



ASX Announcement

Release date: 11 December 2023

South Australian Government contract win and trading update

Smartgroup Corporation Limited (ASX:SIQ, Smartgroup) is pleased to advise that following the completion of a competitive tender process, the South Australian Government has appointed Smartgroup subsidiary, Smartsalary, as its exclusive administrator of salary packaging services and novated leasing services under an initial 5-year agreement (10 years including extensions).

The contract commences on 1 July 2024 and services will be made available to approximately 110,000 South Australian Government employees. In addition to salary packaging and novated leasing administration, the contract appoints Smartsalary to exclusively manage a panel of third-party novated leasing providers or financiers.

Smartgroup Chief Executive Officer, Scott Wharton said, "This was a highly competitive process and we are delighted to have been selected as the provider of these important services to the South Australian Government. This appointment reflects our compelling proposition for the South Australian Government and their employees, our longstanding commitment to South Australia, as well as our overall experience and capability in providing services to State and Federal Government employees across Australia."

The South Australian Government tender win will see further investments being made by Smartgroup in sales, customer education and customer service roles, including in Adelaide, in preparation for the contract start date. Given these investments, the mid-2024 contract start date and typical novated leasing sales cycles, Smartgroup does not expect a meaningful earnings uplift from this contract in 2024.

Trading update

Smartgroup further provides an update to its earnings expectations for the full year ending 31 December 2023.

Smartgroup expects to report 2023 NPATA¹ of approximately \$63 million². Smartgroup's current revenue expectation for the 2023 year is approximately \$249 million, largely driven by higher novated leasing volumes. Product, staff, technology and other overhead costs are also up in H2 2023,

¹ NPATA is net profit after tax adjusted to exclude the non-cash tax-effected amortisation of intangibles and significant non-operating items
² Financial forecast figures within this Announcement are unaudited and are subject to change based on performance to 31 December 2023



following the commencement of additional investment to support current demand and position Smartgroup for future growth, along with some wage increases and general inflation. As volumes grow, we anticipate that there will be a further need to add front line and operations resources.

Electric vehicle (EV) demand increased significantly from late 2022, and EVs now make up over 40% of total Smartgroup new car lease orders³. In H2 2023, new EV car orders have increased over 60% from H1 2023. H2 2023 new combustion engine car orders are expected to be broadly in line with H1 2023.

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

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³ For the five months to 30 November 2023