

1. Company details

Name of entity:	SG Fleet Group Limited
ABN:	40 167 554 574
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

2. Results for announcement to the market

			\$'000
Revenue from ordinary activities	up	4.3% to	557,525
Profit from ordinary activities after tax attributable to the owners of SG Fleet Group Limited	up	8.5% to	45,529
Profit for the half-year attributable to the owners of SG Fleet Group Limited	up	8.5% to	45,529

Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2023, declared on 22 August 2023. The final dividend was paid on 15 September 2023 to shareholders registered on 1 September 2023.	7.271	7.271
Interim dividend for the year ending 30 June 2024, declared on 19 February 2024. The interim dividend will be paid on 20 March 2024 to shareholders registered on 6 March 2024.	9.600	9.600

Comments

The profit for the Group after providing for income tax amounted to \$45,529,000 (31 December 2022: \$41,948,000).

For a Review of Operations for the half-year ended 31 December 2023, please refer to the ASX announcement accompanying this Report.

3. Net tangible assets

	Reporting period Cents	Previous period Cents (Restated)
Net tangible assets per ordinary security	<u>(11.70)</u>	<u>(11.85)</u>

Net tangible assets calculations above include the right-of-use assets and lease liabilities.

4. Dividend reinvestment plans

The Company has a Dividend Reinvestment Plan ('DRP') available to shareholders in pursuant to which any shareholder may elect that their dividends be reinvested, in whole or in part, in shares of the Company at a price to be determined by the Board of Directors from time to time at its absolute discretion. The DRP will not be activated in respect of the 2023 interim dividend.

5. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss)	
	Reporting period %	Previous period %	Reporting period \$'000	Previous period \$'000
DingGo AU Pty Ltd	22.31%	19.96%	(99)	-
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit/(loss) from ordinary activities before income tax			(99)	-

6. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

7. Attachments

Details of attachments (if any):

The Interim Report of SG Fleet Group Limited for the half-year ended 31 December 2023 is attached.

8. Signed

As authorised by the Board of Directors



Signed _____

Date: 19 February 2024

Andrew Reitzer
Chairman
Sydney

SG Fleet Group Limited

ABN 40 167 554 574

Interim Report - 31 December 2023

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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 half-year ended 31 December 2023.

Directors

The following persons were Directors of the Company during the whole of the financial half-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)

Principal activities

During the financial half-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 half-year were as follows:

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Final dividend for the year ended 30 June 2023 of 7.271 cents per ordinary share paid on 15 September 2023 (31 December 2022: 6.811 cents)	<u>24,845</u>	<u>23,293</u>

On 19 February 2024, the Directors declared a fully franked interim dividend for the year ended 30 June 2024 of 9.60 cents per ordinary share, to be paid on 20 March 2024 to eligible shareholders on the register on 6 March 2024. This equates to a total estimated distribution of \$32,831,000, based on the number of ordinary shares on issue as at 31 December 2023. The financial effect of dividends declared after the reporting date are not reflected in the 31 December 2023 financial statements and will be recognised in subsequent financial reports.

Significant changes in the state of affairs

During the financial half-year, the Group extinguished the outstanding lease portfolio facility held at the end of the previous financial year. The Group entered into a new Autonomy 2021-1 Warehouse facility of \$1,119 million and Autonomy NZ 2021-2 Warehouse facility of \$218 million with a facility maturity date of June 2025. Refer to note 16 for further details.

During the financial half-year, the Group extinguished the outstanding bank loan facility held at the end of the previous financial year. The Group entered into a new banking facility with a maturity date of 29 September 2026. Refer to note 17 for further details.

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

Review of operations

The profit for the Group after providing for income tax amounted to \$45,529,000 (31 December 2022: \$41,948,000).

For a Review of Operations for the half-year ended 31 December 2023, please refer to the ASX announcement accompanying this Report.

Matters subsequent to the end of the financial half-year

Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 31 December 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.

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 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



Andrew Reitzer
Chairman

19 February 2024
Sydney



Robbie Blau
Chief Executive Officer



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

To the Directors of SG Fleet Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of SG Fleet Group Limited for the half-year ended 31 December 2023 there have been:

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

KPMG

Joshua Pearse
Partner

Melbourne
19 February 2024

SG Fleet Group Limited
Statement of profit or loss
For the half-year ended 31 December 2023

SG Fleet Group

		Consolidated	
	Note	31 Dec 2023	31 Dec 2022
		\$'000	(Restated) \$'000
Revenue	5	550,625	531,461
Share of losses of associates accounted for using the equity method		(99)	-
Interest revenue calculated using the effective interest method		6,900	3,072
Total revenue and other income		<u>557,426</u>	<u>534,533</u>
Expenses			
Mobility services cost of sale		(38,610)	(36,821)
Vehicle risk cost of sale		(153,645)	(157,817)
Additional product and services cost of sale		(22,804)	(23,977)
Rental and finance cost of sale		(4,811)	(3,543)
Other direct costs		(12,150)	(8,466)
Depreciation and amortisation		(106,466)	(115,315)
Finance costs		(44,614)	(32,866)
Employee benefits expense		(86,272)	(74,428)
Occupancy costs		(2,067)	(1,898)
Technology and communication costs		(14,115)	(12,579)
Other expenses		(8,142)	(7,808)
Total expenses		<u>(493,696)</u>	<u>(475,518)</u>
Profit before income tax expense		63,730	59,015
Income tax expense		<u>(18,201)</u>	<u>(17,067)</u>
Profit after income tax expense for the half-year attributable to the owners of SG Fleet Group Limited		<u><u>45,529</u></u>	<u><u>41,948</u></u>
		Cents	Cents
Basic earnings per share	22	13.31	12.27
Diluted earnings per share	22	13.24	12.20

Refer to note 3 for detailed information on Restatement of comparatives.

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

SG Fleet Group Limited
Statement of other comprehensive income
For the half-year ended 31 December 2023

SG Fleet Group

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Profit after income tax expense for the half-year attributable to the owners of SG Fleet Group Limited	45,529	41,948
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation difference for foreign operations	(335)	3,204
Effective portion of changes in fair value of cash flow hedges, net of tax	<u>(21,405)</u>	<u>378</u>
Other comprehensive income for the half-year, net of tax	<u>(21,740)</u>	<u>3,582</u>
Total comprehensive income for the half-year attributable to the owners of SG Fleet Group Limited	<u><u>23,789</u></u>	<u><u>45,530</u></u>

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

		Consolidated	
	Note	31 Dec 2023	30 Jun 2023
		\$'000	(Restated) \$'000
Assets			
Cash and cash equivalents	6	119,304	92,848
Restricted cash	7	168,663	167,566
Finance lease, trade and other receivables	8	999,404	814,060
Inventories	9	29,911	29,583
Derivative financial instruments		12,743	40,687
Prepayments		20,621	21,164
Income tax refund due		1,559	4,723
Investments - equity method		2,051	1,637
Investments - fair valued		6,017	6,438
Leased motor vehicle assets	10	1,054,643	1,010,814
Property, plant and equipment	11	11,024	11,346
Intangibles	12	617,497	623,130
Right-of-use assets	13	22,874	25,715
Total assets		<u>3,066,311</u>	<u>2,849,711</u>
Liabilities			
Trade and other payables	14	294,891	275,803
Derivative financial instruments		8,661	26
Employee benefits		26,951	23,976
Provisions	15	33,761	31,860
Lease portfolio borrowings	16	1,492,683	1,296,404
Borrowings	17	298,533	300,814
Lease liabilities - right-of-use assets		23,617	25,956
Vehicle maintenance funds		131,971	140,509
Contract liabilities		76,244	72,642
Deferred tax		101,528	99,103
Total liabilities		<u>2,488,840</u>	<u>2,267,093</u>
Net assets		<u>577,471</u>	<u>582,618</u>
Equity			
Issued capital		505,968	505,968
Reserves	18	(109,492)	(83,661)
Retained profits		180,995	160,311
Total equity		<u>577,471</u>	<u>582,618</u>

Refer to note 3 for detailed information on Restatement of comparatives.

SG Fleet Group Limited
Statement of changes in equity
For the half-year ended 31 December 2023

SG Fleet Group

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2022	505,968	(90,113)	130,087	545,942
Profit after income tax expense for the half-year	-	-	41,948	41,948
Other comprehensive income for the half-year, net of tax	-	3,582	-	3,582
Total comprehensive income for the half-year	-	3,582	41,948	45,530
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	(206)	-	(206)
Dividends paid (note 19)	-	-	(23,293)	(23,293)
Balance at 31 December 2022	<u>505,968</u>	<u>(86,737)</u>	<u>148,742</u>	<u>567,973</u>

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2023 (as previously reported)	505,968	(83,661)	151,561	573,868
Adjustment for correction of error (note 3)	-	-	8,750	8,750
Balance at 1 July 2023 - restated	505,968	(83,661)	160,311	582,618
Profit after income tax expense for the half-year	-	-	45,529	45,529
Other comprehensive income for the half-year, net of tax	-	(21,740)	-	(21,740)
Total comprehensive income for the half-year	-	(21,740)	45,529	23,789
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 18)	-	(4,091)	-	(4,091)
Dividends paid (note 19)	-	-	(24,845)	(24,845)
Balance at 31 December 2023	<u>505,968</u>	<u>(109,492)</u>	<u>180,995</u>	<u>577,471</u>

Refer to note 3 for detailed information on Restatement of comparatives.

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

		Consolidated	
	Note	31 Dec 2023	31 Dec 2022
		\$'000	(Restated) \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		602,725	571,450
Payments to suppliers and employees (inclusive of GST)		(390,224)	(363,200)
Cash generated from operations before investment in lease portfolio		212,501	208,250
Acquisition of operating and finance lease assets		(491,172)	(328,886)
Proceeds from disposal of operating lease assets (excluding vehicle risk income)		82,071	73,370
Capital receipts from finance lease assets		107,633	96,672
Interest received		6,515	3,072
Interest and other finance costs paid		(36,553)	(30,161)
Income taxes paid		(4,217)	(27,753)
Net cash used in operating activities		(123,222)	(5,436)
Cash flows from investing activities			
Payments for property, plant and equipment	11	(2,663)	(2,202)
Proceeds from disposal of property, plant and equipment		399	58
Payments for intangibles	12	(4,872)	(2,804)
Payments for investments		(513)	(2,025)
Net cash used in investing activities		(7,649)	(6,973)
Cash flows from financing activities			
Share awards settled through direct market acquisition	18	(6,700)	(1,759)
Proceeds from borrowings		292,469	70,725
Repayment of borrowings		(96,263)	(22,362)
Transaction costs related to loans and borrowings		(3,145)	(184)
Repayment of lease liabilities - right-of-use assets		(3,204)	(3,463)
Dividends paid	19	(24,845)	(23,293)
Net cash from financing activities		158,312	19,664
Net increase in cash and cash equivalents		27,441	7,255
Cash and cash equivalents at the beginning of the financial half-year		260,414	230,433
Effects of exchange rate changes on cash and cash equivalents		112	1,047
Cash and cash equivalents at the end of the financial half-year	6,7	<u>287,967</u>	<u>238,735</u>

Refer to note 3 for detailed information on Restatement of comparatives.

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 half-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 half-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 19 February 2024.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 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.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, 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 during the financial half-year ended 31 December 2023 and are not expected to have any significant impact for the full financial year ending 30 June 2024.

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

Note 3. Restatement of comparatives

Previously reported prior year restatements

The below restatements were reported in the 30 June 2023 annual financial statements, but not in the 31 December 2022 half-year financial statements, and are therefore reported as comparative restatements as at 31 December 2023.

Residual value provision

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 was a decrease in retained earnings of \$4,457,000 as at 1 July 2022. There is no impact on the comparative statement of profit or loss.

Variable consideration payments

Variable consideration payments to customers have been reclassified from Vehicle Risk Cost of Sale to Rental and Finance Income. As a result, comparative period revenue decreased by \$12,885,000 with a corresponding decrease in the comparative period cost of sales.

Note 3. Restatement of comparatives (continued)

Principal and agent considerations

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, in the statement of profit or loss comparative revenue increased by \$27,394,000 with a corresponding increase in the comparative period cost of sales. Vehicle Risk income has been reclassified with the disposal costs incurred where the group acts as agent in disposal of assets, comparative revenue decreased by \$6,476,000 with a corresponding decrease in the comparative period cost of sales.

In the statement of cash flows, comparative receipts from customers and payments to suppliers have been grossed by \$8,221,000 inclusive of GST for the above restatements. There has been no impact on the net increase in cash and cash equivalents of \$7,255,000 as at 31 December 2022.

Restatement of 30 June 2023 statement of financial position

On 30 June 2023, the Group entered into an agreement with LeasePlan Corporation N.V. in which the Group agreed, with effect from 4 July 2023, to waive certain warranties to which it was entitled under the share sale and purchase agreement for the acquisition of LeasePlan Australia Limited and LeasePlan New Zealand Limited, in exchange for a payment of \$12,500,000. As the agreement specified an effective date of 4 July 2023, the Group did not recognise the financial impact of the transaction in the financial statements for the year ended 30 June 2023. Due to the lack of conditionality in the agreement between the signature date, being 30 June 2023, and the effective date of 4 July 2023, the Group should have recognised the financial impact of the transaction in the financial statements for the year ended 30 June 2023. As a result, comparative period Finance lease, trade and other receivables increased by \$12,500,000, Retained profits increased by \$8,750,000 and Deferred tax liabilities increased by \$3,750,000.

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

	30 Jun 2023 \$'000 Reported	Consolidated \$'000 Adjustment	30 Jun 2023 \$'000 Restated
Extract			
Assets			
Finance lease, trade and other receivables	801,560	12,500	814,060
Total assets	<u>2,837,211</u>	<u>12,500</u>	<u>2,849,711</u>
Liabilities			
Deferred tax	95,353	3,750	99,103
Total liabilities	<u>2,263,343</u>	<u>3,750</u>	<u>2,267,093</u>
Net assets	<u>573,868</u>	<u>8,750</u>	<u>582,618</u>
Equity			
Retained profits	151,561	8,750	160,311
Total equity	<u>573,868</u>	<u>8,750</u>	<u>582,618</u>

Note 4. Operating segments

Identification of reportable operating segments

The Group is organised into geographic operating segments: Australia, New Zealand and United Kingdom. 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 5.

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

Consolidated - 31 Dec 2023	Australia \$'000	New Zealand \$'000	United Kingdom \$'000	Other \$'000	Total \$'000
Revenue					
Revenue from contracts with customers	285,371	51,754	35,425	-	372,550
Rental and finance income	126,276	29,958	21,841	-	178,075
Total sales revenue	411,647	81,712	57,266	-	550,625
Interest income	5,370	1,104	426	-	6,900
Total revenue	417,017	82,816	57,692	-	557,525
EBITDA					
EBITDA	156,418	40,352	18,574	(534)	214,810
Depreciation and amortisation	(72,014)	(24,083)	(10,369)	-	(106,466)
Finance costs	(35,783)	(6,512)	(2,319)	-	(44,614)
Profit/(loss) before income tax expense	48,621	9,757	5,886	(534)	63,730
Income tax expense					(18,201)
Profit after income tax expense					45,529
Assets					
Segment assets	2,500,367	368,384	197,560	-	3,066,311
Total assets					3,066,311
<i>Total assets includes:</i>					
Investments in associates	2,051	-	-	-	2,051
Liabilities					
Segment liabilities	2,086,800	257,632	144,408	-	2,488,840
Total liabilities					2,488,840

Note 4. Operating segments (continued)

	Australia \$'000	New Zealand \$'000	United Kingdom \$'000	Other \$'000	Total \$'000
Consolidated - 31 Dec 2022 - restated					
Revenue					
Revenue from contracts with customers	303,432	45,272	30,203	-	378,907
Rental and finance income	104,885	30,129	17,540	-	152,554
Total sales revenue	408,317	75,401	47,743	-	531,461
Interest income	2,409	595	68	-	3,072
Total revenue	410,726	75,996	47,811	-	534,533
EBITDA					
Depreciation and amortisation	149,242	39,630	18,837	(513)	207,196
Finance costs	(81,017)	(24,545)	(9,753)	-	(115,315)
Finance costs	(25,288)	(5,826)	(1,752)	-	(32,866)
Profit/(loss) before income tax expense	42,937	9,259	7,332	(513)	59,015
Income tax expense					(17,067)
Profit after income tax expense					41,948
Consolidated - 30 Jun 2023 (Restated)					
Assets					
Segment assets	2,281,728	359,707	208,276	-	2,849,711
Total assets					2,849,711
<i>Total assets includes:</i>					
Investments in associates	1,637	-	-	-	1,637
Liabilities					
Segment liabilities	1,858,986	253,805	154,302	-	2,267,093
Total liabilities					2,267,093

Note 5. Revenue

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$'000	(Restated) \$'000
<i>Revenue from contracts with customers</i>		
Mobility services income	87,116	84,647
Additional products and services	51,834	47,917
Finance commission	20,812	14,406
Vehicle risk income	208,653	227,667
Other income	4,135	4,270
	372,550	378,907
<i>Other revenue</i>		
Finance lease income	24,182	11,552
Operating lease income	153,893	141,002
	178,075	152,554
Revenue	550,625	531,461

Note 5. Revenue (continued)

Disaggregation of revenue

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

	Consolidated 31 Dec 2023 \$'000	Consolidated 31 Dec 2022 (Restated) \$'000
<i>Timing of revenue recognition</i>		
Revenue transferred at a point in time - upfront	41,929	26,750
Revenue transferred over time	129,923	155,619
Revenue transferred at a point in time - end of life	200,698	196,538
	<u>372,550</u>	<u>378,907</u>

Revenue from external customers by geographic regions is set out in note 4 operating segments.

Note 6. Cash and cash equivalents

	Consolidated 31 Dec 2023 \$'000	Consolidated 30 Jun 2023 \$'000
Cash at bank	<u>119,304</u>	<u>92,848</u>

Note 7. Restricted cash

	Consolidated 31 Dec 2023 \$'000	Consolidated 30 Jun 2023 \$'000
Secured deposits	24,224	26,605
Securitisation collection and capital accounts	30,288	27,589
Securitisation reserves	114,151	113,372
	<u>168,663</u>	<u>167,566</u>

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 operations of the Group.

Note 8. Finance lease, trade and other receivables

	Consolidated 31 Dec 2023 \$'000	30 Jun 2023 (Restated) \$'000
Trade receivables	246,572	228,256
Less: Allowance for expected credit losses	(2,304)	(1,898)
	<u>244,268</u>	<u>226,358</u>
Finance lease receivables	757,245	590,195
Less: Allowance for expected credit losses	(2,494)	(2,493)
	<u>754,751</u>	<u>587,702</u>
Interest receivable	385	-
	<u>999,404</u>	<u>814,060</u>

Note 9. Inventories

	Consolidated 31 Dec 2023 \$'000	30 Jun 2023 \$'000
End-of-term operating lease assets held for disposal	30,397	29,798
Less: Provision for impairment	(486)	(215)
	<u>29,911</u>	<u>29,583</u>

Note 10. Leased motor vehicle assets

	Consolidated 31 Dec 2023 \$'000	30 Jun 2023 \$'000
Lease portfolio assets - at cost	1,169,617	1,143,418
Less: Accumulated depreciation	(114,974)	(132,604)
	<u>1,054,643</u>	<u>1,010,814</u>

Reconciliations

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

Consolidated	Leased assets \$'000
Balance at 1 July 2023	1,010,814
Additions	216,557
Disposals	(82,071)
Exchange differences	(146)
Depreciation expense	(90,511)
Balance at 31 December 2023	<u>1,054,643</u>

Note 11. Property, plant and equipment

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
Leasehold improvements - at cost	5,658	5,397
Less: Accumulated depreciation	<u>(1,559)</u>	<u>(1,076)</u>
	<u>4,099</u>	<u>4,321</u>
Computer hardware and office equipment - at cost	11,622	9,756
Less: Accumulated depreciation	<u>(7,777)</u>	<u>(6,312)</u>
	<u>3,845</u>	<u>3,444</u>
Motor vehicles - at cost	4,361	4,536
Less: Accumulated depreciation	<u>(1,281)</u>	<u>(955)</u>
	<u>3,080</u>	<u>3,581</u>
	<u><u>11,024</u></u>	<u><u>11,346</u></u>

Reconciliations

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

Consolidated	Leasehold improvements \$'000	Computer hardware and office equipment \$'000	Motor vehicles \$'000	Total \$'000
Balance at 1 July 2023	4,321	3,444	3,581	11,346
Additions	271	2,093	299	2,663
Disposals	-	(2)	(334)	(336)
Exchange differences	(5)	(9)	(28)	(42)
Depreciation expense	<u>(488)</u>	<u>(1,681)</u>	<u>(438)</u>	<u>(2,607)</u>
Balance at 31 December 2023	<u><u>4,099</u></u>	<u><u>3,845</u></u>	<u><u>3,080</u></u>	<u><u>11,024</u></u>

Note 12. Intangibles

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
Goodwill - at cost	<u>523,180</u>	<u>523,980</u>
Customer contracts - at cost	141,573	141,766
Less: Accumulated amortisation	<u>(66,188)</u>	<u>(59,368)</u>
Less: Impairment	<u>(125)</u>	<u>(125)</u>
	<u>75,260</u>	<u>82,273</u>
Software - at cost	39,496	34,641
Less: Accumulated amortisation	<u>(20,439)</u>	<u>(17,764)</u>
	<u>19,057</u>	<u>16,877</u>
	<u><u>617,497</u></u>	<u><u>623,130</u></u>

Note 12. Intangibles (continued)

Reconciliations

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

Consolidated	Goodwill \$'000	Customer contracts \$'000	Software \$'000	Total \$'000
Balance at 1 July 2023	523,980	82,273	16,877	623,130
Additions	-	-	4,872	4,872
Exchange differences	(800)	(2)	(12)	(814)
Amortisation expense	-	(7,011)	(2,680)	(9,691)
Balance at 31 December 2023	<u>523,180</u>	<u>75,260</u>	<u>19,057</u>	<u>617,497</u>

Note 13. Right-of-use assets

	Consolidated 31 Dec 2023 \$'000	30 Jun 2023 \$'000
Right-of-use assets - at cost	55,805	55,162
Less: Accumulated amortisation	<u>(32,931)</u>	<u>(29,447)</u>
	<u>22,874</u>	<u>25,715</u>

Reconciliation

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

	Office premises \$'000	Motor vehicles \$'000	Others \$'000	Total \$'000
Balance at 1 July 2023	24,805	690	220	25,715
Additions	209	460	397	1,066
Lease modification and termination	-	(5)	(196)	(201)
Exchange differences	(49)	-	-	(49)
Depreciation expense	<u>(3,368)</u>	<u>(230)</u>	<u>(59)</u>	<u>(3,657)</u>
Balance at 31 December 2023	<u>21,597</u>	<u>915</u>	<u>362</u>	<u>22,874</u>

Note 14. Trade and other payables

	Consolidated 31 Dec 2023 \$'000	30 Jun 2023 \$'000
Trade payables	266,734	252,957
Accrued expenses	<u>28,157</u>	<u>22,846</u>
	<u>294,891</u>	<u>275,803</u>

Trade payables include residual values payable to financiers, which are secured by the underlying operating lease asset and security deposits of \$24,224,000 (30 June 2023: \$26,605,000).

Note 15. Provisions

	Consolidated	
	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Lease make good	4,688	4,733
Residual value risk	19,637	18,339
Other provisions	9,436	8,788
	<u>33,761</u>	<u>31,860</u>

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 \$19,637,000 (30 June 2023: \$18,339,000) has been recognised as a residual value provision to cover potential shortfalls on the disposal of these vehicles.

Note 16. Lease portfolio borrowings

	Consolidated	
	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Lease portfolio borrowings - non-securitised	78,637	75,830
Lease portfolio borrowings - securitised	1,414,046	1,220,574
	<u>1,492,683</u>	<u>1,296,404</u>

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

During the financial half-year, the Group extinguished the outstanding lease portfolio borrowings held at the end of the previous financial year. The Group entered into a new facility with a maturity date of June 2025 with facility limits of Autonomy 2021-1 Warehouse facility of \$1,119 million and Autonomy NZ 2021-2 Warehouse facility of \$218 million.

The Group has established limited recourse securitisation warehouse trusts with total commitments from external financiers of \$1,550 million (30 June 2023: \$1,369 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 31 December 2023, the Group had utilised \$1,414 million (30 June 2023: \$1,221 million) of securitised lease portfolio borrowings.

Note 17. Borrowings

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
Bank loans	301,172	301,662
Capitalised borrowing costs	(2,639)	(848)
	<u>298,533</u>	<u>300,814</u>

The total secured liabilities are as follows:

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
Bank loans	301,172	301,662
Lease portfolio borrowings - non-securitised (note 16)	78,637	75,830
Lease portfolio borrowings - securitised (note 16)	1,414,046	1,220,574
	<u>1,793,855</u>	<u>1,598,066</u>

Corporate borrowings

During the financial half-year, the Group extinguished the outstanding bank loan facility held at the end of the previous financial year. The Group entered into a new banking facility with a maturity date of 29 September 2026. The bank loan 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.

Financing arrangements

The Group has access to the following lines of credit:

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
Total facilities		
Corporate borrowings (bank loans)	301,172	301,662
Corporate borrowings (ancillary facilities)	59,261	121,529
Lease portfolio borrowings - non-securitised	209,190	152,110
Lease portfolio borrowings - securitised	1,549,613	1,369,186
	<u>2,119,236</u>	<u>1,944,487</u>
Used at the reporting date		
Corporate borrowings (bank loans)	301,172	301,662
Corporate borrowings (ancillary facilities)	9,471	15,631
Lease portfolio borrowings - non-securitised	78,637	75,830
Lease portfolio borrowings - securitised	1,414,046	1,220,574
	<u>1,803,326</u>	<u>1,613,697</u>
Unused at the reporting date		
Corporate borrowings (bank loans)	-	-
Corporate borrowings (ancillary facilities)	49,790	105,898
Lease portfolio borrowings - non-securitised	130,553	76,280
Lease portfolio borrowings - securitised	135,567	148,612
	<u>315,910</u>	<u>330,790</u>

Note 18. Reserves

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
Foreign currency reserve	(3,243)	(2,908)
Hedging reserve - cash flow hedges	8,235	29,640
Share-based payments reserve	4,674	8,765
Capital reserve	<u>(119,158)</u>	<u>(119,158)</u>
	<u>(109,492)</u>	<u>(83,661)</u>

Movements in reserves

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

Consolidated	Foreign currency \$'000	Cash flow hedge \$'000	Share-based payments \$'000	Capital reserve \$'000	Total \$'000
Balance at 1 July 2023	(2,908)	29,640	8,765	(119,158)	(83,661)
Foreign currency translation	(335)	-	-	-	(335)
Share-based payments	-	-	2,609	-	2,609
Share awards settled through direct market acquisition	-	-	(6,700)	-	(6,700)
Deferred tax	-	8,467	-	-	8,467
Movement in hedges - gross	-	(29,872)	-	-	(29,872)
Balance at 31 December 2023	<u>(3,243)</u>	<u>8,235</u>	<u>4,674</u>	<u>(119,158)</u>	<u>(109,492)</u>

Note 19. Dividends

Dividends paid during the financial half-year were as follows:

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Final dividend for the year ended 30 June 2023 of 7.271 cents per ordinary share paid on 15 September 2023 (31 December 2022: 6.811 cents)	<u>24,845</u>	<u>23,293</u>

On 19 February 2024, the Directors declared a fully franked interim dividend for the year ended 30 June 2024 of 9.60 cents per ordinary share, to be paid on 20 March 2024 to eligible shareholders on the register on 6 March 2024. This equates to a total estimated distribution of \$32,831,000, based on the number of ordinary shares on issue as at 31 December 2023. The financial effect of dividends declared after the reporting date are not reflected in the 31 December 2023 financial statements and will be recognised in subsequent financial reports.

Note 20. Fair value measurement

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 - 31 Dec 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Investments in listed equity securities	590	-	-	590
Investment in other companies	-	-	5,427	5,427
Derivative financial instruments - Interest rate swap contracts	-	12,743	-	12,743
Total assets	590	12,743	5,427	18,760
<i>Liabilities</i>				
Derivative financial instruments - Interest rate swap contracts	-	8,661	-	8,661
Total liabilities	-	8,661	-	8,661

Consolidated - 30 Jun 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
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
<i>Liabilities</i>				
Derivative financial instruments - Interest rate swap contracts	-	26	-	26
Total liabilities	-	26	-	26

There were no transfers between levels during the financial half-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.

Note 21. Contingent liabilities

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 as at 31 December 2023 amounted to \$740,998,000 (30 June 2023: \$713,858,000). 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 \$ 19,637,000 (30 June 2023: \$ 18,339,000) 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 22. Earnings per share

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Profit after income tax attributable to the owners of SG Fleet Group Limited	<u>45,529</u>	<u>41,948</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	341,984,920	341,984,920
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	830,966	624,893
Performance rights over ordinary shares	<u>1,177,025</u>	<u>1,253,434</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>343,992,911</u>	<u>343,863,247</u>
	Cents	Cents
Basic earnings per share	13.31	12.27
Diluted earnings per share	13.24	12.20

Note 23. Events after the reporting period

Apart from the dividend declared as disclosed in note 19, no other matter or circumstance has arisen since 31 December 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.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- 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 made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Andrew Reitzer
Chairman

19 February 2024
Sydney



Robbie Blau
Chief Executive Officer



Independent Auditor's Review Report

To the shareholders of SG Fleet Group Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying **Interim Financial Report** of SG Fleet Group 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 SG Fleet Group Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2023 and of its performance for the **Interim Period** 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 31 December 2023;
- Consolidated statement of profit or loss, Consolidated statement of other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Interim Period ended on that date;
- Notes 1 to 23 including selected explanatory notes; and
- The Directors' Declaration.

The **Group** comprises SG Fleet Group Limited (the Group) and the entities it controlled at the Interim Period's end or from time to time during the Interim Period.

The **Interim Period** is the 6 months ended on 31 December 2023.

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.



Emphasis of matter – restatement of comparative balances

We draw attention to Note 3 to the financial statements, which describes the background of accounting errors and the respective reasons for the restatements to the balances disclosed as comparatives in this financial report. Our opinion is not modified in respect of this matter.

The financial report of SG Fleet Group Limited for the year ended 30 June 2023 was audited by another auditor who issued an unmodified opinion on that financial report on 22 August 2023.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Group 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 3 December 2023 and its performance for the Interim Period 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 Period 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

Joshua Pearce

Partner

Melbourne

19 February 2024