

## ASX Announcement

**Release date: 14 May 2025**

### 2025 AGM presentation materials

Attached are the following documents to be presented at the 2025 Annual General Meeting (AGM) of Smartgroup Corporation Limited (ASX: SIQ) to be held at 11.00am this morning at Wesley Conference Centre, 220 Pitt Street, Sydney, NSW.

1. Chair's address
2. CEO's address
3. AGM presentation slides

A video webcast of the meeting will also be available at <https://meetings.openbriefing.com/SIQ25> commencing at 11.00am.

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

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# SMARTGROUP CORPORATION LIMITED

## 2025 ANNUAL GENERAL MEETING – CHAIR’S SCRIPT

11.00 AM, WEDNESDAY, 14 MAY 2025

### 1. CHAIR’S ADDRESS

As many of you would be aware, this was my first 12 months as Smartgroup Chair, following Michael Carapiet’s retirement as Chair in May last year.

In February 2024, we welcomed Mark Rigotti to the Board. Mark is the Managing Director and CEO of the Australian Institute of Company Directors and was formerly the Global CEO of Herbert Smith Freehills. Mark has been a great addition to the Board.

We continue to review the skills mix and Board composition to ensure it is fit for purpose to guide Smartgroup over the years ahead.

It has been my pleasure to work with my fellow Board Directors to support Scott and the management team in implementing the first full year of our Strategic Priorities. These priorities are positioning Smartgroup for continued growth and a bright future.

#### **Strong Financial Performance**

Moving to the highlights of the last financial year, 2024 was a positive year for Smartgroup. The Company delivered strong revenue and profit growth; our Strategic Priorities are progressing well; and we have been making consistent operational progress while implementing long-term growth initiatives.

Our financial results were strong, and we made significant investments in areas to drive growth and improve future operational performance. We recorded revenue of \$305.8 million, EBITDA of \$118.7 million and NPATA of \$72.4 million. Revenue was 22% above 2023, with EBITDA and NPATA also up 18% and 15%, respectively. Operating cash flow generation remained strong at 108% of NPATA. Statutory net profit was \$75.6 million.

### **Record Customer Numbers**

We saw significant increases in our customer base in 2024. Our salary packaging customer numbers, novated lease volumes and fleet vehicles under management reached all-time highs, confirming our solid market position and reputation in the sectors we operate in.

Our digital marketing initiatives, improved customer experience and ongoing favourable regulatory environment have generated more leads this year than ever before. We also rolled out great innovations like our enhanced Car Leasing Portal, which delivered strong outcomes in 2024.

As a result, novated leases under management continued to grow, reaching 74,300 vehicles, an increase of 22% year on year.

The Federal Government's Electric Car Discount Policy was introduced in November 2022 with the clear intention of making electric vehicles more accessible and affordable for working Australians.

By reducing upfront and ongoing ownership costs, the policy seeks to accelerate the transition to electric vehicles, significantly reducing emissions in the transport sector and supporting Australia's broader climate goals.

Since the policy's introduction, electric vehicle adoption has significantly increased, rising from just 3.8% of new vehicle sales in 2022 to 9.5% by the end of 2024. The increase in EV sales since the policy's implementation underscores its effectiveness in achieving these intended outcomes.

Passenger cars and light commercial vehicles contribute over 10% of Australia's total emissions. The shift in market share towards EVs is an important step towards Australia meeting its net-zero emission targets.

At the end of 2024, electric vehicles represented 44% of new vehicle orders for Smartgroup, up from around 11% in June 2022. Our teams have been working diligently to ensure that we are well-positioned to support our customers in taking advantage of these benefits and transitioning into electric vehicles to support a low-emissions future for Australia.

Importantly, this policy has brought increased awareness of novated leasing generally and has been a welcome tailwind for the industry. The result of the recent election has brought clarity to the debate on the Labour Party's policy regarding electric vehicles and their place in the country's energy and climate transition, providing support to future investment and growth in the sector.

Salary packaging remains an attractive market where we have a strong competitive position, with recurring revenues and an entry point into novated leasing.

We were pleased to have secured and renewed a significant number of large and medium-sized organisations as clients throughout 2024, including the transition of the South Australian Government contract that commenced on 1 July 2024. This

reinforces our position as a leading provider of salary packaging and novated leasing services to Australian governments. In 2024, our active salary packaging customers increased 12% to 445,000 in December 2024.

In fleet, we grew vehicles under management to 32,300 in 2024 and continued to expand our self-funding pilot to strengthen our capabilities, with around 750 vehicles funded as at 31 December 2024.

## **ESG Initiatives**

Caring for others and for the planet is a Smart way to do business. In 2024, Smartgroup again demonstrated its ongoing commitment to pursuing a strong social agenda alongside our commercial goals with several ESG initiatives.

In 2024, we invested nearly \$250,000 in local communities by donating to 21 charitable initiatives spanning financial education, support for marginalised communities and climate change solutions.

Importantly, our Scope 1 emissions decreased by 15% while Scope 2 emissions fell by 43%.

As Australia continues its energy transition journey and tackles rising living costs, we will be working even more closely with our clients to help them support their employees.

Scott will provide additional observations regarding our ESG highlights shortly.

You can also find more information about our Sustainability Strategy and other highlights in our Sustainability Report, available from Smartgroup's Investor Centre website page.

## **Progress on Strategic Priorities**

2024 was the first full year delivering our Strategic Priorities, and we have made strong progress.

We strive to deliver smarter benefits for a smarter tomorrow by simplifying benefits, so they work smarter for our clients and their employees, our customers. We enable our clients to attract and retain great teams, add real value to the lives of their employees and together, help build a more sustainable Australia. Scott will provide more details about our Strategic Priorities in his presentation.

## **Total Shareholder Return**

Since listing in 2014, Smartgroup continues to deliver good returns for shareholders, both in capital appreciation as well as fully franked dividends. We have returned approximately \$577 million to shareholders in fully franked dividends, and our market capitalisation has increased from approximately \$160 million to approximately \$1.1 billion as at 30 April 2025.

This slide demonstrates the strong history of value that Smartgroup has delivered to its shareholders over this period.

## **Capital Allocation**

I also briefly want to highlight our approach to capital allocation, ensuring that we deliver long-term sustainable growth and maximise shareholder value.

Our Strategic Priorities provide significant opportunities for Smartgroup's medium and long-term growth. To ensure we make the most of these opportunities, we will continue to invest in core and digital technologies as well as customer experience

improvement initiatives. These necessitate allocating sufficient capital to ensure we can execute well.

Similarly, we will maintain flexibility to take advantage of potential acquisitions, partnerships, and other organic growth opportunities.

It is our intention to pay fully franked dividends in line with our current policy of 60-70% of NPATA, and we will look to return excess capital to shareholders whenever appropriate.

Consistent with this capital allocation approach and factors including our solid returns and cash generation, and our meaningful ongoing investments in the growth of the business, the Board declared a fully franked final ordinary dividend of 20 cents per share. In addition, the Board also declared a fully franked special dividend of 11 cents per share. Together with the 17.5 cents per share interim ordinary dividend declared in August 2024, this brings fully franked dividends to 48.5 cents per share, representing 90% of 2024 NPATA.

This special dividend shows Smartgroup's commitment to its capital allocation policy of returning capital to investors where prudent, while ensuring we continue to invest for growth.

Finally, as evidence of our disciplined approach to capital management, you can see from the chart on this page our continued delivery of strong return-on-equity for our shareholders, which is currently 29% after tax.

I would like to thank Scott, the entire management team and all of Smartgroup's dedicated employees for their hard work and commitment throughout 2024.

I would also like to thank our loyal clients, suppliers and shareholders for their ongoing support and to take this opportunity to acknowledge my fellow Non-Executive Directors who have continued to apply their experience and insights to guide Smartgroup's strategy and direction.

## **2. MD & CEO PRESENTATION**

I will first talk about Smartgroup's investment proposition to shareholders. Following that, I will provide some more details about our Strategic Priorities and the progress we have made to date.

I will then recap our 2024 financial results and provide more recent updates on our business and trading for the first quarter of 2025.

### **Investment proposition**

We believe our investment proposition remains compelling. Smartgroup is uniquely placed to continue to deliver strong growth and sustainable shareholder returns.

Smartgroup is a leading employee services and fleet solutions provider, with a client base that employs over 2 million Australians. Our existing client base represents a significant growth opportunity. During 2024, we provided services to 541,000 of those over 2 million people and managed 106,000 vehicles across novated leasing and fleet.

The Group has significant recurring revenues and long-term contracts with clients in attractive and growing segments, like government, health, education and not-for-profit. Our offerings are even more relevant to our customers during tough

economic times when people are looking for ways to make the most of their take-home salaries.

We have a track record of revenue growth and a resilient and scalable earnings base with strong cash flow conversion.

Smartgroup's investment proposition to shareholders is underpinned by our capital-light business model. This model means that we carry relatively low levels of vehicle residual value risk. Combined with our strong balance sheet and high free cashflows, this means that we can pay fully franked dividends to shareholders at the same time as we are investing for growth.

The operating environment is favourable for Smartgroup. Cost of living pressures are impacting many Australians and Smartgroup's products and services are well-positioned to help Australians with those pressures. In addition, improving vehicle delivery timeframes and the Federal Government Electric Car Discount Policy are also positive for Smartgroup.

Finally, we have articulated a clear set of Strategic Priorities to drive profitable growth into the future. We are focused on our customers and our core businesses of salary packaging, novated leasing and fleet, while investing in digital and technology to accelerate growth and deliver on-scale efficiencies.

### **Strategic Priorities**

This slide recaps Smartgroup's Strategic Priorities and focus areas communicated in February 2024.

First, Smartgroup is focused on delivering an efficient and digital salary packaging offering that makes the most of our scale. To do that, we are investing in simplifying and consolidating our core technologies and processes, including moving to a single brand - Smart.

Second, we are extending our leadership in novated leasing, including through EVs, meeting the increased demand and interest as we continue to enhance our market-leading proposition.

Third, we are innovating our proposition to meet the changing needs of our customers and clients. We are doing this by expanding our offering to unlock more value for our clients and customers. We are also scaling our benefits program to provide more ways for customers to improve their financial wellbeing.

Finally, we are continuing to invest in fleet capabilities and our balance sheet funding pilot for fleet vehicles. Through this pilot, we are meeting a key need of our clients. We will continue to closely monitor residual values in particular, given current elevated vehicle values, and the changes to fleet happening across Australia.

These areas of focus are positioning Smartgroup strongly for the opportunities ahead.

One of Smartgroup's strengths is how deeply we care about our customers. We continue to build on that and create a culture that is relentlessly focused on enhancing client and customer experience.

With that strong culture and by harnessing technology, we are delivering Smarter Experiences and Smarter Products for our customers and clients, and continually finding ways to Work Smarter, to be more agile and responsive to their needs.

### **Progress on Strategic Priorities**

Since we announced our strategic priorities last February, we have been working hard to deliver. I am pleased to report that in 2024 we made solid progress as we position Smartgroup for the opportunities ahead.

In the first year of our strategy, we focused on our core business and prioritised investments in customer experience and digitisation of customer-facing processes. We also made improvements in digital marketing to reduce our acquisition cost and expand the customer funnel. As we move into the second year, our focus will also be on enhancing the efficiency and scalability of our business.

We successfully launched our single brand 'Smart', a clear shift to simplify client and customer channels for our products and services. During the year, we transitioned our Advantage brand clients and customers, and consolidated our Smartleasing and Smartsalary brands to 'Smart'. This reduced our number of brands from 6 to 4. We will continue to progress the brand consolidation as part of our simplification efforts.

We have delivered customer service automation and efficiency improvements in 2024. Examples include, implementation of AI-enabled multilingual chat support for our customers. And new technology which improved the effectiveness of our customer interactions by our contact centres. Innovations like these helped us

achieve efficiency improvements, including increasing the number of packages per operations full time equivalent employee by 10% in 2024.

These initiatives are delivering improved customer experience and helping attract more clients. As a result, we grew our salary packaging customers by 12% and more than doubled new client wins in 2024. Importantly, our Net Promoter Score which measures customer satisfaction also grew more than 10%.

In novated leasing, we delivered strong improvements.

Our enhanced Car Leasing Portal continues to delight our customers, making it simpler and quicker to customise quotes, apply for credit and order a car. It has also increased digital conversion compared to the first version of the portal.

As a result of our digital investments, we saw a significant increase in revenue generated through our digital channels in 2024.

We continued building strategic partnerships to address our customers' evolving needs. For example, in the second half, we partnered with digital energy management company Intellihub, introducing their home energy offering for our customers, which includes solar, battery, and chargers.

We remain committed to anticipating our customers' needs and forging partnerships that truly resonate with them.

Our Smartrewards platform, which we progressed rolling out through the year, is valued by our customers and clients with over 30,000 users accessing the platform in 2024.

In fleet, we expanded our fleet offering to larger clients and continued to grow our self-funded fleet pilot. We have also made various operational improvements to our systems and processes based on feedback from our clients.

During the year we divested two non-core businesses, allowing the Group to further focus on our core of salary packaging, novated leasing and fleet, which present attractive growth opportunities.

And finally, we appointed new executives bringing additional capabilities, as part of an operating model reset. This new operating model will drive further focus on performance and growth.

## **Digital Assets**

Our investments aligned with our Strategic Priorities are helping accelerate sales and attract greater interest from new clients. In addition to providing an improved customer experience, over time these assets will allow us to continue to expand and improve our digital marketing presence, customer conversion and efficiencies in operations.

Our new customer digital home – [smart.com.au](https://smart.com.au) - makes it easier for customers to engage with us on their salary packaging and novated leasing needs, how they want, and when they want.

Our enhanced Car Leasing Portal, the latest version of the Car Leasing Portal, represents a significantly improved digital experience for our customers, allowing comprehensive feature display, car comparisons and customisation, all the way through to financing and credit application.

Similarly, we have commenced the roll-out of our refreshed digital salary packaging customer journey. For example, the improvements will simplify the customer sign-up process and reduce the required time. We remain committed to continuously evolving our digital assets to ensure they remain at the forefront of the industry, delivering exceptional value and convenience to our customers.

I will now provide some highlights of our performance in 2024, together with an operational update.

### **Addressable Market**

Before I go into the 2024 highlights, I wanted to highlight the growth opportunity available to Smartgroup.

We are a leading provider of salary packaging and novated leasing to government, not-for-profit and health segments in Australia, where we have a strong defensible position with long-term contracts.

We have done a great job winning and retaining contracts across the segments in which we operate. However, we strongly believe that we can increase penetration in our existing client base through better awareness, improved customer service and our market-leading digital assets. This means further growing uptake of our services by customers who work for employer clients already with Smart.

We also see an opportunity to use our scale to further expand across all segments, acquiring more clients not currently with Smartgroup.

We are excited about the potential for growth in the Corporate segment, which currently represents 3% of our salary packaging customers, but more than 15% of our total eligible employees. Our value proposition is resonating with corporates, and we have welcomed many new clients in 2024.

We also strengthened our focus on the small and medium business segment through our Autopia brand, which has been part of Smartgroup for almost a decade. Autopia has over 1,000 small to medium-sized business clients, offering them a simple solution to easily access novated leasing, and it will continue to be a focus for the Group going forward.

I also wanted to expand on how we are thinking about the market opportunity and how we believe Smartgroup will be able to create value through our scale and ongoing investments.

As we focus on continuing to enhance our customer experience and expand our market presence, we will be creating additional operating leverage for the benefit of both us and our clients.

This operating leverage comes in several forms. Firstly, we are focused on winning additional clients, to leverage the existing scale of our platform and our relationship management teams that already serve half a million customers.

Secondly, we are focused on the organic opportunity to expand our penetration of the existing client base with our packaging and benefit offerings, to leverage the great work of the operations teams that are already in place to support these clients.

And finally, we are focused on expanding our products and services to better meet customer needs in order to increase retention.

We believe we are making steady progress on each front and that these improvements will ultimately drive improved financial returns over the medium term.

## **CY2024 Highlights**

Smartgroup delivered a strong financial and operational performance in 2024. Revenue increased 22% versus 2023 to a record \$305.8 million. This was underpinned by higher novated leasing volumes driven by demand-generating activities and improving vehicle supply.

Our service proposition and strong customer experience enabled Smartgroup to retain clients and attract new ones.

We continued to make targeted investments to generate and meet additional novated leasing demand. We also continued to invest to deliver our Strategic Priorities and become a simpler and more digital business, growing through great customer service and experience.

EBITDA of \$118.7 million was up 18% on 2023, and EBITDA margin was 39% in the full year. Importantly, our second-half 2024 EBITDA margin was 40% as planned.

During the year, NPATA increased by 15% to \$72.4 million. Smartgroup also delivered operating cash flow conversion at 108% of NPATA.

As John mentioned, we continued to grow salary packaging customer numbers, novated leases under management and fleet-managed vehicles to record numbers.

In 2024, our proposition generated solid novated leasing demand for both electric and internal combustion engine vehicles. As at 31 December 2024, electric vehicles accounted for 44% of our total new vehicle orders, including plug-in-hybrid vehicles at 13% of new vehicle orders.

While the electric vehicles' share of our novated lease portfolio is growing, internal combustion engine vehicles remain an important and growing part of our business. In 2024, the number of internal combustion engine new lease orders increased 12% compared to 2023.

Pleasingly yield increased 7% versus 2023, driven by a higher proportion of new car leases versus refinances, supply chain renegotiations and vehicle mix. Yield management will remain an ongoing focus.

As I mentioned earlier, we are making solid progress against our Strategic Priorities and are on track to achieve our ambition of delivering Smarter Benefits for a Smarter Tomorrow.

## **2024 ESG Highlights**

As John mentioned, during the year, we continued to progress our Sustainability Strategy, achieving a number of milestones and exceeding our goals in some areas. We publish a comprehensive Sustainability Report every year that is available at Smartgroup's Investor Centre.

We are proud to have received an 11.5 ESG Risk rating from Sustainalytics, placing Smartgroup at the 95<sup>th</sup> percentile globally. We were also ranked in the 95<sup>th</sup> percentile worldwide in the S&P Global Sustainability Assessment.

In addition, Smartgroup was again recognised as an Employer of Choice for Gender Equality by Workplace Gender Equality Agency. We have held this citation since 2021.

Smartgroup was also recognised by Institutional Shareholder Services as a leader in ESG practices and received an ESG Prime responsible investment rating from them.

These outcomes recognise the importance of ESG and diversity and inclusion to Smartgroup and our clients.

## **Trading Update**

Late in 2023, we began taking some deliberate steps to differentiate our service offering, including stronger engagement with our clients; uplifting digital marketing; and strengthening service levels in our contact centres and vehicle sales teams. These improvements are all delivering great results.

Our novated leasing business continued to experience stable demand in the first quarter of 2025 and continued to grow. Average monthly new lease orders were up 21% compared to the first quarter of 2024. Average monthly total settlement volume, which includes new, used and refinanced vehicles, was up 9% compared to the first quarter of 2024. Compared with the second half of 2024, this also represented a 9% increase in monthly average new lease orders and a 1% increase in average monthly total settlement volume.

A higher proportion of new car leases, coupled with supply chain renegotiations and shifts in vehicle mix, resulted in a 4% improvement in yield versus the first quarter of 2024, and was steady when compared to the second half of 2024.

Vehicle delivery timeframes have continued to improve this year. Our pipeline of future revenue was around \$12 million at the end of March 2025, in line with December 2024.

Given the end of the fringe benefits tax (FBT) exemption for plug-in hybrid electric vehicles at the end of March, there was heightened demand for them in the first quarter of 2025. This resulted in new lease settlements representing 86% of total novated volume in the first quarter of 2025, compared to 82% in the second half of 2024. Importantly, although no longer exempt from FBT, plug-in hybrids will continue to be available for novated leasing. The electric vehicle discount policy remains available for battery electric vehicles, and novated leasing remains available for all vehicle types.

As expected, in April 2025, we saw a drop in demand for plug-in hybrid vehicles while demand for internal combustion engine and battery electric vehicles remained stable. We expect that there will be a change in vehicle mix over the coming months, but importantly, anticipate that overall demand for novated leasing vehicles will remain stable.

We are seeing that supply in the electric vehicle market is continuing to expand and that there is increasing competition between manufacturers in this market segment, including electric vehicle manufacturers offering models at more affordable prices. This, and increased awareness of the benefits of novated

leasing, resulted in electric vehicles accounting for 51% of all new vehicle orders in the first quarter of 2025, including plug-in hybrid vehicles at 21% of all new vehicle orders.

Total EV new vehicle orders increased 45% in the first quarter of 2025, with plug-in hybrid vehicle new orders increasing 177% compared to the first quarter of 2024.

In the first quarter of 2025, the number of internal combustion engine vehicles ordered increased 4% compared to the first quarter of 2024. This highlights the attractiveness of novated leasing for all types of car purchases. Internal combustion engine vehicles represented 49% of new orders during the quarter.

Our investments in digital and customer experience are intended to make novated leasing easy and simple for all vehicle types.

Moving forward, we will continue to focus on Smartgroup's Strategic Priorities and invest in our core technology and capability to drive growth.

During the first quarter of 2025, leasing demand remained stable, and we grew salary packages, novated leases and fleet vehicles under management.

The first quarter of 2025 average monthly revenue grew 10% compared to the first quarter of 2024 and was in line with the second half of 2024, supported by plug-in hybrid vehicle demand.

We continue to focus on customer experience, and as a result, recently, we have been successful in winning Monash Health and Grampians Health in Victoria, we

were added to the Tasmania Government and Transport for NSW leasing panel, and we also won new corporate clients.

Our focus in the medium term will also be on driving operating leverage by implementing cost management and efficiency programs.

We remain cautiously optimistic for the year ahead. We have all witnessed the market and economic volatility emerging from recent tariff policy decisions out of the US. At this stage, these decisions have not significantly impacted Smartgroup's operations. However, we continue to monitor external factors, including consumer sentiment, interest rates and geopolitical impacts on vehicle supply chain.

As I previously highlighted, we are executing well on our Strategic Priorities and expect technology and digital capex to be between \$11 and \$13 million in 2025. In the first quarter of the year, we delivered new partnerships with Intellihub's Enreal and BMW Financial Services.

These initiatives will strategically position Smartgroup for sustained, profitable growth, enhancing value for our shareholders.

In closing, I would like to thank our Chair, Directors, the executive team and all Smartgroup team members for your hard work and commitment in 2024. And to our clients, customers and, of course, our shareholders, we would like to express our gratitude for your ongoing support.

# Annual General Meeting 2025



Smart

Group

# Acknowledgement of Country

Smartgroup acknowledges the Custodians of Country throughout Australia. We pay our respects to Aboriginal and Torres Strait Islander cultures and to Elders past and present and thank them for their ongoing custodianship of this land and community.

#### Artist Statement

Co-existing with Mother Earth from the first days of understanding of kinship and the importance of caring for Country. Preparing for the future and prospering by putting country first which started through gatherings of our ancient ancestors which continues through time to this day, Country has always been an important part of First Peoples of Australia cultures.

Country has sustained us, revitalised, and rejuvenated our mind, body, and spirit for many millennia. And by putting Country first it will continue to do so. It has been our most important commandment handed to us down throughout the generations through loving careful instructions. A nourishing thought for the ages of our continuous culture on this ancient landscape.

*Narrative written by Jade Kennedy of the Tatti-Tatti/ WadiWadi/Muddi-Muddi - West Kulin Nation and Wajak/Kaardjin - Noongar Nation.*



Kengatha-nak-thangi Grow Mother Country

- 01 - Chair's Address
- 02 - MD and CEO's Address
- 03 - 2024 Recap & Trading Update
- 04 - Resolutions

# Chair's Address

John Prendiville



# Smartgroup Board of Directors



**John Prendiville**  
Chair and Non-Executive Director



**Anne McDonald**  
Non-Executive Director



**Carolyn Colley**  
Non-Executive Director



**Deborah Homewood**  
Non-Executive Director



**Ian Watt AC**  
Non-Executive Director



**Mark Rigotti**  
Non-Executive Director



**Scott Wharton**  
Managing Director and CEO

# 2024 Highlights



**Strong Financial Performance**

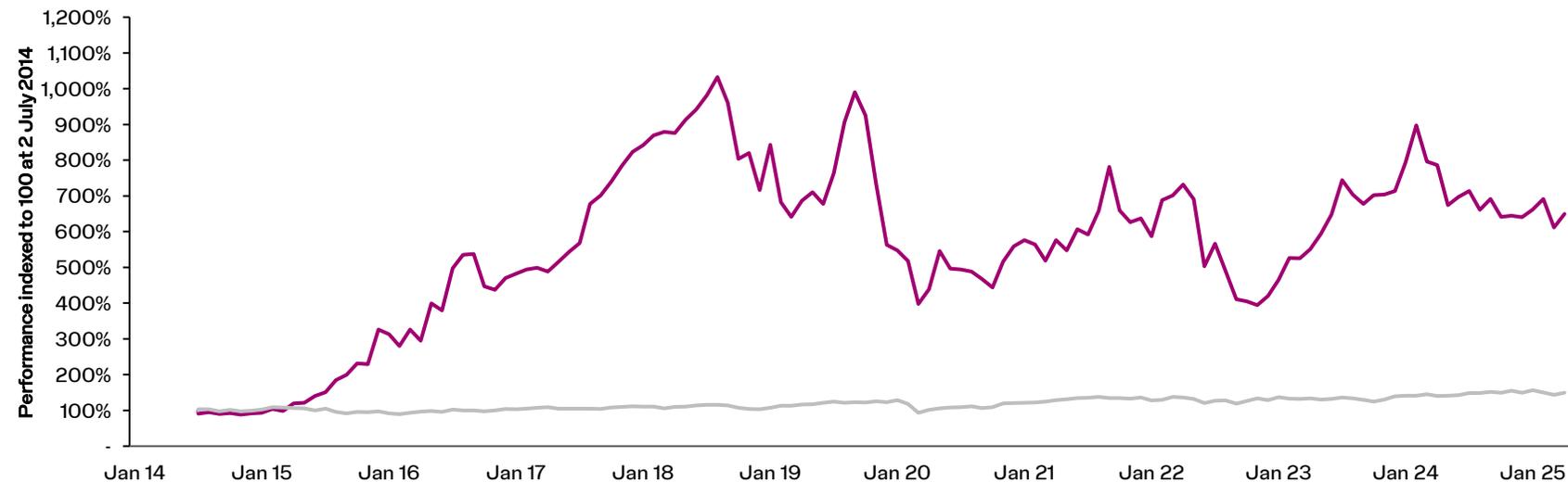
**Record Customer Numbers**

**ESG Initiatives**

**Progress on Strategic Priorities**

# Total Shareholder Return

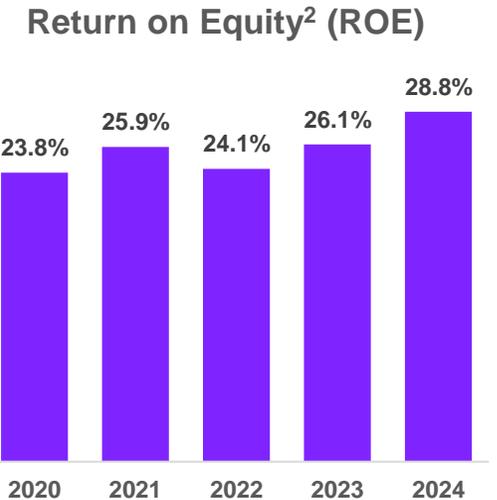
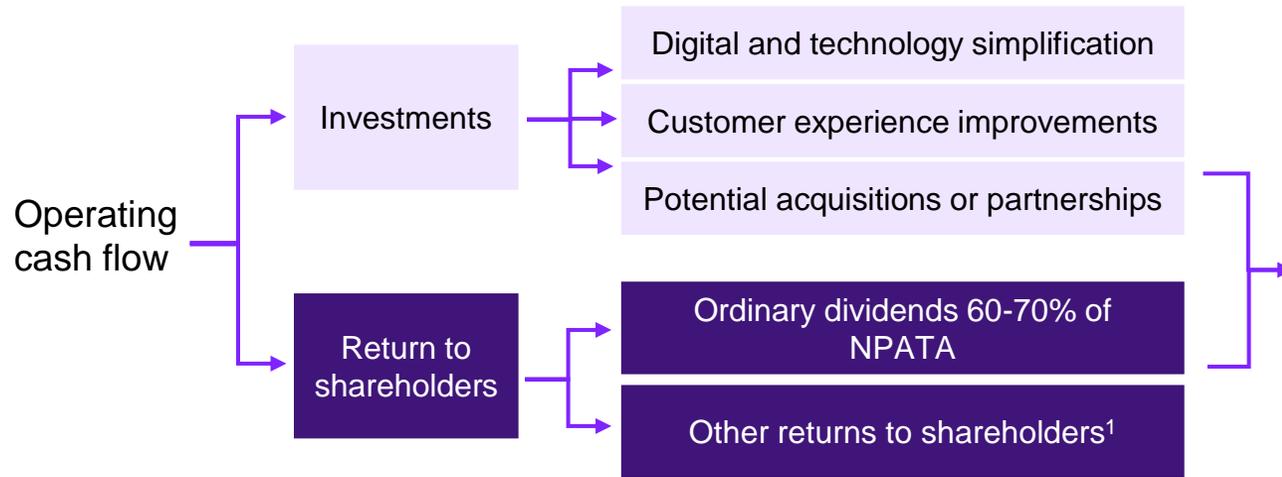
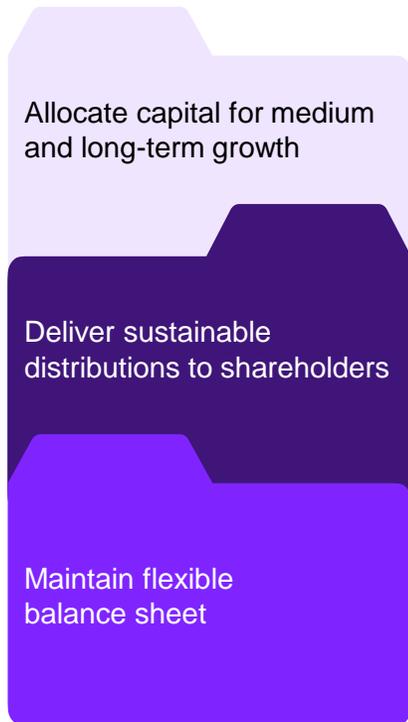
~\$160m SIQ Market Cap | 2 July 2014  ~\$1,055m SIQ Market Cap | 30 April 2025



- >785% Total Shareholder returns since IPO, including franking value
- Since listing in 2014, Smartgroup has paid ~\$577m in fully franked dividends (~\$247m franking value)
- Current market cap is ~6.5x IPO market cap
- Current share price is ~4.9x IPO issue price

Source: Factset, IRESS, Refinitiv, S&P Capital IQ, ASX at 30 April 2025 (2 July 2014 \$1.60 and 30 April 2025 \$7.82)

# Capital allocation – maximising shareholder value



- Focus on core business - salary packaging, novated leasing and fleet
- Investment in technology to deliver simplification and drive scale benefits
- Since IPO in mid-2014 Smartgroup has paid ~\$577m in fully franked dividends to shareholders

1. May include special dividends or share buy-backs.  
 2. Return on equity is NPATA divided by average shareholders' equity.

# MD and CEO's Address

Scott Wharton



# Investment proposition



## CY 2024 vs CY 2023

<b>Leading, resilient business</b>	Leading player with diversified exposure	<ul style="list-style-type: none"> <li>Positioned as a market leader in salary packaging and novated leasing</li> <li>Broad product offering incl. exposure to fleet management</li> </ul>	▶	<b>541,000</b>	<b>~2.3m</b>
	Resilient business with high client retention	<ul style="list-style-type: none"> <li>Resilient customer demand through the cycle</li> <li>Significant recurring revenue</li> <li>Long-term client contracts in attractive and growing segments</li> </ul>		LTM salary packaging customers <sup>1</sup>	potential customers in existing client base
<b>Attractive financial profile</b>	Consistent strong financial performance	<ul style="list-style-type: none"> <li>Proven track record of revenue growth</li> <li>Solid margins supported by increasingly scalable model</li> <li>Strong operating cash flow conversion</li> </ul>	▶	<b>46%</b>	<b>19%</b>
	Favourable operating environment	<ul style="list-style-type: none"> <li>Continued demand for novated leasing</li> <li>Vehicle delivery timeframes improving</li> <li>Cost of living pressures</li> </ul>		Not-for-profit, Government, Health, Education	26% 6%
<b>Building profitable growth</b>	Capital light business model	<ul style="list-style-type: none"> <li>Strong and flexible balance sheet</li> <li>Minimal residual value exposure with limited on-balance sheet funding</li> </ul>	▶	<b>+11.3%</b>	<b>108%</b>
	Strategic Priorities increasing scalability	<ul style="list-style-type: none"> <li>Focus on core business performance and simplification</li> <li>Investment in technology to drive scale benefits, strengthen customer experience and accelerate digitisation</li> </ul>		revenue <sup>2</sup> CAGR (3y)	operating cash flow to NPATA
			▶	<b>+22%</b>	<b>~44%</b>
			▶	P&A funding model	0.4x net debt / EBITDA <sup>4</sup>
			▶	<b>+10%</b>	<b>~10%</b>
				in the number of packages / FTE <sup>5</sup>	improvement in NPS <sup>5</sup>

1. Includes customers that maximise FBT caps before December each year, then restart packaging in April at the start of the next FBT year.  
 2. CY 2021 Gross Revenue was \$221.8m compared to \$305.8m in CY 2024.  
 3. Average Vehicle Order to delivery timeframes (for Smartgroup top 30 makes/models by volume), H2 2024 v H2 2023.  
 4. (Corporate debt – cash) / LTM EBITDA.  
 5. Comparing 2024 v 2023 (FTE refers to operations FTE).

# Our Strategic Priorities and focus

## Our ambition

### Smarter Benefits for a Smarter Tomorrow

Simplifying benefits and adding value to our clients and customers, while enabling businesses to attract and retain great teams as we build a more sustainable Australia.

## Our focus

### Smarter Experiences

Market-leading customer experience, helping customers and employers work with us how and when they want

### Smarter Products

Simple and innovative products and services to help customers do more and save more

### Working Smarter

Simple and scalable operations, with improved capability that puts the customer first

## Our Strategic Priorities

Customer-focused, digital and efficient salary packaging offering

Leadership in Novated Leasing via EVs

Innovation of propositions to meet growing customer needs

Targeted investment in fleet capabilities

- Digitise operations and enhance self-service to delight clients and customers
- Simplify and consolidate the core technologies and drive scale benefits including moving to a single brand
- Maintain a market-leading proposition for EVs through sustained digital investment
- Accelerate our digital sales engine
- Expand our novated leasing offering to meet a broader set of needs
- Scale our benefits program
- Continue to support client demand for tailored products
- Increase capability via balance sheet-funded pilot

# Delivering Smarter benefits for a Smarter tomorrow

## Solid progress on our Strategic Priorities in CY24

Customer-focused, digital and efficient salary packaging offering	Leadership in Novated Leasing via EVs	Innovation of propositions to meet growing customer needs	Targeted investment in fleet capabilities
<ul style="list-style-type: none"> <li>• New brand 'Smart', progressed brand simplification from 6 to 4 brands in 2024</li> <li>• smart.com.au, our new digital home attracted over half a million total users since November 2024</li> <li>• Improved customer service and digital capabilities, NPS &gt;10% higher in 2024</li> <li>• Delivered process improvements and automation, ~10% improvement in the number of packages / operations FTE</li> <li>• More than doubled new client wins<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Grew number of settlements by 20% in 2024 v pcp</li> <li>• EV and ICE new car orders up 51% and 12% in 2024 v pcp, respectively</li> <li>• Continued growth in the SME segment</li> <li>• Enhanced our car leasing portal, increasing digital conversion<sup>2</sup></li> <li>• Active yield management delivered 7% improvement v pcp</li> </ul>	<ul style="list-style-type: none"> <li>• Expanded our benefits offering</li> <li>• Established new partnerships including Intellihub and Qantas</li> <li>• Over 30,000 users accessing Smartrewards in 2024</li> <li>• Progressed improvements in benefits sign-up process</li> </ul>	<ul style="list-style-type: none"> <li>• Expanded our fleet offering to larger clients</li> <li>• Increased vehicles under management by 6% in 2024 v pcp</li> <li>• Grew self-funded fleet pilot to ~750 vehicles for ~40 clients</li> <li>• Implemented operational improvements for our clients</li> </ul>

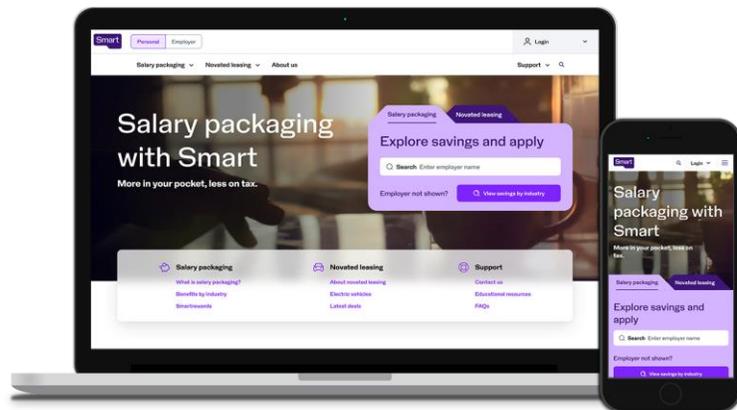
1. Based on total eligible employees of new client wins.

2. Comparing current and first version of the car leasing portal, conversion measured from calculator start to vehicle order (comparing H2 2024 period).

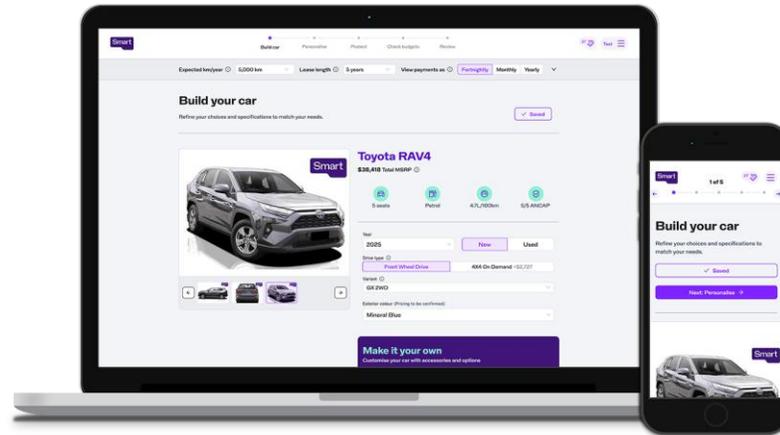
# Investment in digital

## Improving customer journeys

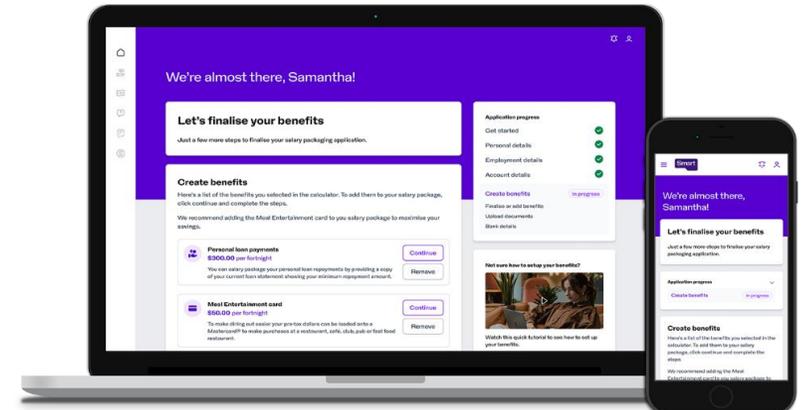
### New digital home – smart.com.au



### Simple car leasing journey



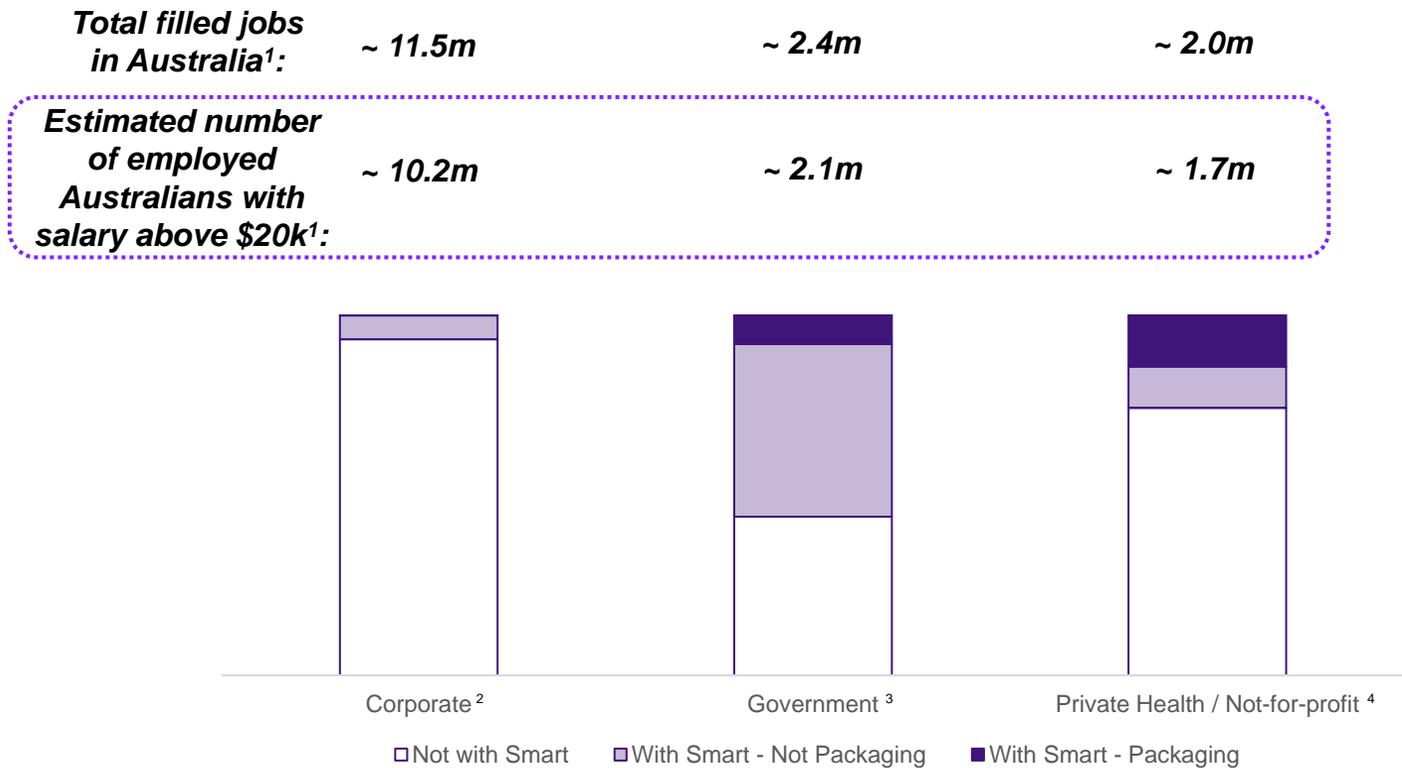
### New salary packaging sign-up journey



# 2024 Recap



# Our addressable market is a significant growth opportunity

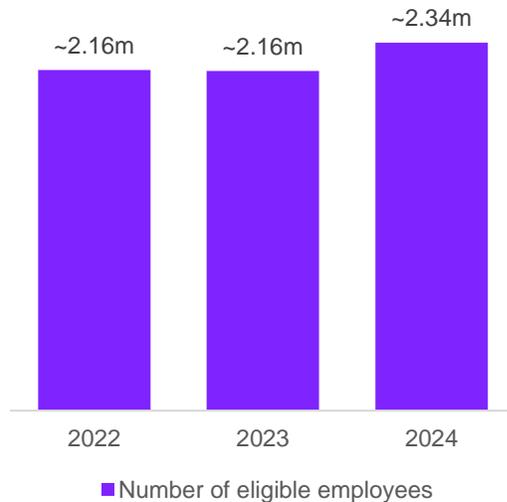


- There are over 15 million employed Australians, of those circa **14 million** earn a salary above \$20k, and can benefit from salary packaging
- Of those 14 million potential customers, over **2.3 million are employed by Smartgroup clients**
- Smartgroup served **~541,000 customers** in the last 12 months, with the majority in Government, Health and Not-for-profit segments
- Our opportunity is to increase penetration in our existing client base, grow in the Corporate segment and acquire new clients

1. ABS Employment data Q3 2024.  
 2. ABS Employment data Q3 2024 (Private – Corporate, Education, Mining and Uniformed) and Smartgroup estimates of total employees per segment as at Feb 2025.  
 3. ABS Employment data Q3 2024 (Government) and Smartgroup estimates of total employees per segment as at Feb 2025.  
 4. ABS Employment data Q3 2024 (Private Health / Social Assistance and Smartgroup estimates of total employees per segment as at Feb 2025..

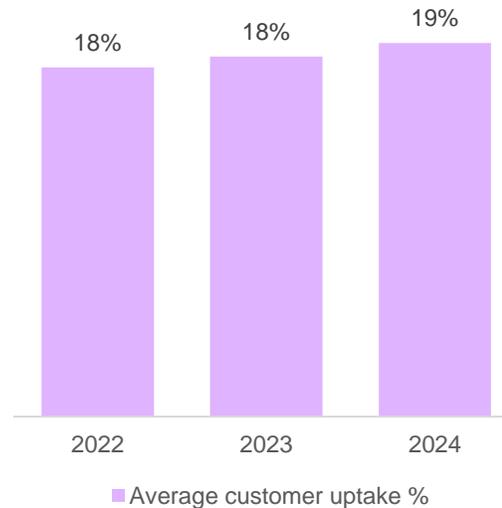
# Positioning to drive scalability

## Increasing eligible customer base<sup>1</sup>



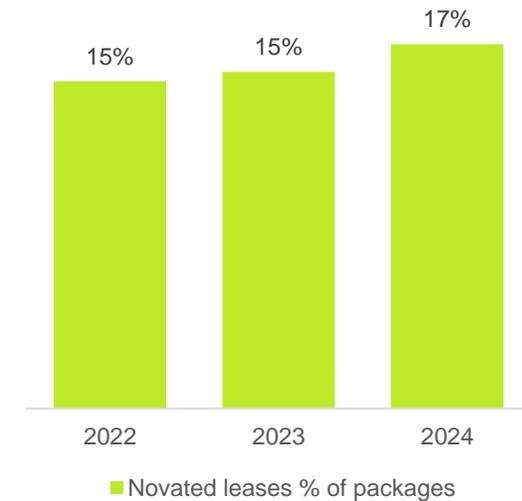
- Focus on increasing eligible employee numbers to leverage the scale of our platform

## Increasing customer penetration<sup>1</sup>



- Focus on the organic opportunity to expand penetration into our existing client base

## Increasing customer lifetime value



- Focus on expanding our products and services to better meet customer needs and increase retention

# CY 2024 Highlights



# CY 2024 ESG Highlights

S&P Global

Ranked 93<sup>rd</sup> percentile worldwide in S&P Global CSA  
*(up from 87<sup>th</sup> percentile in 2023)*



Dow Jones

Included in the global Dow Jones Sustainability Indices



WGEA

Employer of Choice for Gender Equality



ESG Risk

ESG Risk rating of 11.5.  
Ranked in the 95<sup>th</sup> percentile globally by Sustainalytics



Inclusive

'Inclusive Employer' recognition by Diversity Council Australia since 2019



PROUD TO BE AN INCLUSIVE EMPLOYER 2023-2024

Performance

Awarded ISS ESG Prime rating



# Trading Update



# Strong leasing demand and yield sustained

	Q1 2025 v pcp	Q1 2025 v H2 2024	H2 2024 v pcp
New lease orders <sup>1</sup>	+21%	+9%	+19%
Total settlement volume <sup>2</sup>	+9%	+1%	+15%
Leasing yield	+4%	Steady	+2%

## Strong customer demand

- Continued customer interest in novated leasing
- Discount policy for plug-in hybrid (PHEV) ended in April, driving accelerated demand in Q1 2025

## Vehicle delivery timeframes stable

- Total pipeline future revenue of c.\$12m at the end of March 2025 (in line with December 2024) remains above pre-COVID levels (c.\$4m)

## Yield focus

- A higher proportion of new car leases, supply chain renegotiation and vehicle mix delivered yield uplift vs pcp
- New lease settlements<sup>1</sup> improved to 86% of total novated volume for Q1 2025 (vs 82% in H2 2024), driven by pull-forward demand for PHEVs
- Q1 2025 yield remains in line with H2 2024

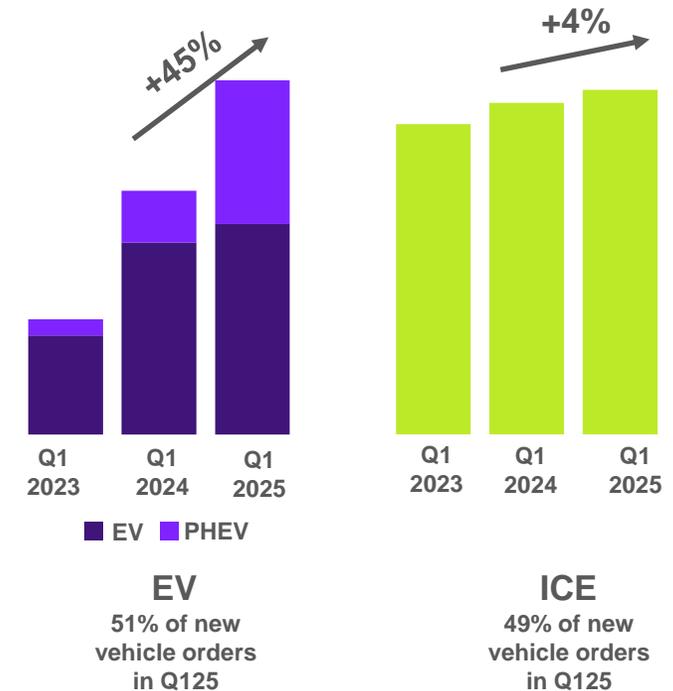
1. Excludes refinanced deals.

2. Includes new, used and refinanced.

# EV and ICE new vehicle orders continue to grow

- Availability of EVs remains good
- Q1 2025 ICE new vehicle orders grew 4% vs pcp, and were stable vs H2 2024
- ICE accounted for 49%, EV accounted for 51% of Q1 2025 new vehicle orders, of which PHEV was 21%
- Strong EV interest during Q1 2025, new vehicle orders +45% vs pcp. PHEV new vehicle orders +177% vs pcp, driven by the end of the discount policy
- From 1 April 2025, PHEVs no longer benefit from the government EV policy, but remain eligible for novated leasing

New vehicle orders growth (ICE and EVs)



# Trading Update and Outlook

## Operational performance

- Leasing demand was stable in Q1 2025, cautiously optimistic for the year ahead
- Growth in salary packages, novated leases and fleet vehicles under management
- Industry dynamics across all business lines remain competitive
- Monitoring for impact from inflation/interest rates and international factors on demand and supply

## Q1 2025 financial performance

- Q1 2025 average monthly revenue was in line with H2 2024, representing a 10% increase vs pcp, supported by PHEV interest
- Continued focus on driving operating leverage, including through cost management and efficiency programs
- \$11-13m expected technology and digital capex spend in 2025

## Strategic Priorities

- Executing well and progressing to plan
- Delivered new partnerships with Intellihub's Enreal and BMW Financial Services

# Investor contact

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Group