33%
Options	75%	67%
Amount to be allocated to Performance Rights and Options		
Performance Rights	184,869	91,514
Options	554,608	185,801
Independent Expert's valuation of Performance Rights and Options (Based on 10-day VWAP leading up to the Grant Date and other assumptions)		
Performance Rights	2.19	2.19
Options	0.693	0.693
Number of instruments to be issued to CEO and CFO		
Performance Rights	84,415	41,787
Options	800,300	268,111

Issue price of Options and Performance Rights

As the Options and Performance Rights will form part of the CEO and the CFO's remuneration, they will be granted at no cost to the CEO and CFO.

Timing of awards of Options and Performance Rights

If shareholder approval is obtained, it is anticipated that the Options and Performance Rights will be granted to the CEO and CFO as soon as practicable after the 2023 AGM, and in any event no later than 12 months after the 2023 AGM.

Explanatory Notes

Performance measures

70% of the LTI awards to the CEO and the CFO will be subject to a Financial Performance Measure and 30% to a Strategic Performance Measure.

The Financial Performance Measure is growth in Underlying Earnings Per Share (EPS). The Underlying EPS performance condition will be tested based on the compound annual growth rate (CAGR) of the Company's Underlying EPS over the three-year performance period.

Calculation of the CAGR of the Underlying EPS and achievement against the performance condition will be determined by the Nomination and Remuneration Committee in its absolute discretion, having regard to any matters that it considers relevant. In determining the Underlying EPS for this purpose the Nomination and Remuneration Committee intends to deduct the costs incurred by the Company in integrating the LeasePlan acquisition.

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

Company's CAGR of Underlying EPS over the Performance Period that applies to the relevant component	% of Options or Performance Rights in a component that vest (and become exercisable, in the case of Options)
Less than 3% CAGR	Nil
3% CAGR (threshold performance)	42.9%
Between 3% and 7% CAGR (Target)	42.9% to 100%
7% CAGR or above (Outperformance)	100%

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

The Strategic Performance Measure will be tested on the achievement of a defined set of strategic goals which have been set by the Board. The achievement or non-achievement of the Strategic Component will be assessed and determined by the Nomination and Remuneration Committee at the end of the performance period.

Vesting and exercise of Performance Rights and Options

Each Share Option and each Share Performance Right entitles the CEO and the CFO to one ordinary share in the Company on vesting (and exercise, in the case of Options), although the Board retains the discretion to pay a cash-equivalent payment instead where it considers it appropriate.

Options may be exercised up to the third anniversary of the vesting date and if they are not exercised by this time, they will lapse.

The exercise price of the Options will be the daily volume weighted average market price (VWAP) of the Company's shares traded on the ASX during the 10 days prior to the grant date of the Options. The exercise price is payable in cleared funds unless a "net settlement" (or cashless exercise) mechanism is approved by the Board. The commercial effect of the net settlement is that only the value net option profit will be provided in the form of fully paid ordinary shares or cash-equivalent payment.

Further details relating to the exercise price for the Options granted to the CEO and the CFO will be disclosed to the ASX in their respective Appendix 3Y's.

Dividend and voting rights

Prior to vesting and exercise, Options and Performance Rights do not entitle the CEO or CFO to any dividends or voting rights.

Cessation of employment

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

Change of control

Where there is a change of control event or the Board considers there is likely to be a change of control or an event that should otherwise be treated in accordance with the change of control rule in the Plan Rules, the Board has the discretion to determine that all or a specified number of the CEO or the CFO's Options and Performance Rights vest, lapse or be forfeited. Where only some of the Options and Performance Rights are vested on a change of control, the remainder of the Options and Performance Rights will immediately lapse. If a change of control occurs before the Board exercises its discretion:

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

Explanatory Notes

Preventing inappropriate or unfair benefits

The Options and Performance Rights are subject to forfeiture or “clawback” provisions that the Board may apply in certain circumstances to ensure that neither the CEO nor the CFO obtain an inappropriate or unfair benefit, for example, if there is a material misstatement in a Group company’s accounts.

Additional information provided in accordance with ASX Listing Rule 10.14 and 10.15

- The CEO and the CFO are the only Directors (or associates of a Director) that are entitled to participate in the Equity Incentive Plan, and both fall under Listing Rule 10.14.1. For purposes of Listing Rule 10.15.4, details of their remuneration are set out in Annexure B of this Notice of Meeting.
- No loan will be made by the Company in relation to the acquisition of Options and Performance Rights by the CEO or the CFO.
- If approval is given under ASX Listing Rule 10.14, approval will not be required under ASX Listing Rule 7.1. This means that the Options and Performance Rights granted to the CEO and the CFO and any shares issued pursuant to this approval will not use up any or part of the 15% available under ASX Listing Rule 7.1.
- If shareholder approval is obtained, the Company intends to grant Options and Performance Rights to the CEO and CFO as the Long-Term Incentive component of their annual remuneration for the financial year ending 30 June 2024. If shareholder approval is not obtained, it is intended that an equivalent award will be provided in cash, subject to the same performance and other conditions as described in these Explanatory Notes.
- For purposes of Listing Rule 10.15.5, details of any securities issued under the scheme are set out in Table 2 of Annexure B of this Notice of Meeting.
- Details of any securities issued under the scheme will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.
- Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the scheme after the resolution is approved and who were not named in the Notice of Meeting will not participate until approval is obtained under that rule.

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

Board recommendation for Resolutions 4 and 5

The Non-Executive Directors recommend that shareholders vote in favour of Resolutions 4 and 5.

Annexure A

Online Shareholder's Meeting Guide 2023

Attending the AGM virtually

If you choose to participate online, you will be able to view a live webcast of the meeting, ask questions and submit your votes in real time.

To access the meeting:

Visit web.lumiagm.com/326384843 on your computer, tablet or smartphone. You will need the latest version of Chrome, Safari, Edge or Firefox. Please ensure your browser is compatible.

Meeting ID: 326-384-843

To login you must have your **Voting Access Code (VAC)** and **Postcode or Country Code**

The website will be open and available for log in from 2:00pm (AEDT), 17th October 2023

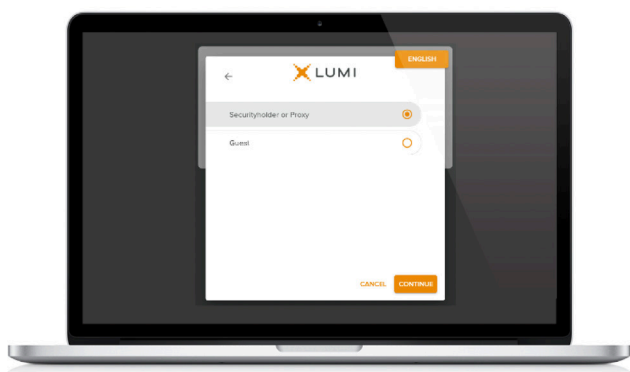
Using the Lumi AGM platform

ACCESS

The 1st page of the platform will ask in what capacity you are joining the meeting.

Shareholders or appointed proxies should select **"Shareholder or Proxyholder"**

Guests should select **"Guest"**



Credentials

Shareholders/Proxies

Your username is your **Voting Access Code** and your password is your **Postcode or Country Code**, or, for Non-Australian residents, your **3-letter country code**.

Proxy holders should obtain their log in credentials from the registrar by calling 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia).

Guests

Please enter your name and email address to be admitted into the meeting.

Please note, guests will not be able to ask questions or vote at the meeting.

Annexure A

Online Shareholder's Meeting Guide 2023

Navigation

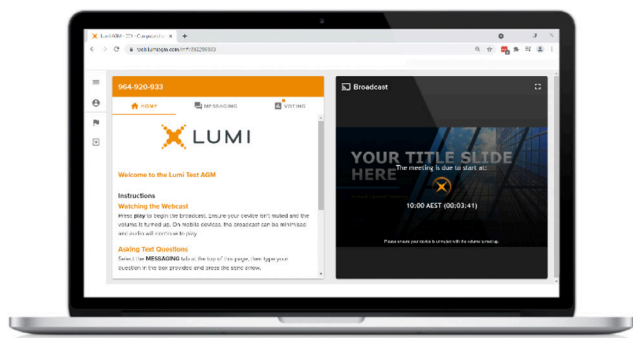
Once successfully authenticated, the home page will appear. You can view meeting instructions, ask questions and watch the webcast.

If viewing on a computer the webcast will appear at the side automatically once the meeting has started.

On a mobile device, select the broadcast icon at the bottom of the screen to watch the webcast.



During the meeting, mobile users can minimise the webcast at any time by selecting the arrow by the broadcast icon. You will still be able to hear the meeting. Selecting the broadcast icon again will reopen the webcast.



Desktop/Laptop users can watch the webcast full screen, by selecting the full screen icon.



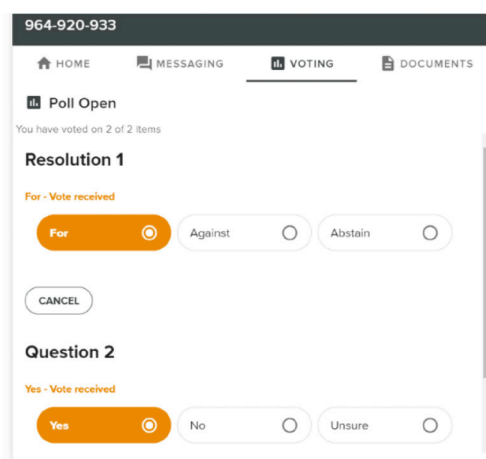
To reduce the webcast to its original size, select the X at the top of the broadcast window.

Voting

The Chair will open voting on all resolutions at the start of the meeting. Once voting has opened, the voting tab will appear on the navigation bar.



Selecting this tab will open a list of all resolutions and their voting options.

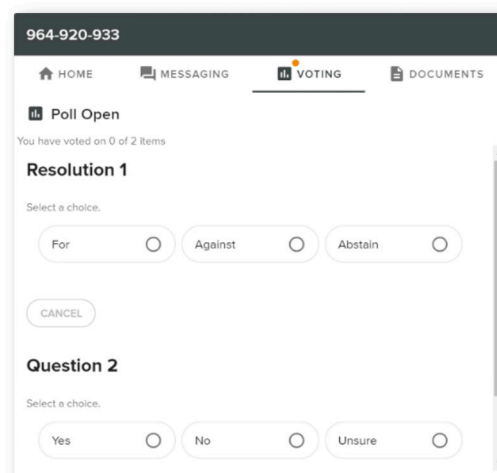


To vote, simply select your voting direction from the options displayed on screen. Your selection will change colour and a confirmation message will appear.

To change your vote, simply select another option. If you wish to cancel your vote, please press cancel.

There is no need to press a submit or send button. Your vote is automatically counted.

Voting can be performed at any time during the meeting until the Chair closes the poll.



Annexure A

Online Shareholder's Meeting Guide 2023

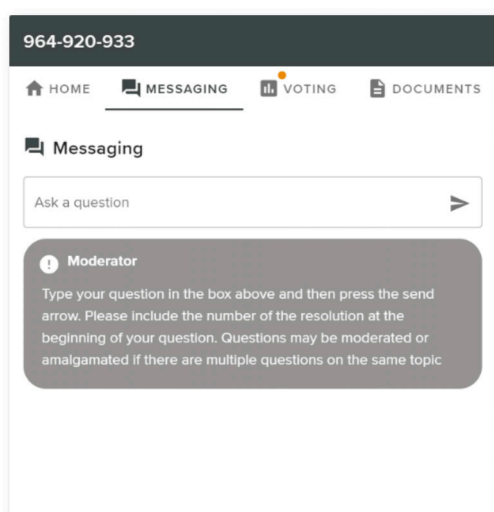
Questions

Any shareholder or appointed proxy is eligible to ask questions.

If you would like to ask a question. Select the messaging tab.

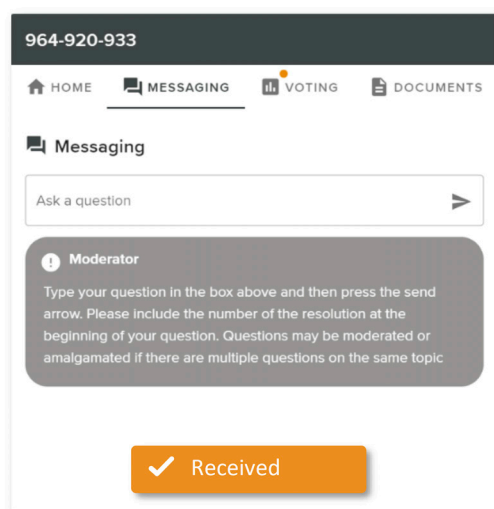


Messages can be submitted at any time from the start of the meeting, up until the Chair closes the Q&A session.



Select the "Ask a Question" box and type in your message.

Once you are happy with your message, select the send icon.



Questions sent via the Lumi platform may be moderated before being sent to the Chair. This is to avoid repetition and remove any inappropriate language.

Asking Audio Questions

If you are a shareholder or proxy you can ask a verbal question. Dial by your location below:

1800 416 188
within Australia

+61 2 9189 1107
outside Australia

Once dialled in you will be connected to an Operator that will ask for your VAC (Voting Access Code) to verify you as a shareholder.

You will be muted upon entry. To ask a question press *1 to signal the moderator. Once your question has been answered your line will be muted. Feel free to either hang up or stay on the line. For additional questions press *1 to signal the operator.

Meeting ID: 326-384-843

To login you must have your **Voting Access Code (VAC)** and **Postcode or Country Code**

The website will be open and available for log in from 2:00pm (AEDT), 17th October 2023

Annexure A

Country codes

For overseas shareholders, select your country code from the list below and enter it into the password field.

ABW Aruba	DZA Algeria	LBR Liberia	ROU Romania
AFG Afghanistan	ECU Ecuador	LBY Libyan Arab Jamahiriya	RUS Russian Federation
AGO Angola	EGY Egypt	LCA St Lucia	RWA Rwanda
AIA Anguilla	ERI Eritrea	LIE Liechtenstein	SAU Saudi Arabia Kingdom Of
ALA Aland Islands	ESH Western Sahara	LKA Sri Lanka	SDN Sudan
ALB Albania	ESP Spain	LSO Lesotho	SEN Senegal
AND Andorra	EST Estonia	LTU Lithuania	SGP Singapore
ANT Netherlands Antilles	ETH Ethiopia	LUX Luxembourg	SGS Sth Georgia & Sth Sandwich Isl
ARE United Arab Emirates	FIN Finland	LVA Latvia	SHN St Helena
ARG Argentina	FJI Fiji	MAC Macao	SJM Svalbard & Jan Mayen
ARM Armenia	FLK Falkland Islands (Malvinas)	MAF St Martin	SLB Solomon Islands
ASM American Samoa	FRA France	MAR Morocco	SCG Serbia & Outlying
ATA Antarctica	FRO Faroe Islands	MCO Monaco	SLE Sierra Leone
ATF French Southern	FSM Micronesia	MDA Republic Of Moldova	SLV El Salvador
ATG Antigua & Barbuda	GAB Gabon	MDG Madagascar	SMR San Marino
AUS Australia	GBR United Kingdom	MDV Maldives	SOM Somalia
AUT Austria	GEO Georgia	MEX Mexico	SPM St Pierre And Miquelon
AZE Azerbaijan	GGY Guernsey	MHL Marshall Islands	SRB Serbia
BDI Burundi	GHA Ghana	MKD Macedonia Former Yugoslav Rep	STP Sao Tome And Principe
BEL Belgium	GIB Gibraltar	MLI Mali	SUR Suriname
BEN Benin	GIN Guinea	MLT Mauritania	SVK Slovakia
BFA Burkina Faso	GLP Guadeloupe	MMR Myanmar	SVN Slovenia
BGD Bangladesh	GMB Gambia	MNE Montenegro	SWE Sweden
BGR Bulgaria	GNB Guinea-Bissau	MNG Mongolia	SWZ Swaziland
BHR Bahrain	GNQ Equatorial Guinea	MNP Northern Mariana Islands	SYC Seychelles
BHS Bahamas	GRC Greece	MOZ Mozambique	SYR Syrian Arab Republic
BIH Bosnia & Herzegovina	GRD Grenada	MRT Mauritania	TCA Turks & Caicos Islands
BLM St Barthelemy	GRL Greenland	MSR Montserrat	TCO Chad
BLR Belarus	GTM Guatemala	MTQ Martinique	TGO Togo
BLZ Belize	GUF French Guiana	MUS Mauritius	THA Thailand
BMU Bermuda	GUM Guam	MWI Malawi	TJK Tajikistan
BOL Bolivia	GUY Guyana	MYS Malaysia	TKL Tokelau
BRA Brazil	HKG Hong Kong	MYT Mayotte	TKM Turkmenistan
BRB Barbados	HMD Heard & Mcdonald Islands	NAM Namibia	TLS Timor-Leste
BRN Brunei Darussalam	HND Honduras	NCL New Caledonia	TMP East Timor
BTN Bhutan	HRV Croatia	NER Niger	TON Tonga
BUR Burma	HTI Haiti	NFK Norfolk Island	TTO Trinidad & Tobago
BVT Bouvet Island	HUN Hungary	NGA Nigeria	TUN Tunisia
BWA Botswana	IDN Indonesia	NIC Nicaragua	TUR Turkey
CAF Central African Republic	IMN Isle Of Man	NIU Niue	TUV Tuvalu
CAN Canada	IND India	NLD Netherlands	TWN Taiwan
CCK Cocos (Keeling) Islands	IOT British Indian Ocean Territory	NOR Norway Montenegro	TZA Tanzania United Republic of
CHE Switzerland	IRL Ireland	NPL Nepal	UGA Uganda
CHL Chile	IRN Iran Islamic Republic of	NRU Nauru	UKR Ukraine
CHN China	IRQ Iraq	NZL New Zealand	UMI United States Minor
CIV Cote D'ivoire	ISM Isle of Man	OMN Oman	URY Uruguay
CMR Cameroon	ISL Iceland	PAK Pakistan	USA United States of America
COD Democratic Republic of Congo	ISR Israel	PAN Panama	UZB Uzbekistan
COK Cook Islands	ITA Italy	PCN Pitcairn Islands	VNM Vietnam
COL Colombia	JAM Jamaica	PER Peru	VUT Vanuatu
COM Comoros	JEY Jersey	PHL Philippines	WLF Wallis & Futuna
CPV Cape Verde	JOR Jordan	PLW Palau	WSM Samoa
CRI Costa Rica	JPN Japan	PNG Papua New Guinea	YEM Yemen
CUB Cuba	KAZ Kazakhstan	POL Poland	YMD Yemen Democratic
CYM Cayman Islands	KEN Kenya	PRI Puerto Rico	YUG Yugoslavia Socialist Fed Rep
CYP Cyprus	KGZ Kyrgyzstan	PRK Korea Dem Peoples Republic of	ZAF South Africa
CXR Christmas Island	KHM Cambodia	PRT Portugal	ZAR Zaire
CZE Czech Republic	KIR Kiribati	PRY Paraguay	ZMB Zambia
DEU Germany	KNA St Kitts And Nevis	PSE Palestinian Territory Occupied	ZWE Zimbabwe
DJI Djibouti	KOR Korea Republic of	PYF French Polynesia	
DMA Dominica	KWT Kuwait	QAT Qatar	
DNK Denmark	LAO Laos	REU Reunion	
DOM Dominican Republic	LBN Lebanon		

Annexure B

Table 1 – Details of Directors' current total remuneration package

	Cash salary and fees \$	Current year bonus \$	Non Monetary \$	Super- annuation \$	Leave benefits \$	Deferred bonus equity settled \$	Other equity settled \$	Total \$
Mr Blau	1,155,356	934,756		25,292	25,319	267,009	788,625	3,196,357
Mr Wundram	582,586	336,678		25,292	12,778	97,295	298,277	1,352,906

Table 2 – Details of securities previously issued under the scheme

Grant date	Mr Blau	Mr Wundram	Vested/Lapsed
25 October 2022 (FY2023 Long-Term Incentives)	867,705 Options 94,349 Performance Rights	335,091 Options 36,436 Performance Rights	Vesting will occur on the date the results for the financial year ending 30 June 2025, and subject to approval of the Board
26 October 2021 (FY2022 Long-Term Incentives)	723,551 Options 64,186 Performance Rights	271,332 Options 24,070 Performance Rights	Vesting will occur on the date the results for the financial year ending 30 June 2024, and subject to approval of the Board
27 October 2020 (FY2021 Long-Term Incentives)	1,326,510 Options 115,349 Performance Rights	497,441 Options 43,256 Performance Rights	Vested
27 October 2020 (FY2020 Long-Term Incentives)	1,326,510 Options 107,555 Performance Rights	497,441 Options 40,333 Performance Rights	Vested
24 October 2017 (FY2018 Long Term Incentives)	781,756 Options 67,980 Performance Rights	279,199 Options 24,279 Performance Rights	Lapsed

All Correspondence to:

- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** www.boardroomlimited.com.au
- ☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 3:00pm (AEDT) on Sunday, 15 October 2023.**

🖥 TO VOTE ONLINE

STEP 1: VISIT <https://www.votingonline.com.au/sgfagm2023>

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

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

📱 BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

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

Appointment of a Second Proxy

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

To appoint a second proxy you must:

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

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

Proxy which is a Body Corporate

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

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting therefore by **3:00pm (AEDT) on Sunday, 15 October 2023.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 💻 **Online** <https://www.votingonline.com.au/sgfagm2023>
- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited
Level 8, 210 George Street
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Your Address
 This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.
Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **SG Fleet Group Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting** (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at <https://web.lumiagm.com/326384843> on **Tuesday, 17 October 2023 at 3:00pm (AEDT)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Items 1, 3 & 4, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Items 1, 3 & 4 are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Items 1, 3 & 4). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS
 * If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 2	Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Kevin Wundram	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Grant of Options and Performance Rights to the Chief Executive Officer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Grant of Options and Performance Rights to the Chief Financial Officer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SECURITYHOLDERS
 This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
<div style="border: 1px solid black; height: 30px; width: 100%;"></div>	<div style="border: 1px solid black; height: 30px; width: 100%;"></div>	<div style="border: 1px solid black; height: 30px; width: 100%;"></div>
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

Contact Name..... Contact Daytime Telephone..... Date / / 2023