INVESTOR PRESENTATION

Full year CY 2021 results

18 February 2022

Tim Looi – Managing Director and CEO
Anthony Dijanosic – Chief Financial Officer

smart group corporation

2021 OVERVIEW

Tim Looi
Managing Director and CEO

Pleasing CY 2021 results reflect continued momentum

✓ **Strong improvement in profit**
- Revenue of $221.8m up 3% vs CY 2020
- Operating EBITDA of $103.0m up 8% vs CY 2020
- NPATA[1] of $69.5m up 7% vs CY 2020

✓ **Successful renewal outcomes with improved operating performance**
- Renewal or extension of all top 20 client contracts falling due in CY 2021 (8 in total)
- Largest client, Department of Defence, successfully renewed for 5 years, inclusive of extension options
- Total package growth of 17,000 and leasing settlement volumes up 4% vs pcp
- New novated leasing orders increased by 14% with pipeline of future settlements representing c.$12m of additional future revenues[2]

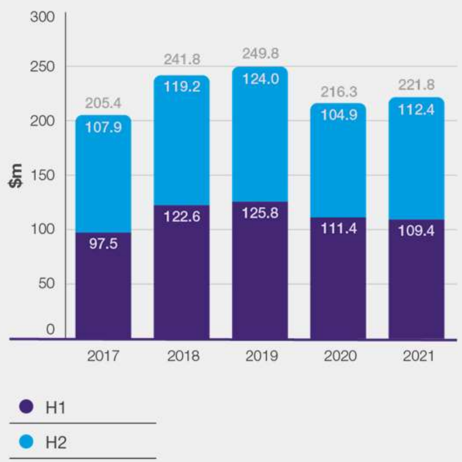
✓ **Smart Future program delivering targeted benefits**
- 12% increase in digital leads for new leases
- 80% increase in customer engagement with the new leasing calculator
- 13-point increase in leasing sales customer NPS with a 2 percentage point improvement in lead to order conversion

✓ **Strong cashflow conversion and net cash position enabling final and special dividends of 49.0cps**
- Adjusted after-tax operating cashflows at 113% of NPATA
- Net cash of $3.6m at year end
- Fully franked final ordinary dividend of 19.0cps[3]
- Fully franked special dividend of 30.0cps, bringing total dividends for the year to 72.0cps[3]

1. NPATA is net profit after tax, adjusted to exclude the non-cash tax-effected amortisation of intangibles and significant non-operating items. Refer to Appendices for the reconciliation.
2. Assuming historic vehicle order to settlement conversion rates.
3. Record date of final ordinary and special dividend is 9 March 2022 and payment date is 23 March 2022. Total dividends for the year include the 5.5cps special dividend paid in March 2021 and 17.5cps interim ordinary dividend paid in September 2021.

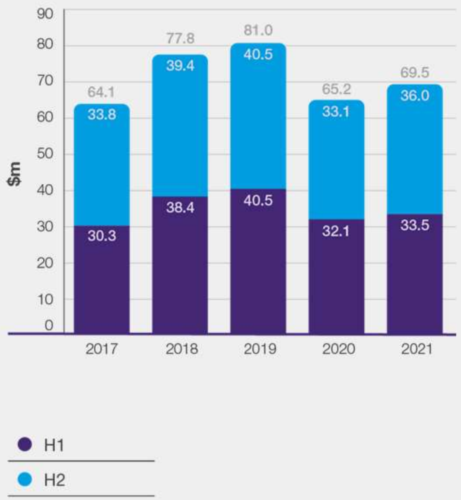
Improvement in all financial metrics, with total dividends of 72cps for the year

Revenue

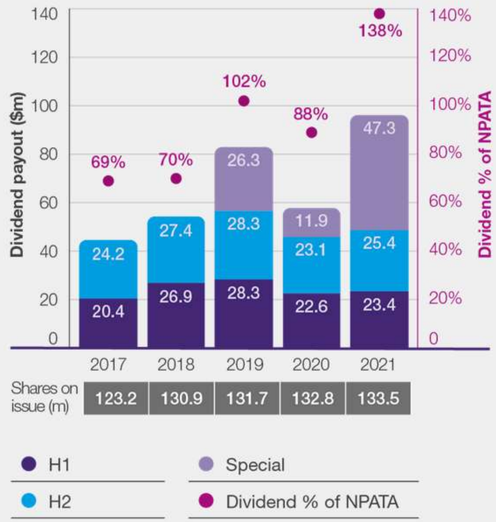


EBITDA[1]

NPATA[1]

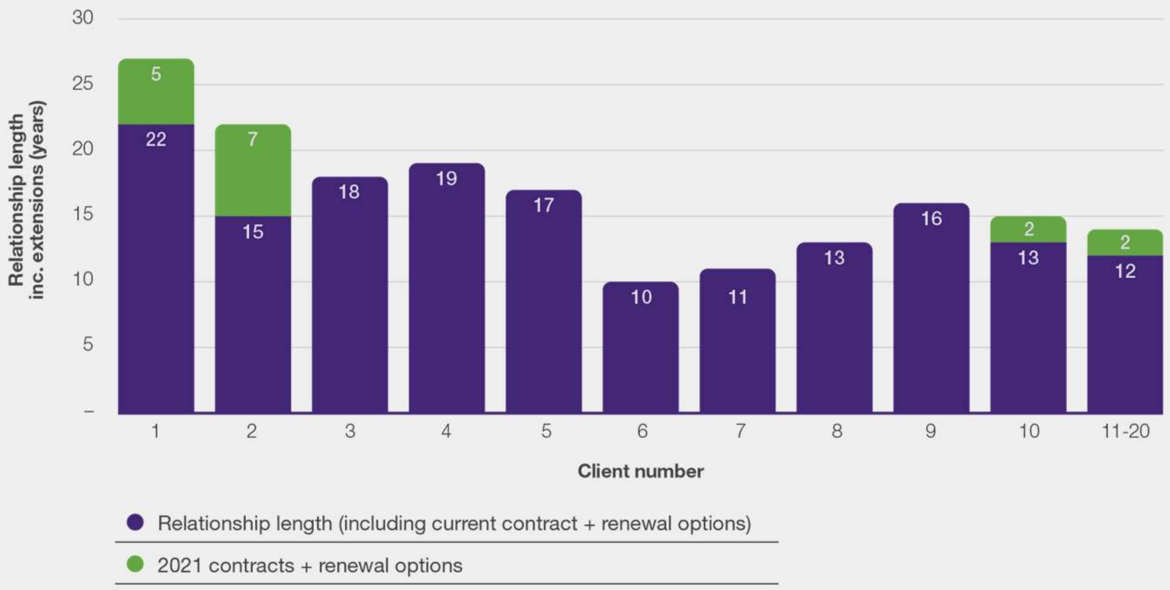


Dividend (fully franked)[2]



1. Adjusted to reflect one-off impact on adoption of AASB 16 Leases from January 2018. Impact is to increase 2018 EBITDA by $1.6m in each of H1 and H2 and reduce 2018 NPATA by $0.1m in each of H1 and H2.
2. In addition to the $12.0m 2020 special dividend, a $7.3m 2021 special dividend was declared in February 2021 in relation to profits earned by group companies in 2020. This $7.3m is classified as an interim special dividend within the 2021 Annual Report.

Smartgroup has renewed or extended all key client contracts for 2021



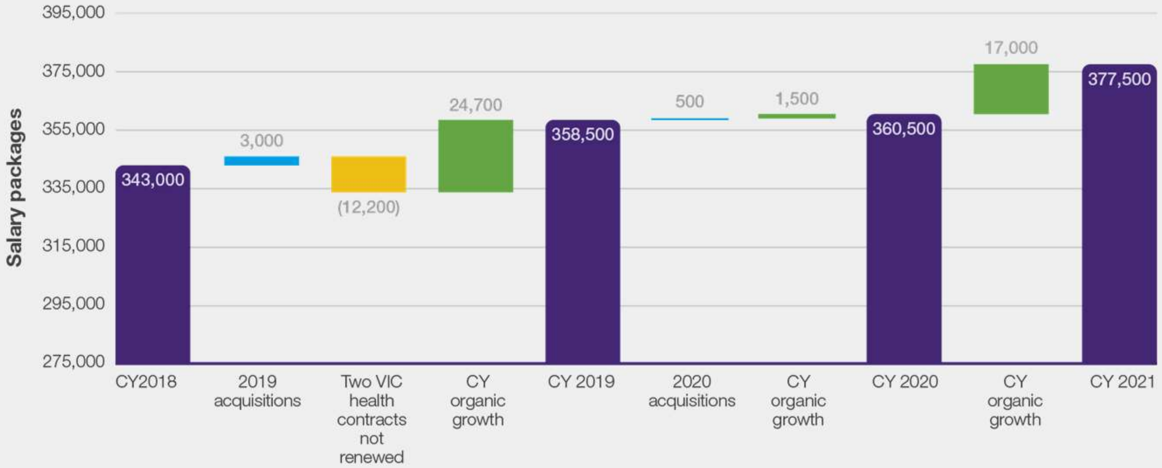
Renewed and/or extended 100% of key contracts due in 2021

Client number 1, Department of Defence, renewed for a term of 5 years[1] and Client number 2 renewed for a term of 7 years[1] via tender processes. Smartgroup remains the exclusive provider of salary packaging for each client

5 clients in the 11-20 band renewed or extended in 2021[2]

1. Inclusive of extensions.
2. Representing a 2 year average increase across the 10 clients

Strong growth in package numbers from both existing and new clients



Net organic growth of 17,000, with significant increases in health and not for profit customers

Onboarded new health client in April 2021 with c.8,500 packages

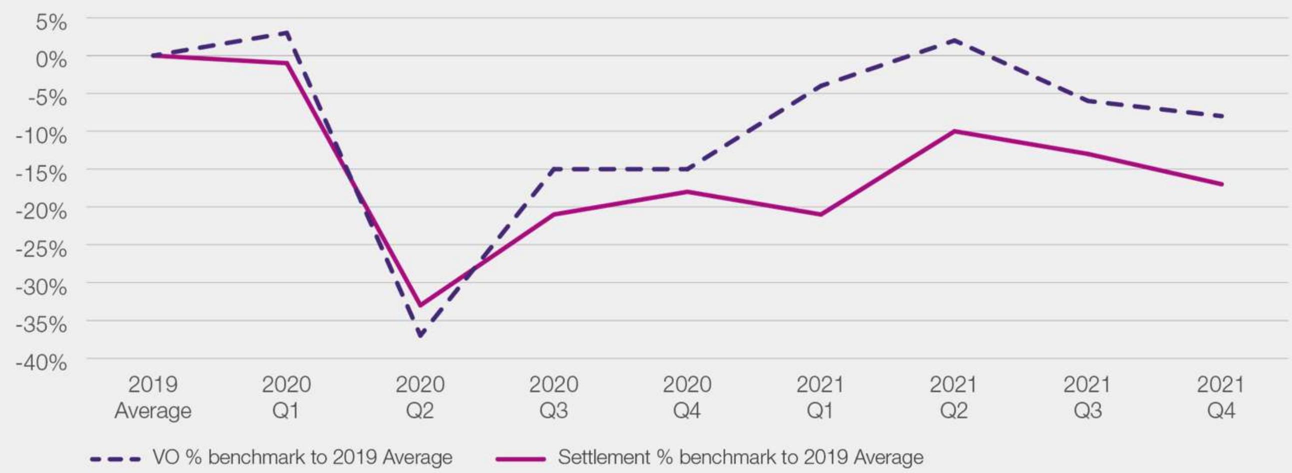
Package growth achieved despite restricted on-site client activity

New vehicle orders grew 14% with order pipeline growth of 152%. Lower cost digital leads improved 12%

	H1 2021 v pcp	H2 2021 v pcp	CY 2021 v pcp
Total leasing leads	-3%	+6%	+1%
New lease digital leads	+18%	+6%	+12%
New lease vehicle orders	+17%	+11%	+14%
Settlement volume	+2%	+5%	+4%
Open new lease vehicle orders	+183%	+152%	+152%
Yield	-10%	Stable	-5%

- Lower-cost digital lead volumes have grown beyond pre-COVID levels
- Strong order growth, despite a continuing challenging environment
- Settlement volume is impacted by vehicle supply shortages, leading to a large pipeline of future settlements
- H1 and CY 2021 yield decrease versus pcp reflects 1 July 2020 insurance partner repricing and lower product attachment rates. Higher yielding new novated leases for CY 2021 made up 74% of novated volumes (CY 2020: 74%), remaining lower than historical levels of c.78-80%

New lease vehicle orders increased to pre-COVID levels prior to 2021 lockdowns. 'Excess' pipeline orders represent $12m of future revenue



- Vehicle orders at pre-COVID levels in Q2 2021, with Q3 and Q4 2021 orders impacted by lockdowns in NSW, Victoria and ACT
- Open vehicle orders at c.4x pre-COVID levels. 'Excess' open orders represent c.$12m of future revenue[1], with c.$10m attributable to orders written in 2021
- Vehicle supply constraints are expected to continue into 2022, with availability varying by manufacturer and model

1. Assuming historic vehicle order to settlement conversion rates.

Continuing to play our part in supporting our people, our customers and our communities

- ✓ Smartgroup was recognised for the third year in a row as an Inclusive Employer by Diversity Council of Australia and is recognised as an Employer of Choice for Gender Equality by the Workplace Gender Equality Agency (WGEA)
- ✓ Smartgroup once again saw award-winning customer service performance, with winners of both individual and team awards from the Customer Service Institute of Australia
- ✓ The Smartgroup Foundation continued to support causes that are close to our community, clients and customers, with 22 grants made to grass-roots charitable projects

WGEA Employer of Choice for Gender Equality

PROUD TO BE AN INCLUSIVE EMPLOYER 2021–2022

customer service institute of australia csia certified

Smartgroup Foundation

SMART FUTURE

Tim Looi
Managing Director and CEO

Smart Future

Our program to drive organic growth

Vision

Be the trusted partner for Australian employers to deliver benefits to their employees

Strategic Capabilities

- Customer Experience
- Technology
- People & Culture
- Brands
- Scale

Strategic Pillars

- **Deliver great customer experiences** for both our clients and their employees
- **Invest in digital** to create a seamless customer experience and lower cost to serve
- **Simplify and streamline operations** to reduce complexity and risk

Outcomes

Outcomes	Increased client and customer advocacy	Improved client success across the base	Reduction in cost, complexity and risk	Increase in employee engagement
2021	Net Promoter Score Up 8 points[1]	Lead to order conversion Up 2 percentage points[2]	Leases per consultant Up c.50%[3]	Engagement Up 7 percentage points

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1. Combined sales and service NPS across all brands.
2. Lead to vehicle order conversion increase reflects the fully-matured conversion rate for H1 2021 leads versus 2020. H2 2021 lead to order conversion rates are not yet fully mature.
3. CY 2021 lease settlements per sales consultant versus 12 months prior to COVID disruption.

Smart Future will deliver great digital experiences to our customers

New digital capabilities will drive simplification, growth and efficiency

Customer experience	Re-design client and customer portals and apps	Re-design websites and calculators	Leverage common CRM across group
Streamline operations	Streamline reporting and dashboards across brands	Align processes across brands and core systems	Invest further in business automation
Technology foundations	Continue migration to cloud-based software	Implement new digital experience platform	Enhance core API capabilities

Substantially complete

In progress

Commencing in 2022

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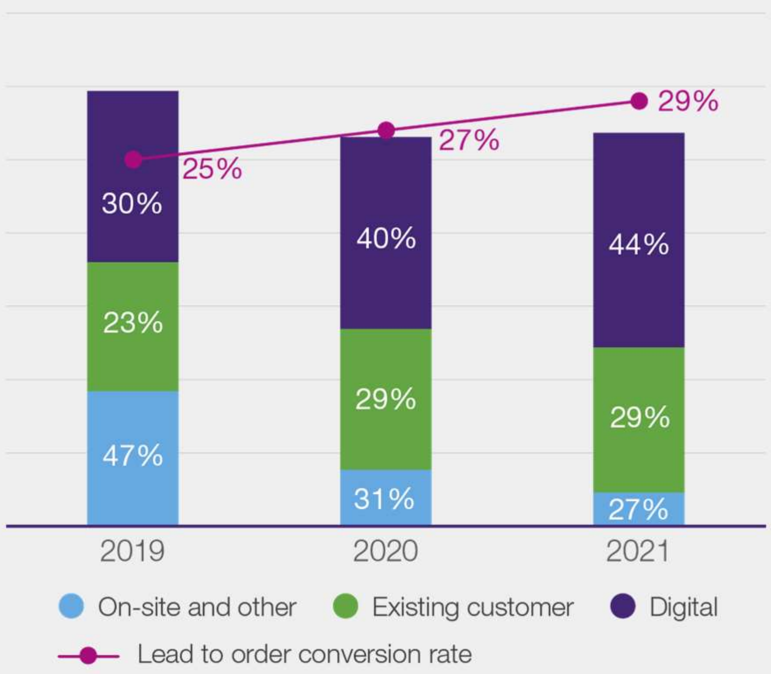
Increased focus on digital engagement and improved experiences have led to growth in digital novated leads and better lead conversion

Novated leads by channel and conversion rates



Novated leasing leads have reduced from 2019 with restricted on-site access

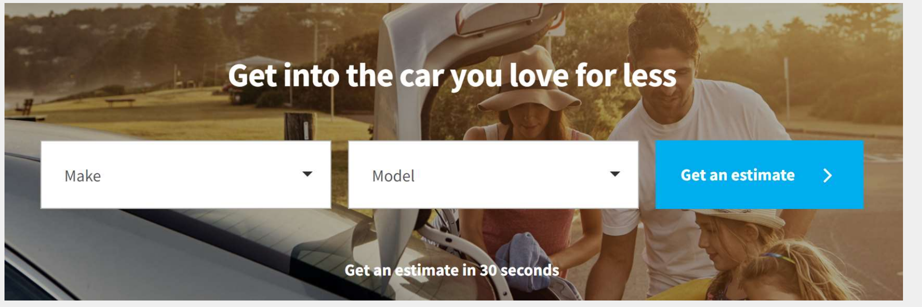
Increased focus on digital engagement throughout late 2020 and 2021 has seen digital leads grow significantly, both in total and as a proportion of total leads

Improved customer journeys and customer experience training saw lead conversion increase across most channels with lead to order conversion rate increasing 2 percentage points from 2020[1].

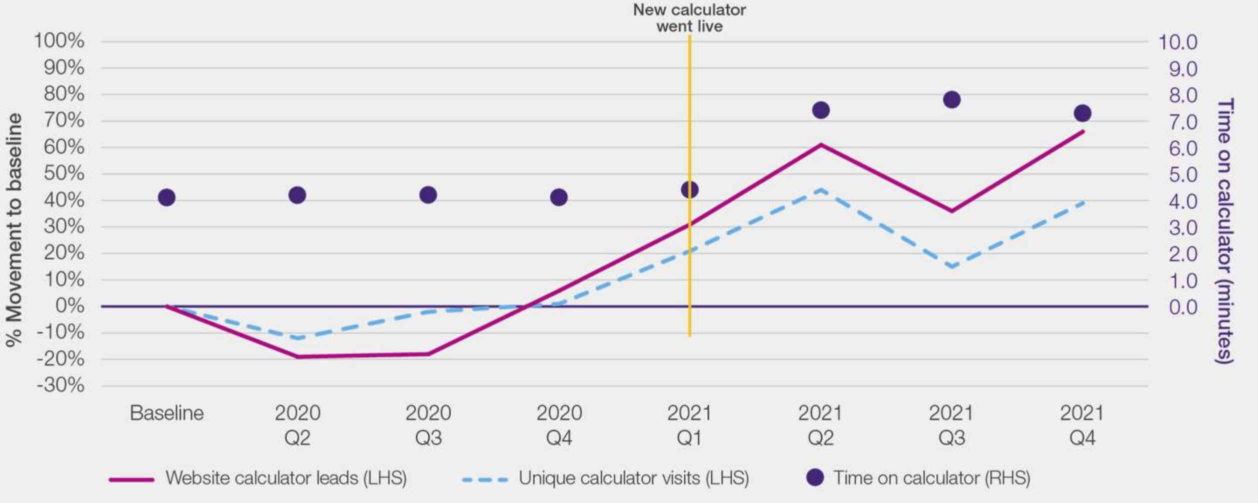
Leads expected to further increase as on-site client activity restrictions ease

1. 2021 lead to order conversion rate of 29% reflects the fully-matured conversion rate for H1 2021 leads. H2 2021 lead to order conversion rates are not yet fully mature and so are not presented.

New Smartleasing vehicle calculator has improved customer engagement by 80% leading to a 60% increase in leads



Smartleasing vehicle calculator traffic, engagement and leads



c.40% increase in calculator traffic and c.60% increase in calculator leasing leads[1]

c.80% increase in the time customers spend interacting with calculator/self-educating[1]

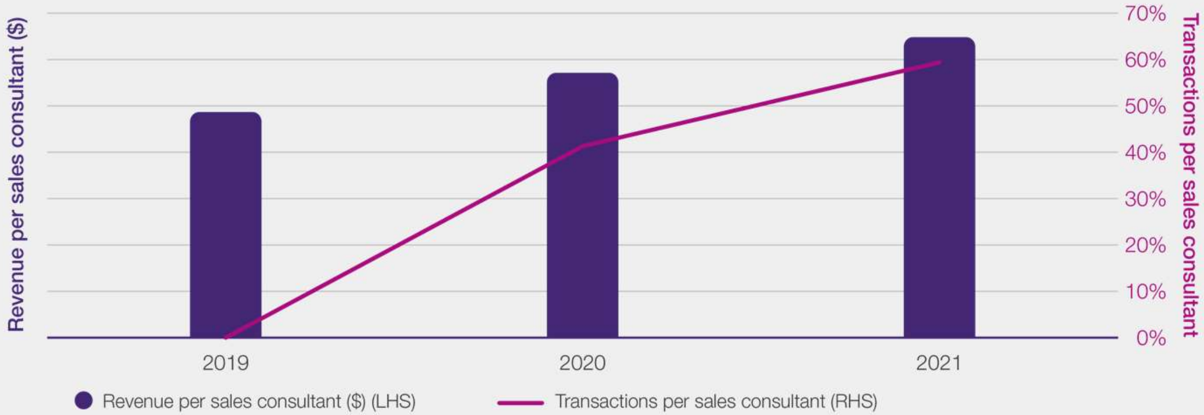
Increased calculator visit to lead conversion worth c.$3m+ in vehicle order revenue p.a.

Autopia business unit leasing calculator launched in Feb 2022

1. Baseline period is 12 months prior to mid-March 2021 go-live of new Smartleasing calculator.

Improvements in revenue and transactions per consultant and customer satisfaction from customer experience training and simplified journeys

Increase in revenue and transactions per sales consultant[1]



New customer journeys and training progressively implemented in H1 2021

Changes to incentive schemes implemented in mid-2020

Leasing consultants are engaging more effectively and generating more revenue per consultant

Customer satisfaction has increased – leasing sales NPS increased from 42 to 55

1. Transactions per sales consultant is baselined to 2019. A ‘transaction’ is the sale of an individual product or service associated with a novated lease, therefore one lease settlement may have multiple ‘transactions’.

FINANCIAL PERFORMANCE FULL YEAR CY2021

Anthony Dijanosic
Chief Financial Officer

Operational momentum underpins revenue and EBITDA growth

$m	CY 2021 adjusted[1]	CY 2020 adjusted	Change %
Revenue	221.8	216.3	3%
Product costs	(6.0)	(6.0)	0%
Staff costs[2]	(80.8)	(79.9)	1%
Other overhead	(32.0)	(35.0)	(9%)
Operating EBITDA	103.0	95.4	8%
EBITDA margin	*46%*	*44%*	
Net finance costs	(1.7)	(3.1)	(45%)
Depreciation	(3.4)	(3.2)	6%
Amortisation	(9.3)	(22.1)	(58%)
Joint venture contribution	0.3	–	100%
PBT	88.9	67.0	33%
Tax expense	(27.1)	(20.2)	34%
NPAT	61.8	46.8	32%
Tax-effected amort. of acquired intangibles and cash tax benefit	7.7	18.4	(58%)
NPATA[3]	69.5	65.2	7%

Revenue growth driven by increasing novated settlement volumes and higher recurring revenues

EBITDA margin at 46% remains strong

Amortisation has reduced to $9.3m due to acquired intangibles becoming fully amortised. In CY 2022, amortisation charge will reduce by a further $4.9m

Add-back of tax effected amortisation and cash tax benefit of $7.7m reduces to $2.2m for CY 2022 ($1.8m amortisation and $0.4m cash tax benefit)

1. A reconciliation of the statutory accounts to adjusted earnings is attached in the Appendices.
2. CY 2020 staff costs exclude $0.4m of accelerated share-based payments expense.
3. NPATA is net profit after tax, adjusted to exclude the non-cash tax-effected amortisation of intangibles and significant non-operating items.

Cash flow generation remained strong at 113% of NPATA

$m	CY 2021[1] adjusted	CY 2020[1] adjusted
Receipts from customers (inclusive of GST)	252.5	254.6
Payments to suppliers and employees (inclusive of GST)	(151.3)	(151.4)
Interest received from operations	-	0.9
Interest paid[2]	(0.5)	(1.7)
Interest paid on lease liabilities	(0.8)	(1.0)
Income taxes paid	(21.6)	(26.6)
Net cash from operating activities	**78.3**	**74.8**
As a % of NPATA	113%	115%
Capital expenditure	(5.1)	(1.2)
Payments for funding of motor vehicles	(2.8)	-

Strong operating cash flow conversion at 113% of NPATA underpins 70% ordinary dividend payout ratio and special dividend

$4.3m of Smart Future program capex commenced in H2 2021, reflecting the delivery stage of several projects

Commenced pilot for balance sheet funding for fleet vehicles

1. Excludes payments for M&A transaction costs (inclusive of GST) of $2.4m (CY2020: $0.0m). Net cash from operating activities excludes receipts and payments from customers' salary packaging accounts and significant non-operating items.
2. Excludes borrowing costs paid on refinancing of debt facilities of $0.1m (2020 $0.2m)

Conservative balance sheet profile is maintained

$m	31 Dec 2021 statutory	31 Dec 2020 statutory
Cash	*32.5*	*27.4*
Other current assets	*68.7*	*66.6*
Current assets	101.2	94.0
Non-current assets	307.1	314.4
Total assets	**408.3**	**408.4**
Current liabilities	107.2	101.5
Borrowings	*28.7*	*24.7*
Other non-current liabilities	*6.2*	*11.3*
Non-current liabilities	34.9	36.0
Total liabilities	**142.1**	**137.5**
Net assets	**266.2**	**270.9**
Net corporate cash (debt)[1]	**3.6**	**2.5**
Net corporate debt / LTM EBITDA	**N/A**	**N/A**

Cash position remains strong with net cash at $3.6m

Small net current liability position following payment of $19m special dividend in March 2021

Non-current assets reduced with the amortisation of acquired software and customer contracts

1. Excludes capitalised borrowing costs of $0.2m (2020 $0.2m) and leased vehicle borrowings of $1.6m (2020 nil).

SUMMARY AND OUTLOOK

Tim Looi
Managing Director and CEO

Summary of results and update

Results

- ✓ Success in client wins and renewals
- ✓ Significant growth in new novated lease orders with order pipeline at c.$12m of future revenues[1]
- ✓ Smart Future program delivering strong early benefits
- ✓ Strong cash flow generation and fully franked final ordinary and special dividends declared of 49.0 cents per share in total, bringing total dividends for the year to 72.0 cents per share[2]

Update

- ✓ January novated leasing leads were up 8% on pcp
- ✓ Smart Future key digital asset deliverables on track
- ✓ Business is well positioned to benefit from improvements in vehicle supply

1. Assuming historic vehicle order to settlement conversion rates.
2. Total dividends for the year include the 5.5cps special dividend paid in March 2021, the 17.5cps interim ordinary dividend paid in September 2021 and the 19.0cps final ordinary and 30.0cps special dividends declared in February 2022.

QUESTIONS?

Appendix: Reconciliation of earnings to statutory financial statements

$m	CY 2021 statutory results	Non-IFRS measure	Add back: Merger & Acquisition costs	Add back: Sale of Smartequity	CY 2021 adjusted
Revenue	221.8	-	-	-	221.8
Operating EBITDA	**100.7**	**-**	**2.1**	**0.2**	**103.0**
Joint venture contribution	0.3	-	-	-	0.3
Segment note EBITDA	**101.0**	**-**	**2.1**	**0.2**	**103.3**
Depreciation expense	(3.4)	-	-	-	**(3.4)**
Amortisation expense	(9.3)	-	-	-	**(9.3)**
Loss on revaluation of asset held for sale	(1.4)	-	-	1.4	**-**
Net finance costs	(1.7)	-	-	-	**(1.7)**
PBT	**85.2**	**-**	**2.1**	**1.6**	**88.9**
Income tax expense	(26.4)	-	(0.6)	(0.1)	(27.1)
NPAT	**58.8**	**-**	**1.5**	**1.5**	**61.8**
Add back: Amortisation of acquired intangibles	**-**	**5.8**	-	-	5.8
Cash tax benefit	**-**	**1.9**	-	-	1.9
NPATA	**58.8**	**7.7**	**1.5**	**1.5**	**69.5**
Shares on issue (millions)					133.5
NPATA per share (cps)					52.1

Appendix: Reconciliation of operating cash flow to statutory financial statements

$m	CY 2021 statutory results	Less: Merger & Acquisition costs	Less: Debt refinancing transaction costs paid	CY 2021 adjusted
Receipts from customers (inclusive of GST)	252.5	-	-	**252.5**
Payments to suppliers and employees (inclusive of GST)	(151.3)	-	-	**(151.3)**
M&A transaction costs	(2.4)	2.4	-	**-**
Interest received from operations	-	-	-	**-**
Interest and transaction costs paid on borrowings	(0.6)	-	0.1	**(0.5)**
Interest paid on lease liabilities	(0.8)	-	-	**(0.8)**
Income taxes paid	(21.6)	-	-	**(21.6)**
Net cash from operating activities	75.8	2.4	0.1	**78.3**
As a % of NPATA	109%	3%	0%	**113%**
Capital expenditure – Smart Future	(4.3)	-	-	**(4.3)**
Capital expenditure – non-Smart Future	(3.6)	-	-	**(3.6)**

Appendix: Reconciliation of the movement in net tangible assets

	$m	# of shares (m)	NTA (cps)
Net tangible assets – Dec 2020	(40.8)	132.8	(30.8)
Net cash from operating activities	75.8		
Decrease in borrowings	4.0		
Dividends paid	(65.6)		
Other tangible asset/liability movements	(9.2)		
Net tangible assets – Dec 2021	**(35.8)**	**133.5**	**(26.8)**

Appendix: Balance sheet

$m	Note	31 Dec 2021 statutory	31 Dec 2020 statutory
Cash	1	32.5	27.4
Restricted cash	2	41.2	48.1
Trade and other current assets	3	27.5	18.5
Current assets		**101.2**	**94.0**
Property and equipment		4.4	1.7
Right-of-use assets		5.6	9.1
Intangible assets		283.7	290.4
Other non-current assets		13.4	13.2
Non-current assets		**307.1**	**314.4**
Total assets		**408.3**	**408.4**
Trade and other payables	3	38.2	29.9
Customer salary packaging liabilities	2	41.2	48.1
Lease liabilities		7.9	12.4
Provisions and other liabilities		26.1	22.4
Non-current interest-bearing loans	1	28.7	24.7
Total liabilities		**142.1**	**137.5**
Net assets		**266.2**	**270.9**
Issued capital		263.0	262.5
Retained earnings & reserves	4	3.2	8.4
Total capital		**266.2**	**270.9**
Net corporate cash/(debt)[1]		**3.6**	**2.5**
Net corporate debt / LTM EBITDA		**Nil**	**Nil**

Notes

1. Cash increased due to cashflows at 113% of NPATA, partially offset by capital expenditure and payment of special dividend in March 2021
2. Restricted cash and customer salary packaging liabilities represent funds held in common salary packaging accounts on behalf of clients
3. Trade receivables and payables increased primarily as a result of debtor invoice timing and supplier payment timing, respectively
4. Retained earnings & reserves reduced due to payment of 2020 final and special dividends, and 2021 interim ordinary dividend ($65.6m)

1. Excludes capitalised borrowing costs of $0.2m (2020 $0.2m) and vehicle borrowings of $1.6m (2020 nil).

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