

Smart

Group

30 June 2025

Appendix 4D and Consolidated Interim Financial Report

Half year ended 30 June 2025

Market Release

30 June 2025

28 August 2025

ASX Market Announcements Office
ASX Limited
20 Bridge Street
Sydney NSW Australia 2000

Smartgroup Corporation Ltd - Results for announcement to the market

In accordance with the ASX Listing Rules, Smartgroup Corporation Ltd (**ASX: SIQ**) encloses for release to the market:

1. Appendix 4D, and
2. Smartgroup Interim Financial Report for the period ended 30 June 2025.

Smartgroup Corporation Ltd will conduct a briefing on the results at 9:00 am (Sydney time) on 28 August 2025.



Jason King
Chief Financial Officer
1300 665 855



Sophie MacIntosh
Group Executive: Legal, Risk and Corporate Affairs
1300 665 855

This announcement was authorised for release to the ASX by the Board of Directors of Smartgroup.

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Appendix 4D

For the half year ended 30 June 2025

1. Company details

Name of entity:	Smartgroup Corporation Ltd
ABN:	48 126 266 831
Reporting period:	For the half year ended 30 June 2025
Previous corresponding period:	For the half year ended 30 June 2024

2. Results for announcement to the market

		\$'000		\$'000
Revenue from ordinary activities	up	10,637	7% to	159,128
Profit from ordinary activities after tax attributable to the owners of Smartgroup Corporation Ltd	up	3,826	11% to	38,083
Net profit for the period attributable to the owners of Smartgroup Corporation Ltd	up	3,826	11% to	38,083

Dividend information	Amount per share (cents)	Franked amount per share (cents)	Tax rate for franking credit %
Final 2024 dividend per share (paid 21 March 2025)	20.0	20.0	30%
Special 2024 dividend per share (paid 21 March 2025)	11.0	11.0	30%
Interim 2025 dividend per share (payable 23 September 2025)	19.5	19.5	30%

The record date for determining entitlement to the interim dividend is 9 September 2025 with an expected total distribution of \$26,500,000. There is no dividend reinvestment plan in place.

3. Net tangible assets

Net tangible (liabilities)	30 June 2025 (cents)	31 December 2024 (cents)
Net tangible (liabilities) per share	(47.23)	(40.18)

Independent auditor's review

This report is based on the Smartgroup Interim Financial Report 2025 which has been reviewed by KPMG.

The remainder of information requiring disclosure to comply with ASX Listing Rule 4.3A is contained in the Smartgroup Interim Financial Report 2025.

Review of Operations

30 June 2025

	30 June 2025 \$'000	30 June 2024 \$'000	Movement
Revenue	159,128	148,491	7%
Product costs	(6,000)	(6,600)	(9%)
Net revenue	153,128	141,891	8%
Expenses			
Employee benefits expense	(64,339)	(61,662)	4%
Administration and corporate expenses	(17,845)	(19,546)	(9%)
Occupancy expenses	(994)	(808)	23%
Advertising and marketing expenses	(5,444)	(2,922)	86%
Other expenses	(867)	(731)	19%
Operating EBITDA ¹	63,639	56,222	13%
Share of profits from joint venture accounted for using the equity method	-	19	(100%)
Merger and acquisition transaction costs	-	(54)	(100%)
Segment EBITDA ²	63,639	56,187	13%
Gain on sale of business	-	318	(100%)
Finance income	1,308	794	65%
Finance costs	(2,915)	(2,620)	11%
Depreciation expense	(3,680)	(3,074)	20%
Amortisation of acquired intangible assets	-	(48)	(100%)
Amortisation of contract rights and internally developed intangibles	(2,965)	(1,956)	52%
Profit before income tax for the half year	55,387	49,601	12%
Income tax expense	(17,304)	(15,344)	13%
Net profit after income tax for the half year	38,083	34,257	11%
Less: gain on sale of business, tax effected	-	(222)	(100%)
Add: amortisation, tax effected	-	39	(100%)
Add: acquisition transaction costs, tax effected	-	35	(100%)
Add: cash tax benefit on deductible amortisation	26	26	-
NPATA ³	38,109	34,135	12%
EBITDA margin	40%	38%	+2pts
NPATA margin	24%	23%	+1pt
Net operating cash inflow ⁴	52,470	36,687	43%
Net operating cash inflow as a percentage of NPATA	138%	108%	+30pts
	Cents	Cents	Movement
NPATA per share ⁵	28.1	25.5	10%
Dividends declared per share ⁵	19.5	17.5	11%

¹ Operating EBITDA is the earnings before interest, tax, depreciation and amortisation adjusted for significant non-operating items.

² Segment EBITDA is the earnings before interest, tax, depreciation and amortisation.

³ NPATA is the net profit after tax, adjusted to exclude the non-cash tax-effected amortisation of acquired intangibles and significant non-operating items.

⁴ Net cash inflow from operating activities has been adjusted to exclude transaction costs relating to business acquisitions, and receipts and payments related to customer salary packaging bank accounts.

⁵ NPATA per share and dividends declared per share at 30 June 2025 are based on 135,694,446 shares (30 June 2024: 133,984,239 shares), which includes the 5,842,809 shares held by the Company under the Loan Funded Share Plan (LFSP) (30 June 2024: 4,224,099 shares).

Review of Operations (continued)

30 June 2025

Financial performance

The 2025 Interim Financial Report for Smartgroup Corporation Ltd and its controlled entities ("Smartgroup" or "the Group") reflects the positive momentum that the Group has experienced, driven by higher novated leasing volumes and new client wins. These developments are translating into solid revenue and earnings growth.

Revenue increased to \$159.1 million, 7% higher than the prior corresponding period (pcp) and 1% higher than the six months to 31 December 2024, driven by growth in novated leasing.

The Group continues to invest for growth, and as a result, total operating expenses increased 4% compared to pcp, and 1% compared to the six months to 31 December 2024. This was driven by a considered strategy to meet the increase in leasing demand and further strengthen customer experience, as well as build additional capabilities to deliver Smartgroup's Strategic Priorities. Non-staff costs were largely driven by enhanced marketing and lead-generation activities, as well as strategic project delivery.

Smartgroup reported Operating EBITDA (Earnings Before Interest, Tax, Depreciation, and Amortisation adjusted for significant non-operating items) of \$63.6 million, up 13% compared to pcp, and a 2% increase on the six months to 31 December 2024. The EBITDA margin for the six months to 30 June 2025 was 40%. The Group continues to focus on enhancing operating leverage through cost management and productivity initiatives while executing its Strategic Priorities.

Interim 2025 statutory Net Profit After Tax (NPAT) was \$38.1 million, an increase of 11% over pcp and was stable when compared to the six months to 31 December 2024. Interim Net Profit After Tax (Adjusted) (NPATA) was also \$38.1 million.

Salary packaging

Smartgroup has continued to increase the penetration of salary packaging in its target market. The Group is the leader in salary packaging and has a strong competitive position with recurring revenues and an entry point into novated leasing.

The number of salary packaging customers increased by 20% compared to 30 June 2024 to 484,000 at the end of June 2025, driven by the onboarding of new clients and organic package growth from existing clients.

In the first half of 2025, the Group delivered its new digital salary packaging sign-up journey. This digital asset enhances customer onboarding by offering a seamless, intuitive experience that simplifies the salary packaging process for new and existing clients.

Novated leasing

Novated leasing is a particular area of focus for Smartgroup as we are experiencing higher demand generated by the introduction of the Federal Government's Electric Car Discount Policy. This legislation has made customers more aware of the novated leasing proposition.

In the six months to 30 June 2025, new vehicle orders increased 19% compared to pcp. Total novated leasing settlements, which include purchases and refinances, increased 8% when compared to pcp.

Novated leases under management grew by 24% year-on-year to 80,000 at the end of June 2025, driven by strong leasing demand and improving motor vehicle supply.

From 1 April 2025, the Federal Government Electric Car Discount Policy ceased being available to plug-in-hybrid vehicles (PHEV). As a result, PHEV demand accelerated in the first quarter of 2025. Demand for PHEV reduced in the second quarter but was largely offset by demand for battery electric vehicles (BEV).

Importantly, although no longer exempt from FBT, PHEVs remain available for novated leasing. The Electric Car Discount Policy remains available for BEVs, and novated leasing remains available for all vehicle types.

EVs represented 48% of all new car novated lease orders in the six months to 30 June 2025. While the EV share of our novated lease portfolio is growing strongly, internal combustion engine (ICE) vehicles remain an important part of our business, and in the six months to 30 June 2025, the number of new ICE vehicles ordered grew 9% compared to the six months to 30 June 2024.

The proportion of customers taking new novated leases improved to 84% of total novated lease volume in the six months to 30 June 2025, which compares to 81% in the six months to 30 June 2024.

Review of Operations (continued)

30 June 2025

Fleet management

Fleet vehicles under management grew by 6% compared to 30 June 2024. Our funded lease pilot program expanded from 32 to 50 clients, reaching 830 vehicles by the end of June 2025. This offering is resonating with our clients and is strengthening our existing relationships.

Investment

For the six months to 30 June 2025, \$4.5 million in IT development costs were capitalised as part of delivering our Strategic Priorities. The Group expects capital expenditure for 2025 to be between \$11.0 million and \$13.0 million.

Cash flow and net debt

Net operating cash flow from operations for the six months to 30 June 2025 was 138% of NPATA, compared to 108% for the six months to 30 June 2024.

The Group's net debt position at 30 June 2025 was \$41.6 million, compared to \$45.4 million on 31 December 2024. Leverage, measured as net corporate debt / last 12 months EBITDA, is 0.3x, compared to 0.4x at 31 December 2024.

Directors' Report

The Directors present their report, together with the Interim Financial Report, on the consolidated entity (the "Group") consisting of Smartgroup Corporation Ltd (the "Company" or "parent entity") and the entities it controlled at the end of, or during, the half year ended 30 June 2025.

Directors

The Directors of the Company at any time during or since the end of the half year (collectively referred to as the Directors) were:

John Prendiville
Scott Wharton
Carolyn Colley
Deborah Homewood
Anne McDonald
Ian Watt
Mark Rigotti

Principal activities

During the reporting period, the principal activities of the Group consisted of outsourced employee benefits and administration services, being primarily salary packaging, novated leasing and fleet management.

Dividends

Dividends paid during the half year ended 30 June 2025 were as follows:

	30 June 2025 \$'000	30 June 2024 \$'000
Final ordinary dividend for the year ended 31 December 2024 of 20.0 cents (2023: 16.0 cents) per ordinary share	26,671	21,171
Special dividend for the year ended 31 December 2024 of 11.0 cents (2023: 16.0 cents) per ordinary share	14,670	21,171

On 27 August 2025, the Directors declared a fully franked dividend of 19.5 cents per ordinary share. The record date is 9 September 2025 and the dividend will be paid on 23 September 2025. This dividend has not been included as a liability in these half year financial statements. The total estimated dividend to be paid is \$26,500,000.

Review of operations

The profit after tax for the Group is \$38,083,000 (30 June 2024: \$34,257,000). Refer to the Review of Operations for further commentary on the results.

Environmental regulation

The Group is not affected by any significant environmental regulation under Australian Commonwealth or State law in respect of its operations.

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and in accordance with that instrument, amounts in the Directors' Report and the Interim Financial Report have been rounded to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of Directors.

On behalf of the Directors,



John Prendiville
Chairman
27 August 2025
Sydney



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

To the Directors of Smartgroup Corporation Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Smartgroup Corporation Limited for the half-year ended 30 June 2025 there have been:

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

KPMG

KPMG

K Hopkins

Karen Hopkins

Partner

Sydney

27 August 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 30 June 2025

	Note	30 June 2025 \$'000	30 June 2024 \$'000
Revenue	2	159,128	148,491
Share of profit from joint venture accounted for using the equity method		-	19
Expenses			
Product costs		(6,000)	(6,600)
Employee benefits expense		(64,339)	(61,425)
Administration and corporate expenses		(17,845)	(19,546)
Occupancy expenses		(994)	(808)
Advertising and marketing expenses		(5,444)	(2,922)
Depreciation expense		(3,680)	(3,074)
Amortisation of acquired intangible assets		-	(48)
Amortisation of contract rights and internally developed intangibles		(2,965)	(1,956)
Other expenses		(867)	(731)
Operating profit		56,994	51,400
Gain on sale of business		-	318
Finance income		1,308	794
Finance costs		(2,915)	(2,620)
Merger and acquisition transaction costs		-	(291)
Profit before income tax expense		55,387	49,601
Income tax expense		(17,304)	(15,344)
Profit after income tax expense attributable to the equity holders of Smartgroup		38,083	34,257
Items that are or may be reclassified to profit or loss, net of tax			
Net change in fair value of cash flow hedges taken to equity		(125)	270
Other comprehensive income		37,958	34,527
Total comprehensive income		37,958	34,527
Earnings per share			
	Note	Cents	Cents
Basic earnings per share	4	29.3	26.4
Diluted earnings per share	4	29.3	26.3

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

Consolidated Statement of Financial Position

As at 30 June 2025

	Note	30 June 2025 \$'000	31 December 2024 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		54,903	34,648
Restricted cash and cash equivalents	9	206,223	245,067
Trade and other receivables	8	26,602	30,528
Income tax receivable		1,741	2,947
Other assets		6,943	6,936
Total current assets		296,412	320,126
Non-current assets			
Deferred tax assets		12,168	11,478
Intangible assets	7	299,644	298,123
Property and equipment		21,485	21,087
Right-of-use assets		10,548	2,480
Derivative financial instruments	11	-	63
Total non-current assets		343,845	333,231
Total assets		640,257	653,357
LIABILITIES			
Current liabilities			
Trade and other payables		38,917	39,650
Customer salary packaging liability	9	206,223	245,067
Provisions		19,666	17,477
Contract liabilities		6,917	6,668
Lease liabilities		2,679	1,203
Other liabilities		3,364	3,152
Total current liabilities		277,766	313,217
Non-current liabilities			
Provisions		1,829	1,549
Contract liabilities		87	304
Lease liabilities		6,516	849
Borrowings	10	95,671	79,155
Derivative financial instruments	11	123	-
Total non-current liabilities		104,226	81,857
Total liabilities		381,992	395,074
Net assets		258,265	258,283
EQUITY			
Issued capital	12	264,869	264,106
Reserves		27,535	17,358
Accumulated losses		(34,139)	(23,181)
Equity attributable to the owners of Smartgroup Corporation Ltd		258,265	258,283
Total equity		258,265	258,283

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

Consolidated Statement of Changes in Equity

For the half year ended 30 June 2025

	Note	Reserves				Accumulated losses \$'000	Total equity \$'000
		Issued capital \$'000	Share based payments \$'000	Cash flow hedges \$'000	Other \$'000		
Balance at 1 January 2024		263,418	12,092	2	1,294	(32,984)	243,822
Profit for the period		-	-	-	-	34,257	34,257
Other comprehensive income, net of tax		-	-	270	-	-	270
Total comprehensive income for the period		-	-	270	-	34,257	34,527
Transactions with owners in their capacity as owners:							
Dividends provided for or paid		-	-	-	-	(42,342)	(42,342)
Share based payment expense		-	3,192	-	-	-	3,192
Securities vested under share plans	12	688	(688)	-	-	-	-
Balance at 30 June 2024		264,106	14,596	272	1,294	(41,069)	239,199
Balance at 1 January 2025		264,106	16,170	(106)	1,294	(23,181)	258,283
Profit for the period		-	-	-	-	38,083	38,083
Other comprehensive income, net of tax		-	-	(125)	-	-	(125)
Total comprehensive income for the period		-	-	(125)	-	38,083	37,958
Transactions with owners in their capacity as owners:							
Dividends provided for or paid		-	-	-	-	(41,341)	(41,341)
Share based payment expense		-	3,365	-	-	-	3,365
Securities vested under share plans	12	763	(763)	-	-	-	-
Transfer to profits reserve		-	-	-	7,700	(7,700)	-
Balance at 30 June 2025		264,869	18,772	(231)	8,994	(34,139)	258,265

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

Consolidated Statement of Cash Flows

For the half year ended 30 June 2025

	30 June 2025 \$'000	30 June 2024 \$'000
Cash flows from operating activities		
Receipts from customers (including GST)	192,928	173,518
Payments to suppliers and employees (including GST)	(124,653)	(120,658)
Transaction costs relating to mergers and acquisitions	-	(291)
Interest received from cash held on behalf of customers	3,645	3,537
Interest and transaction costs paid on borrowings	(2,586)	(2,525)
Interest paid on lease liabilities	(133)	(278)
Income taxes paid	(16,731)	(16,907)
Net cash inflow from operating activities	52,470	36,396
Net cash (outflow)/inflow of restricted cash from salary packaging receipts and payments	(38,844)	8,353
Cash flows from investing activities		
Proceeds from sale of business	-	100
Payments for contract rights	-	(4,860)
Payments for internally developed software and websites	(4,486)	(8,520)
Payments for property and equipment	(2,969)	(4,321)
Interest received	996	660
Net cash outflow from investing activities	(6,459)	(16,941)
Cash flows from financing activities		
Proceeds from borrowings	16,500	15,000
Dividends paid	(41,341)	(42,342)
Proceeds from long term incentive plan	1,118	1,355
Principal repayments on lease liabilities	(2,033)	(1,964)
Net cash outflow from financing activities	(25,756)	(27,951)
Net increase/(decrease) in cash and cash equivalents	20,255	(8,496)
Cash and cash equivalents at the beginning of the period	34,648	32,794
Cash and cash equivalents at the end of the period	54,903	24,298
Restricted cash and cash equivalents at the beginning of the period	245,067	141,091
Net (decrease)/increase in restricted cash and cash equivalents	(38,844)	8,353
Restricted cash and cash equivalents at the end of the period	206,223	149,444

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

Notes to the Consolidated Financial Statements

30 June 2025

1 Basis of preparation

Smartgroup Corporation Ltd (the "Company") is a company limited by shares, incorporated and domiciled in Australia. The financial statements cover the consolidated entity (the "Group") consisting of the Company and the entities it controlled during the half year ended 30 June 2025.

The consolidated interim financial report is a general purpose financial report prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Smartgroup Corporation Ltd is a for-profit entity for the purpose of preparing the interim financial report.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the 2024 Annual Report and any public announcements made by the Company during the interim reporting period, in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and ASX listing rules.

The half year financial statements have been prepared on the basis of historical cost, except for the revaluation of financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and in accordance with that instrument, amounts in the Directors' Report and the Interim Financial Report have been rounded to the nearest thousand dollars, unless otherwise stated.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards, which is set out below.

Going concern basis of preparation

As at 30 June 2025, the Group had net current assets of \$18,646,000.

The Group has prepared projected cash flows for the 12 months from the date of the Directors' Declaration. These forecasts indicate that the Group is expected to generate sufficient levels of operating cash flows to enable it to pay its debts as and when they fall due.

Further, the Group currently has undrawn debt facilities of \$23,500,000 that may be drawn for operational liquidity purposes, with these facilities maturing on 28 September 2028. These factors support the Group's ability to continue as a going concern.

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:

- Amendments to AASB 2014-10 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to AASB 2023-5 *Lack of Exchangeability*

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the half year ended 30 June 2025 and are not expected to have any significant impact for the full financial year ending 31 December 2025.

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

Results for the period

2 Revenue

	30 June 2025 \$'000	30 June 2024 \$'000
Consolidated		
Sales revenue		
Products and services commissions	107,241	96,883
Administration and management fees	39,174	40,541
Performance fees and rebates	8,226	8,660
Revenue from contracts with customers	154,641	146,084
Leased fleet revenue ¹	3,350	2,407
Other income ²	1,137	-
Total revenue	159,128	148,491

¹ Fleet revenue includes motor vehicle rental income which meets the definition of a lease arrangement. Therefore, they fall outside the scope of AASB 15 and are accounted for in accordance with AASB 16 *Leases*.

² Gain on sale of Fleet leased motor vehicles.

Notes to the Consolidated Financial Statements (continued)

30 June 2025

2 Revenue (continued)

Accounting policy for revenue recognition

The Group recognises revenue when it transfers control over a product or a service to a customer. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Nature of goods and services

The following is a description of the principal activities from which the Group generates its revenue. For more detailed information about reportable segments, see note 3.

Products and services commissions

The Group earns upfront commissions from suppliers relating to the financing and sourcing of vehicles, and the sale of certain insurance and auxiliary products. The revenue recognised for the performance of services is the agreed fee for the services, with revenue recognised upon delivery of the product or service to the customer. For revenue recognised at a point in time, such as vehicle sourcing services for customers, revenue is recognised when the customer gains control over the asset or product. The customer is deemed to have control over the asset or product where the Group has a present right to payment for sourcing the asset or product, where the customer is exposed to the risks and rewards of ownership of the asset or product, and where the customer is deemed to have accepted the asset or product.

Administration and management fees

The Group generates revenue from arranging and administering outsourced salary packaging and fleet management services on behalf of employers. Administration fees for salary packaging are paid by the employers through amounts deducted from their employees' pre-tax salary. Revenue is recognised over the contracted period of administration and includes interest earned from restricted cash.

Fleet management fees are paid by employers in respect of fleet management services and revenue is recognised over the contracted period of administration.

The revenue recognised for the performance of services is the agreed fee for the services. For revenue recognised over time, such as salary packaging administration fees, the Group recognises revenue based on completion of the contracted term, with revenue recognised as the Group performs each obligation over time. There may be timing differences between the recognition of revenue and the receipt of cash.

Where cash is received in advance of the revenue being recognised, a contract liability is recognised. Where revenue is recognised in advance of the receipt of cash, a contract asset is recognised within other receivables.

Performance fees and rebates

The Group earns performance fees and rebates from various suppliers relating to the maintenance of a vehicle finance book, the arrangement of certain insurance products, and the arrangement or provision of ancillary vehicle consumables. The Group also acts as a distributor of salary packaging debit cards for a major financial institution.

The revenue recognised for the performance of services is the agreed fee or rebate for the services. Performance revenue is recognised in accordance with AASB 15 *Revenue from Contracts with Customers*, either at the point in time at which services are performed, or over time where the related services are performed over time. The total consideration under the contracts is allocated to each unique performance obligation, with revenue recognised as the Group performs each obligation either at a point in time or over time.

Contract balances

Contract assets primarily relate to the Group's rights to consideration for products and services provided and not billed at the reporting date. Incremental costs and directly attributable costs to fulfil a contract with a term over one year which are recoverable, are capitalised in accordance with AASB 15, and included within contract rights in note 7. Receivable and contract asset balances at the reporting date are disclosed in note 8 as trade receivables and contract assets, respectively.

Contract liabilities primarily relate to consideration received in advance from customer contracts for which revenue is recognised on satisfaction of outstanding performance obligations.

Significant changes in contract assets and liabilities during the period result from satisfaction of performance obligations.

Transaction price allocated to the remaining performance obligations

The Group applies the practical expedients available in AASB 15 and does not disclose information about its remaining performance obligations, the amount of the transaction price allocated to the remaining performance obligations, or an explanation of when the Group expects to recognise that amount as revenue.

Notes to the Consolidated Financial Statements (continued)

30 June 2025

3 Operating segments

Identification of reportable operating segments

The Group has identified its segments based on the internal reports that are reviewed and used by the Chief Executive Officer and Chief Financial Officer, 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 interim financial statements.

Types of products and services

The principal products and services of each of these operating segments are as follows:

Outsourced Administration (OA)	This part of the business provides outsourced salary packaging and novated leasing services.
Vehicle Services (VS)	This part of the business provides end-to-end fleet management services.

Intersegment transactions

Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans

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

Operating segment information

Half year ended 30 June 2025 \$'000	OA	VS	Corporate	Intersegment eliminations	Total
Revenue					
Products and services commissions	107,241	-	-	-	107,241
Administration and management fees	35,260	8,401	-	-	43,661
Performance fees and rebates	6,587	1,639	-	-	8,226
Intersegment sales	-	2,156	-	(2,156)	-
Total revenue	149,088	12,196	-	(2,156)	159,128
Total expenses	(73,049)	(3,327)	(19,113)	-	(95,489)
Segment results (EBITDA)	76,039	8,869	(19,113)	(2,156)	63,639
Depreciation					(3,680)
Amortisation					(2,965)
Finance income					1,308
Finance costs					(2,915)
Profit before income tax expense					55,387
Income tax expense					(17,304)
Profit after income tax expense					38,083
30 June 2025					
Total assets	294,659	44,787	300,811	-	640,257
Total liabilities	240,545	8,654	132,793	-	381,992
Property and equipment expenditure	-	2,610	359	-	2,969
Intangibles expenditure	3,778	207	501	-	4,486

Notes to the Consolidated Financial Statements (continued)

30 June 2025

3 Operating segments (continued)

Operating segment information (continued)

Half year ended 30 June 2024 \$'000	OA	VS	Corporate	Intersegment eliminations	Total
Revenue					
Products and services commissions	96,883	-	-	-	96,883
Administration and management fees	36,443	6,505	-	-	42,948
Performance fees and rebates	6,872	1,788	-	-	8,660
Intersegment sales	102	1,818	-	(1,920)	-
Total revenue	140,300	10,111	-	(1,920)	148,491
Total expenses	(68,528)	(2,905)	(20,871)	-	(92,304)
Segment results (EBITDA)	71,772	7,206	(20,871)	(1,920)	56,187
Gain on sale of business					318
Depreciation					(3,074)
Amortisation					(2,004)
Finance income					794
Finance costs					(2,620)
Profit before income tax expense					49,601
Income tax expense					(15,344)
Profit after income tax expense					34,257
31 December 2024					
Total assets	293,625	53,775	305,957	-	653,357
Total liabilities	272,189	16,209	106,676	-	395,074
30 June 2024					
Property and equipment expenditure	297	3,356	668	-	4,321
Intangibles expenditure	8,520	-	-	-	8,520

4 Earnings per share

	30 June 2025 \$'000	30 June 2024 \$'000
Consolidated profit after income tax attributable to the owners of Smartgroup Corporation Ltd	38,083	34,257
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	129,822,318	129,739,992
Basic earnings per share (cents)	29.3	26.4
<i>Adjustments for calculation of diluted earnings per share:</i>		
Effect of rights and shares granted under incentive and share plans	204,121	413,918
Weighted average number of ordinary shares used in calculating diluted earnings per share	130,026,439	130,153,910
Diluted earnings per share (cents)	29.3	26.3

Notes to the Consolidated Financial Statements (continued)

30 June 2025

5 Dividends

On 27 August 2025, the Directors declared a fully franked interim dividend of 19.5 cents per ordinary share. The interim dividend will be paid on 23 September 2025 to shareholders registered on 9 September 2025 with an expected total distribution of \$26,500,000. This dividend has not been included as a liability in these half year financial statements.

Dividends are paid out from the parent entity which has retained earnings as at 30 June 2025 of \$73,574,000. As at 30 June 2025, the Group has accumulated losses of \$34,139,000. The difference in retained earnings and accumulated losses is primarily due to the amortisation of intangible assets recognised in the Group financial statements arising from historic business combinations.

6 Events occurring after the reporting period

On 28 July 2025, Voluntary Administrators were appointed to a previous insurance supplier to customers of the Group. The insurer had been in voluntary run-off since October 2023, and to date has been maintaining and discharging liabilities under the remaining active insurance policies. Smartgroup carries no financial obligation in relation to these run-off policies and does not expect these events to materially affect the Group's results in future periods.

Other than disclosed in this note or elsewhere in this report, no transaction or event of a material or unusual nature has arisen in the interval between the end of the current reporting period and the date of this report that, in the opinion of the Directors, is highly probable to significantly affect the operations, the results of operations, or the state of affairs of the Group in future periods.

Operating assets and liabilities

7 Intangible assets

Consolidated	30 June 2025 \$'000	31 December 2024 \$'000
Goodwill – at cost	272,664	272,664
Goodwill	272,664	272,664
Contract rights – at cost	10,028	10,028
Less: accumulated amortisation	(6,624)	(6,121)
Contract rights	3,404	3,907
Brand names – at cost	1,304	1,304
Brand names and logos	1,304	1,304
Internally developed software and websites – at cost	29,369	24,883
Less: accumulated amortisation	(7,097)	(4,635)
Internally developed software and websites	22,272	20,248
Intangible assets	299,644	298,123

Notes to the Consolidated Financial Statements (continued)

30 June 2025

8 Trade and other receivables

Consolidated	30 June 2025 \$'000	31 December 2024 \$'000
Trade receivables	9,375	12,564
Less: allowance for expected credit losses	(362)	(351)
Total trade receivables	9,013	12,213
Contract assets	10,544	11,375
Other receivables	7,045	6,940
Total other receivables	17,589	18,315
Total trade and other receivables	26,602	30,528

Age		
Current	5,175	6,288
0 – 30 days	3,288	5,336
31 – 60 days	303	444
61 – 90 days	108	231
90+ days	501	265
Trade receivables	9,375	12,564

Accounting policy for 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 between 14 and 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off by reducing the carrying amount directly. Trade receivables have been grouped based on shared credit risk characteristics and the days past due. Contract assets predominantly consist of accrued revenues with funds held in restricted cash accounts, with a corresponding customer salary packaging liability balance. These are unbilled transactions for commission-based revenue, with no associated credit loss as funds have been collected and are held within the restricted cash accounts.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses. Other receivables relate to floats for client salary packaging payments and have been assessed as similar in nature to financiers and supply chain partners risk.

Expected credit loss assessment for customers

The Group applies the simplified approach to the expected credit loss (ECL) calculation used for trade receivables, and measures the ECL allowance at an amount equal to lifetime ECL.

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default. Exposures within each

credit risk grade are generally based on actual historical credit loss experience.

ECL rates are adjusted to reflect current and forward-looking information on macroeconomic factors that may affect the ability of the customers to settle the receivables, such as GDP rates. They are also adjusted to reflect historical and current debtor-based information impacting the probability that certain debtors will enter bankruptcy or financial reorganisation, or default on payments (more than 60 days overdue).

Smartgroup obtains the updated credit scores from external sources to determine the average expected credit loss rate by customer group, and applies these rates to the receivables balances by customer group to calculate the ECL allowance. In addition, specific provisions totalling \$354,000 (31 December 2024: \$344,000) were raised for at-risk customer groups. There were no material write-offs for debtors during the period (2024: \$nil).

The Group has identified motor vehicle dealers, and small to medium corporates as the groups most at risk of credit loss, with the expected credit loss allowance at 30 June 2025 totalling \$8,000 (31 December 2024: \$7,000). The credit loss rates are based on a 3-year rolling average between 0.0% - 0.2% (2024: 0.0% - 0.2%) and derived using counterparty-specific information and historical data from previous recessions and economic projections.

The Group has additionally provided \$161,000 (31 December 2024: \$232,000) in relation to counterparty arrangements with motor vehicle dealerships. This provision is reflected within Current Provisions in the Consolidated Statement of Financial Position.

The following table provides information about the exposure to credit risk and ECL for trade receivables as at 30 June 2025.

Notes to the Consolidated Financial Statements (continued)

30 June 2025

8 Trade and other receivables (continued)

30 June 2025 \$'000	Gross carrying amount	Expected credit loss allowance	Specific loss allowance	Total loss allowance	Weighted-average loss rate
Financiers and supply chain partners	431	-	(118)	(118)	27.38%
Employer/Corporate	7,335	(7)	(27)	(34)	0.46%
Dealers	1,609	(1)	(209)	(210)	13.05%
Total expected credit loss exposure	9,375	(8)	(354)	(362)	

31 December 2024 \$'000

Financiers and supply chain partners	1,222	-	(114)	(114)	9.32%
Employer/Corporate	8,677	(6)	(112)	(118)	1.36%
Dealers	2,665	(1)	(118)	(119)	4.47%
Total expected credit loss exposure	12,564	(7)	(344)	(351)	

The amount of the loss allowance is the difference between the asset's carrying amount and the present value of management's estimate of future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The loss allowance for trade receivables as at 30 June 2025 reconciles to the opening loss allowance as follows:

Consolidated	30 June 2025 \$'000	31 December 2024 \$'000
Allowance for expected credit losses – opening balance	(351)	(359)
Bad debts written off	1	15
Additional provision recognised	(12)	(7)
Total allowance for expected credit losses	(362)	(351)

9 Restricted cash and associated liabilities

The Group administers funds on behalf of customers, and this can take one of two forms:

- Restricted cash (pooled customer funds in Smartgroup's name)
- Cash held on behalf of customers, in segregated bank accounts in Smartgroup's name

Restricted cash and cash equivalents

Consolidated	30 June 2025 \$'000	31 December 2024 \$'000
Restricted cash and cash equivalents	206,223	245,067
Customer salary packaging liability	(206,223)	(245,067)

The restricted cash and cash equivalents in the Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows represents funds held by the Group on behalf of certain customers. The use of these funds is restricted to the making of salary packaging payments on behalf of those customers only and therefore not available for general use. The Group recognises a liability for all restricted cash balances to reflect the amounts owing to its customers.

The restricted cash accounts are held with Australia's major financial institutions. Depending on commercial arrangements, the Group may earn interest income from these accounts. For the half year ended 30 June 2025, the Group has recognised within revenue, finance income of \$3,645,000 (30 June 2024: \$3,537,000) from restricted cash.

Notes to the Consolidated Financial Statements (continued)

30 June 2025

9 Restricted cash and associated liabilities (continued)

Cash held on behalf of customers not recognised in the Consolidated Statement of Financial Position:

Consolidated	Weighted average interest rate	30 June 2025 \$'000	Weighted average interest rate	31 December 2024 \$'000
Accounts established by customers directly	3.91%	62,235	4.20%	66,139
		62,235		66,139

Cash held on behalf of salary packaging administration customers is deposited by customers into segregated bank accounts owned and controlled by customers, to be used only to settle their employees' salary packaging obligations to suppliers. The Group cannot use these funds for any other purpose than as directed by its customers. Customers are liable to ensure adequate funds are kept in the segregated bank accounts for salary payments. The Group has assessed that these assets are held in a fiduciary capacity rather than being assets of the Group and as such, have excluded them from the Consolidated Statement of Financial Position.

The segregated bank accounts used for cash held on behalf of customers are with Australia's major financial institutions.

Capital structure and financial risk management

10 Borrowings

As at 30 June 2025, the following bank facilities were available to the Group:

- A revolving facility of \$120,000,000 (31 December 2024: \$120,000,000);
- A letter of credit facility of \$15,000,000 (31 December 2024: \$15,000,000); and
- Ancillary facilities of \$1,000,000 (31 December 2024: \$1,000,000)

The banking facilities are guaranteed and secured by the Company and certain of the Company's subsidiaries. The facilities are subject to a variable interest rate, which is based on the 3-month BBSY (Bank Bill Swap Bid Rate) plus a margin. In March 2025, an additional \$16,500,000 was drawn down.

Gross debt drawn at 30 June 2025 is \$96,500,000, with \$23,500,000 undrawn. The banking facilities mature on 28 September 2028.

The Group is subject to certain financing covenants and meeting these is given priority in all capital risk management decisions. These covenants include leverage and interest cover ratios with reference to recurring earnings before interest, tax, depreciation and amortisation, and with distribution restrictions on dividends. These covenants relate to the revolving facility and the letter of credit facility. The carrying value of the revolving facility at 30 June 2025 is \$95,671,000. The Group is required to comply with the loan covenant requirements on a semi-annual basis, with the next compliance period in September 2025. There have been no events of default on the financing arrangement during the period (2024: nil).

Notes to the Consolidated Financial Statements (continued)

30 June 2025

11 Fair value of financial instruments

Fair value of the Group's financial assets and financial liabilities measured at fair value on a recurring basis

At 30 June 2025	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial liabilities				
Interest rate swap contracts - cash flow hedges	-	123	-	123
Total financial assets	-	123	-	123

At 31 December 2024

Financial assets				
Interest rate swap contracts - cash flow hedges	-	63	-	63
Total financial assets	-	63	-	63

The carrying amounts of trade and other receivables and trade and other payables are assumed to 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 liabilities.

Derivatives – interest rate swap contracts

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

12 Issued capital

	30 June 2025 Shares	31 December 2024 Shares	30 June 2025 \$'000	31 December 2024 \$'000
Ordinary shares — fully paid	135,694,446	133,878,152	312,033	297,149
Less: treasury shares associated with the loan funded share plan (LFSP)	(5,842,809)	(4,118,012)	(47,164)	(33,043)
	129,851,637	129,760,140	264,869	264,106

Movements in ordinary shares:

	Number of shares	Total \$'000
Opening balance at 1 January 2024	132,836,669	284,692
Exercise of performance rights during the period	64,333	688
Shares issued for LFSP during the period	1,724,455	16,514
Buyback of forfeited shares	(747,305)	(4,745)
Balance at 31 December 2024	133,878,152	297,149
Exercise of performance rights during the period	91,497	763
Shares issued for LFSP during the period	2,335,059	18,472
Buyback of forfeited shares during the period	(610,262)	(4,351)
Balance at 30 June 2025	135,694,446	312,033

Notes to the Consolidated Financial Statements (continued)

30 June 2025

12 Issued capital (continued)

Loan funded share plan (LFSP)

Shares granted as part of the LFSP are eligible for dividends and are held by the participant until they vest or are forfeited. Should the Company pay dividends or make capital distributions in the future, any dividends paid, or distributions made to the participant will be applied to repay the loan and to meet the tax liability on those dividends or distributions. The vesting of the shares is subject to two performance hurdles, being an earnings growth hurdle and a total shareholder return hurdle, and a continuous employment condition. The shares can only be exercised once the participant has repaid the loan.

The issue price is calculated based on the 20-day volume weighted average price of shares trading on the ASX up to and including grant date. Shares vest over a 3-year period subject to two vesting conditions, the "EPS Performance Hurdle" and the "TSR Performance Hurdle."

Shares issued under the LFSP are accounted for as options. As a consequence of this classification, the unvested shares

issued under the LFSP have been treated as contingently issuable, as the vesting conditions have not been satisfied at the balance date. Therefore, the shares issued under the LFSP are excluded from basic earnings per share.

Performance rights

Performance rights have a nil exercise price and the number of shares are determined based on the 10-day volume weighted average price of shares traded on the ASX up to and including the grant date. Performance rights vest over a 1-year period, being 1 January to 31 December.

Performance rights granted do not include voting rights nor attract dividends, and are subject to vesting conditions being performance hurdles relating to the annual Key Performance Indicators (KPIs). Performance rights cannot be transferred and are not quoted on the ASX.

Directors' Declaration

30 June 2025

In the Directors' opinion:

- (a) the attached financial statements and notes set out on pages 7 to 20 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.

On behalf of the directors,



John Prendiville
Chairman
Sydney
27 August 2025

Independent Auditor's Review Report

To the shareholders of Smartgroup Corporation Limited

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Smartgroup Corporation Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Smartgroup Corporation Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2025 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2025;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the half-year ended on that date;
- Notes 1 to 12 including selected explanatory notes; and
- The Directors' Declaration.

The **Group** comprises Smartgroup Corporation Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half-year.

Basis for Conclusion

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

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

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

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

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2025 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

KPMG

KPMG

K Hopkins

Karen Hopkins

Partner

Sydney

27 August 2025

Corporate directory

Directors

John Prendiville
Scott Wharton
Carolyn Colley
Deborah Homewood
Anne McDonald
Ian Watt
Mark Rigotti

Company secretaries

Jonathan Swain
Sophie MacIntosh

Principal registered office in Australia

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201 Sussex Street
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1300 665 855

Share register

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Auditor

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300 Barangaroo Avenue
Sydney NSW 2000

Bankers

Westpac Group
275 Kent Street
Sydney NSW 2000

Australia and New Zealand Banking Group Limited
242 Pitt Street
Sydney NSW 2000

Securities exchange listing

Smartgroup Corporation Ltd shares are listed on the
Australian Securities Exchange (ASX code: SIQ)

Website

www.smartgroup.com.au

