APPENDIX 4D
HALF-YEAR REPORT
FLEETPARTNERS GROUP LIMITED
ACN : 131 557 901

HALF-YEAR ENDED 31 MARCH 2023

1 Details of the reporting period and the prior period

Current period	1 October 2022 - 31 March 2023
Prior period	1 October 2021 - 31 March 2022

2 Results for announcement to the market

	Half-Year Ended 31 Mar 2023	Half-Year Ended 31 Mar 2022	Change on Prior Period	Change on Prior Period
Financial Performance	**$'000**	**$'000**	**$'000**	**%**
Revenue from continuing operations	326,938	347,740	(20,802)	(6.0%)
Profit for the half-year after tax	39,393	59,412	(20,019)	(33.7%)
Net profit attributable to members	39,393	59,412	(20,019)	(33.7%)
NPATA for the period[1]	42,578	62,100	(19,522)	(31.4%)
Earnings per share	**Cents**	**Cents**	**Cents**	**%**
Statutory earnings per share	14.53	20.41	(5.88)	(28.8%)
Diluted statutory earnings per share	14.16	19.26	(5.10)	(26.5%)
NPATA earnings per share	15.71	21.34	(5.63)	(26.4%)
Number of ordinary shares used in calculating	**Units**	**Units**	**Units**	**%**
Statutory earnings per share	271,049,345	291,028,481	(19,979,136)	(6.9%)
Diluted statutory earnings per share	278,121,450	308,519,902	(30,398,452)	(9.9%)
NPATA earnings per share	271,049,345	291,028,481	(19,979,136)	(6.9%)

1. NPATA for the period is the statutory profit after tax, adjusted for the post tax effect of material one-off items that do not reflect the ongoing operations of the Group and the amortisation of intangible assets

Commentary
Refer to the 2023 Half-Year Report accompanying this report for a more detailed commentary.

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3 Dividends

Dividends	**Amount per security Cents**	**Franked amount per security Cents**
No interim dividend declared for the period ended 31 March 2023	0.00	0.00
No interim dividend declared for the period ended 31 March 2022	0.00	0.00

4 Dividend reinvestment plans

Not applicable for half-year ended 31 March 2023.

5 Net Tangible Assets Per Security

	Half-Year Ended 31 Mar 2023 cents	**Half-Year Ended 31 Mar 2022 cents**
Net Tangible Assets Per Ordinary Security	83.11	65.92

6 Auditor's report

The financial report has been independently reviewed and an unqualified review report has been issued.

7 Attachments

The Half-Year Report of FleetPartners Group Limited for the half-year ended 31 March 2023 is attached.

8 Signed

Gail Pemberton
Chair
Sydney

Date: 5 May 2023

FleetPartners Group Limited

(Previously Eclipx Group Limited)

ACN 131 557 901

Interim report
for the half-year ended 31 March 2023

FleetPartners Group Limited
ACN 131 557 901
Half-year report - 31 March 2023

CONTENTS

The Directors present their report on the consolidated entity (referred to hereafter as the Group or FleetPartners) consisting of FleetPartners Group Limited (the Company) and the entities it controlled at the end of or for the half-year ended 31 March 2023.

1. Directors

The following persons were Directors of the Company during the whole of the half-year period and up to the date of this report, unless otherwise stated:

Gail Pemberton	Chairperson, Independent Non-Executive Director
Trevor Allen	Independent Non-Executive Director
Russell Shields	Independent Non-Executive Director
Linda Jenkinson	Independent Non-Executive Director
Fiona Trafford-Walker	Independent Non-Executive Director
Cathy Yuncken	Independent Non-Executive Director
Damien Berrell	Chief Executive Officer and Managing Director (from 31 January 2023)

2. Review of operations

Principal activities

The Group is one of Australia's leading providers of fleet management services and operates in Australia and New Zealand. The Group's products include a comprehensive range of motor vehicle fleet services, such as vehicle acquisition, leasing, in-life fleet management and remarketing.

Following approval from shareholders at the Annual General Meeting, the Group changed the name of the holding company from Eclipx Group Limited to FleetPartners Group Limited (ASX: FPR), effective 27 March 2023.

Group financial performance

The Group measures financial performance adopting the following non-IFRS measures:

- Net Operating Income (NOI). This represents earnings before tax after direct costs such as interest expense on debt allocated to fleet assets and depreciation and amortisation of fleet assets. NOI also includes end of lease income.
- Earnings before interest, taxes, depreciation and amortisation (EBITDA). This represents earnings before taxes after indirect costs such as wages, occupancy and technology costs. It also includes impairment expenses. EBITDA excludes depreciation and amortisation of non-fleet assets, share based payments and interest expense on corporate debt, other than interest expense on debt allocated to fleet assets.
- Net profit after taxes excluding amortisation (NPATA). This represents earnings of the Group after tax. It excludes significant costs deemed to be non-recurring due to the nature of the cost as well as excluding the amortisation of all intangibles.

The table below reconciles the non-IFRS measures with the statutory profit for the first half reported in the Group Statement of Profit or Loss and Other Comprehensive Income.

($m)	**31-Mar-23**	**31-Mar-22**
Net operating income	109.1	131.5
Bad and doubtful debts	(0.5)	2.1
Operating expenses	(41.5)	(38.6)
EBITDA	**67.1**	**95.0**
Depreciation	(1.7)	(2.2)
Share based payments	(1.6)	(1.6)
Operating finance costs	(3.4)	(3.1)
Tax	(17.8)	(26.0)
NPATA	**42.6**	**62.1**
Reconciling items to statutory profits		
Amortisation of acquired intangibles post tax	(1.1)	(1.1)
Amortisation of software post tax	(1.9)	(1.7)
Significant items post tax	(0.2)	0.1
Statutory profits	**39.4**	**59.4**

2. Review of operations (continued)

Net operating income

Net operating income (NOI) decreased by $22.4 million compared to the half-year ended 31 March 2022. The NOI decrease was a result of:

- Lower end-of-lease income as a result of lower average income per sold motor vehicle and a lower number of vehicles sold as more customers extended their leases whilst awaiting replacement vehicles due to vehicle supply constraints.
- Lower maintenance profit from the normalisation of vehicle utilisation by clients and an increase in maintenance costs. The period October 2021 to March 2022 also included $1.0 million of deferred revenue provision released to the profit or loss. The provision was previously recognised for the decreased utilisation of vehicles during the pandemic.

Operating expenses

Operating expenses increased by $2.9 million compared to the half-year ended 31 March 2022. The increase was mostly driven by higher wage costs.

Bad and doubtful debts

Bad and doubtful debts increased by $2.6 million compared to the half-year ended 31 March 2022. $2.5 million of the increase was due to the reversal in the half-year ended 31 March 2022 of Management's provision overlay in response to COVID-19. This overlay was first recorded during the half-year ended 31 March 2020 ($1.3 million) in response to the uncertainty created by the COVID-19 pandemic around the economic outlook. The overlay increased in subsequent periods: at 30 September 2021 the Group held an overlay of $2.5 million.

NPATA

NPATA decreased by $19.5 million compared to the half-year ended 31 March 2022 largely as a result of the above-mentioned drivers.

Significant items

Significant items recognised for the half-year ended 31 March 2023 were $0.2 million post tax and primarily related to employee redundancy costs.

Significant items recognised for the half-year ended 31 March 2022 were $0.1 million post tax and primarily related to employee redundancy costs offset by the net write-off of the lease liability balance relating to the office move in Auckland.

	As at		
Total Group assets and liabilities ($m)	**31-Mar-23**	**30-Sep-22**	**% Change**
Inventory	**12.6**	14.1	(11%)
Finance leases	**327.6**	325.9	1%
Operating leases	**938.7**	874.3	7%
	1,278.9	1,214.3	5%
Other assets	**846.4**	812.6	4%
Total assets	**2,125.3**	2,026.9	5%
Borrowings - Warehouse and ABS	**1,193.9**	1,116.6	7%
Borrowings - Holding company debt	**75.0**	75.0	-
Other liabilities	**222.8**	214.7	4%
Total liabilities	**1,491.7**	1,406.3	6%

Inventory

Inventory was $12.6 million as at 31 March 2023 which is a decrease of $1.5 million compared to 30 September 2022. The combination of continued strong demand for second-hand motor vehicles and supply shortages has allowed the Group to maintain lower levels of inventory.

Finance leases

Finance leases were $327.6 million as at 31 March 2023 which is an increase of $1.7 million compared to 30 September 2022. The increase was driven by an increase in the Novated segment's new business writings, where prior period and current period continue to be impacted by supply constraints.

2. Review of operations (continued)

Operating leases reported as property, plant and equipment

Operating leases were $938.7 million as at 31 March 2023 which is an increase of $64.4 million compared to 30 September 2022. The increase was driven by a higher proportion of warehouse funded new business writings in the Australia Commercial and New Zealand Commercial segments.

Borrowings and funding

As of 31 March 2023, borrowings included an amount of $75.0 million drawn against the holding company debt facility of $153.0 million. The Group held a net cash position of $39.4 million after deducting cash and cash equivalents from the drawn holding company debt, as of 31 March 2023. This represents a $12.9 million increase to the net cash balance of $26.5 million at 30 September 2022.

The remaining borrowings of $1,193.9 million relate to funding directly associated with finance and operating leases that the Group provides to its customers, along with the inventory of vehicles in the process of being sold. This funding is provided by a combination of warehouse and asset backed securitisation funding structures.

Warehouse facilities are so called because they can be drawn and repaid on an ongoing basis up to an agreed limit subject to conditions. A group of assets funded via a warehouse facility can be pooled together and refinanced via the creation of special purpose asset backed securitisation vehicles (backed by the assets initially financed via the warehouse) which issue debt securities to wholesale investors such as domestic and international banks and institutional funds.

The Group aims to optimise its funding facilities with committed funding facilities to cater for expected business growth. At 31 March 2023, the Group had undrawn warehouse debt facilities of $195.3 million.

Cash flows

The Group saw cash and cash equivalents, including restricted cash, increase by $30.9 million during the half-year ended 31 March 2023. The increase was driven by cash generated by the positive EBITDA result, offset by $32.4 million of shares acquired and cancelled as part of the share buyback program.

As at 31 March 2023, the Group held $114.4 million of unrestricted cash and $154.7 million of restricted cash.

First half segment performance

Australia Commercial

($m)	**31-Mar-23**	**31-Mar-22**
Net operating income	73.8	88.4
Bad and doubtful debts	(0.7)	1.1
Operating expenses	(28.7)	(26.3)

The Australia Commercial segment specialises in fleet leasing and management and operates under the trading names of FleetPlus and FleetPartners.

NOI within the Australia Commercial segment decreased by $14.6 million compared to the half-year ended 31 March 2022. The NOI decrease was a result of:

- Lower end-of-lease income as a result of lower average income per sold motor vehicle and a lower number of vehicles sold as more customers extended their leases whilst awaiting replacement vehicles due to vehicle supply constraints.
- Lower maintenance profit from the normalisation of vehicle utilisation by clients and an increase in maintenance costs. The period October 2021 to March 2022 also included $0.6 million of deferred revenue provision released to the profit or loss. The provision was previously recognised for the decreased utilisation of vehicles during the pandemic.

Bad and doubtful debts had a $0.7 million negative impact in the half-year ended 31 March 2023. Bad and doubtful debts for the half-year ended 31 March 2022 included a $1.9 million release of Management’s provision overlay, partially offset by an increase in provisions raised for aged debts.

Operating expenses increased by $2.4 million largely as a result of higher employee costs.

2. Review of operations (continued)

Novated

($m)	31-Mar-23	31-Mar-22
Net operating income	8.4	9.9
Bad and doubtful debts	(0.1)	-
Operating expenses	(5.6)	(6.2)

The Novated segment specialises in novated leasing and salary packaging. It operates in Australia under the trading names of FleetChoice, FleetPlus and FleetPartners.

NOI within the Novated segment decreased by $1.5 million compared to the half-year ended 31 March 2022. NOI decreased because a higher proportion of new business writings was funded using the Group's warehouse funding structure, rather than through principal and agency funding arrangements. The move to fund novated leases through the warehouse will enhance the customer experience by improving credit approval timeframes and enhance returns for FleetPartners. Funding novated leases through the warehouse funding structure impacted revenue by spreading the revenue over the life of the lease as net interest margin, rather than receiving the revenue at the start of the lease as funding commissions.

Operating expenses decreased by $0.6 million because of lower employee costs and a reduction in commissions being paid.

New Zealand Commercial

($m)	31-Mar-23	31-Mar-22
Net operating income	26.9	33.2
Bad and doubtful debts	0.3	0.9
Operating expenses	(7.3)	(6.1)

The New Zealand Commercial segment specialises in fleet leasing and management and operates under the trading names of FleetPlus and FleetPartners. During the half-year ended 31 March 2022, this segment ceased operating three second-hand vehicle dealerships under the trading name of AutoSelect.

NOI within the New Zealand Commercial segment decreased by $6.3 million compared to the half-year ended 31 March 2022. The NOI decrease was a result of:

- Lower end-of-lease income as a result of lower average income per sold motor vehicle and a lower number of vehicles sold as more customers extended their leases whilst awaiting replacement vehicles due to vehicle supply constraints.
- Lower maintenance profit from the normalisation of vehicle utilisation by clients and an increase in maintenance costs. The period October 2021 to March 2022 also included $0.4 million of deferred revenue provision released to the profit or loss. The provision was previously recognised for the decreased utilisation of vehicles during the pandemic.

Bad and doubtful debts had a $0.3 million positive impact in the half-year ended 31 March 2023. The bad and doubtful debts for the half-year ended 31 March 2022 included a $0.6 million release of Management's provision overlay and $0.3 million was due to an improvement in the ageing of the portfolio.

Operating expenses increased by $1.2 million largely as a result of higher employee costs.

3. Dividends

The Directors have not declared an interim dividend for the half-year ended 31 March 2023. No dividends were declared or paid for the half-year ended 31 March 2022.

In line with the Group's on-market share buy-back program announced in May 2021, the Group will purchase up to an additional $43.0 million of shares in the second half of financial year 2023. The shares will subsequently be cancelled.

4. Industry wide vehicle supply constraints

Industry-wide delays for new vehicles caused by the global supply shortage of semiconductors, shipping vessel shortages and port congestion have resulted in significant increases in delivery times for many vehicles. These delays have constrained new business writings, which decreased by 12% compared to the half-year ended 31 March 2022.

A secondary consequence from delays for new vehicles has been the occurrence of inflated second-hand vehicle prices in Australia and New Zealand. This has resulted from the combination of increased demand and reduced supply. As a result, the business earned an average end-of-lease income per motor vehicle of $7,658 which is a decrease of $1,155 compared to the half-year ended 31 March 2022, but significantly above pre-COVID-19 levels.

5. Going concern

These half-year financial statements have been prepared on the basis that FleetPartners is a going concern.

At 31 March 2023, the Group held unrestricted cash of $114.4 million and undrawn capacity under its holding company debt facilities of $78.0 million.

The Group notes that a substantial proportion of the income it generates is annuity-like in nature and therefore not susceptible to sudden, short-to-medium term downturns in the markets in which it operates.

Taken together, the combination of the current levels of liquidity and the annuity income streams of the Group provides significant levels of support over an extended period for the day-to-day operations of the Group.

The Directors are therefore of the opinion that the preparation of the financial statements as a going concern is appropriate.

6. Subsequent events

No matter or circumstance has occurred since the end of the reporting period that may materially affect the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

7. Lead auditor's independence declaration

A copy of the lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9 and forms part of the Directors' Report for the half-year ended 31 March 2023.

8. Rounding of amounts

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and the Financial Report. Amounts, unless otherwise stated, have been rounded off to the nearest whole number of thousands of dollars.

9. Treasury shares

The Group held 8,469,571 (30 Sep 2022: 8,722,000) treasury shares, which it can use to settle its obligations under the FleetPartners Group Long Term Incentive Plan.

10. Stakeholders

The Board pays tribute to all FleetPartners Group employees, who have each made significant contributions, demonstrating their resilience, commitment and consistency through all the internal and external challenges, much of it brought about by the COVID-19 pandemic. I thank our employees whose dedication ensured FleetPartners maintained its reputation for service leadership to our customers, evidenced in our consistently strong Net Promoter Score.

Finally, we express our sincere thanks and appreciation to our customers, funding partners and shareholders for their continuing support and feedback.

This Directors’ Report is signed on behalf of the Directors in accordance with the resolution of Directors made pursuant to section 298(2) of the *Corporations Act 2001*.

Gail Pemberton AO
Chair

Sydney
5 May 2023

KPMG

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

To the Directors of FleetPartners Group Limited (formerly known as Eclipx Group Limited)

I declare that, to the best of my knowledge and belief, in relation to the review of FleetPartners Group Limited for the half-year ended 31 March 2023 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Peter Zabaks
Partner

Sydney

5 May 2023

FleetPartners Group Limited
Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 March 2023

	Notes	Consolidated 31 Mar 2023 $'000	31 Mar 2022 $'000
Revenue from continuing operations	2.2	**326,938**	347,740
Cost of revenue	2.2	**(190,822)**	(200,240)
Lease finance costs	2.3	**(26,989)**	(15,967)
Net operating income before operating expenses and impairment charges		**109,127**	131,533
Impairment (charges)/releases on loan and receivables		**(502)**	2,050
Software impairment		**(177)**	-
Total impairment		**(679)**	2,050
Employee benefit expense		**(33,032)**	(29,051)
Depreciation and amortisation expense	2.3	**(5,745)**	(6,167)
Operating overheads	2.3	**(10,373)**	(10,992)
Total overheads		**(49,150)**	(46,210)
Operating finance costs	2.3	**(3,423)**	(3,122)
Profit before income tax from continuing operations		**55,875**	84,251
Income tax expense		**(16,482)**	(24,839)
Profit for the half-year		**39,393**	59,412
Other comprehensive income/(expense)			
Items that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges		**(9,268)**	17,818
Exchange differences on translation of foreign operations		**12,958**	(5,530)
Other comprehensive income for the half-year, net of tax		**3,690**	12,288
Total comprehensive income for the half-year		**43,083**	71,700
Profit attributable to:			
Owners of FleetPartners Group Limited		**39,393**	59,412
Total comprehensive income for the half-year attributable to:			
Owners of FleetPartners Group Limited		**43,083**	71,700
		Cents	**Cents**
Earnings per share from continuing operations			
Basic earnings per share	2.4	**14.5**	20.4
Diluted earnings per share	2.4	**14.1**	19.3

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

FleetPartners Group Limited
Statement of Financial Position
As at 31 March 2023

	Notes	Consolidated 31 Mar 2023 $'000	30 Sep 2022 $'000
ASSETS			
Cash and cash equivalents		**114,400**	101,481
Restricted cash and cash equivalents		**154,734**	136,752
Trade receivables and other assets	3.3	**75,939**	70,252
Inventory		**12,597**	14,102
Finance leases	3.3	**327,568**	325,866
Operating leases reported as property, plant and equipment	3.1	**938,665**	874,334
Property, plant and equipment	3.1	**2,276**	2,138
Right-of-use assets		**4,450**	5,418
Intangibles	3.2	**467,964**	456,926
Derivative financial instruments	4.2	**26,689**	39,679
Total assets		**2,125,282**	2,026,948
LIABILITIES			
Trade and other liabilities		**150,180**	148,618
Provisions		**7,997**	8,026
Borrowings	4.1	**1,268,861**	1,191,622
Lease liabilities		**5,008**	6,066
Deferred tax liabilities		**59,699**	51,978
Total liabilities		**1,491,745**	1,406,310
Net assets		**633,537**	620,638
EQUITY			
Contributed equity		**547,223**	578,072
Reserves		**190,906**	186,551
Retained earnings		**(104,592)**	(143,985)
Total equity		**633,537**	620,638

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

FleetPartners Group Limited
Statement of Changes in Equity
For the half-year ended 31 March 2023

Consolidated	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
	Attributable to owners of FleetPartners Group Limited			
Balance as at 1 October 2021	639,213	183,768	(247,302)	**575,679**
Profit for the half-year	-	-	59,412	**59,412**
Cash flow hedges	-	17,818	-	**17,818**
Foreign currency translation	-	(5,530)	-	**(5,530)**
Total comprehensive income for the half-year	-	12,288	59,412	**71,700**
Transactions with owners in their capacity as owners:				
Acquisition of treasury shares	-	(7,327)	-	**(7,327)**
Movement in treasury reserve	-	2,022	-	**2,022**
Employee share schemes	-	383	-	**383**
On market share buy back	-	(28,475)	-	**(28,475)**
Cancellation of treasury shares	(29,196)	29,196	-	-
Balance at 31 March 2022	**610,017**	**191,855**	**(187,890)**	**613,982**
Balance at 1 October 2022	578,072	186,551	(143,985)	**620,638**
Profit for the half-year	-	-	39,393	**39,393**
Cash flow hedges	-	(9,268)	-	**(9,268)**
Foreign currency translation	-	12,958	-	**12,958**
Total comprehensive income for the half-year	-	3,690	39,393	**43,083**
Transactions with owners in their capacity as owners:				
Exercise of options	1,924	-	-	**1,924**
Acquisition of treasury shares	-	(1,924)	-	**(1,924)**
Movement in treasury reserve	-	577	-	**577**
Employee share schemes	-	1,605	-	**1,605**
On market share buy back	-	(32,366)	-	**(32,366)**
Cancellation of treasury shares	(32,773)	32,773	-	-
Balance at 31 March 2023	**547,223**	**190,906**	**(104,592)**	**633,537**

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

FleetPartners Group Limited
Statement of Cash Flows
For the half-year ended 31 March 2023

	Consolidated	
	31 Mar 2023 $'000	**31 Mar 2022 $'000**
Cash flows from operations		
Receipts from customers	**392,273**	382,099
Payments to suppliers and employees	**(194,347)**	(192,072)
	197,926	190,027
Income tax paid	**(8,042)**	(4,933)
Interest received	**3,852**	219
Interest paid	**(28,319)**	(19,871)
Net cash inflow from operating activities	**165,417**	165,442
Cash flows from investing activities		
Purchase of items reported under operating leases reported as property, plant and equipment	**(181,312)**	(183,164)
Purchase of items reported under finance leases	**(71,379)**	(60,531)
Purchase of property, plant and equipment and intangibles	**(7,998)**	(2,804)
Proceeds from sales of inventory	**105,282**	138,850
Net cash outflow from investing activities	**(155,407)**	(107,649)
Cash flows from financing activities		
Proceeds from borrowings	**231,781**	220,030
Repayments of borrowings	**(181,860)**	(231,458)
Payment of lease liabilities	**(1,278)**	(1,641)
On market share buy back	**(32,366)**	(28,475)
Purchase of treasury shares	**(1,924)**	(7,327)
Exercise of options	**1,924**	-
Settlement of long term incentive plans	**-**	(1,207)
Net cash outflows from financing activities	**16,277**	(50,078)
Net increase in cash and cash equivalents	**26,287**	7,715
Cash and cash equivalents at the beginning of the financial half-year, net of overdraft	**238,233**	226,949
Exchange rate variations on New Zealand cash and cash equivalent balances	**4,614**	(2,214)
Cash and cash equivalents at end of the half-year, net of overdraft	**269,134**	232,450

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

1.0 Introduction to the report

1.1 Statement of compliance and basis of preparation

(a) Basis of preparation

These consolidated half-year financial statements represent the consolidated results of FleetPartners Group Limited (ACN 131 557 901) (referred to hereafter as the Group or FleetPartners). The financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, and with IAS 34 *Interim Financial Reporting*.

The financial statements do not include all of the information required for a complete set of annual financial statements and should be read in conjunction with the 2022 Annual Report. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 September 2022.

The financial statements are presented in Australian Dollars, which is the Group's presentation currency. The accounting policies and methods applied in the half-year report are consistent with those adopted and disclosed in the 2022 Annual Report, except for the adoption of new Accounting Standards (refer to Note 1.2).

Following approval from shareholders at the Annual General Meeting, the Group changed the name of the holding company from Eclipx Group Limited to FleetPartners Group Limited (ASX: FPR), effective 27 March 2023.

The financial statements were authorised for issue by the Directors on 5 May 2023.

(b) Significant accounting estimates and judgements

In preparing the half-year financial statements, management has made judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Significant judgements made by management in applying the Group's accounting policies and the key sources of estimate uncertainty were the same as those that applied in the 2022 Annual Report. Additional judgements impacting half-year financial statements are disclosed in Note 1.3 and Note 1.4.

1.2 New, revised or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised 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 March 2023 and are not expected to have any significant impact for the full financial year ending 30 September 2023. Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

1.3 Coronavirus (COVID-19) pandemic

Industry-wide delays for new vehicles caused by the global supply shortage of semiconductors, shipping vessel shortages and port congestion have resulted in significant increases in delivery times for many vehicles. These delays have constrained new business writings, which decreased by 12% compared to the half-year ended 31 March 2022.

A secondary consequence from delays for new vehicles has been the occurrence of inflated second-hand vehicle prices in Australia and New Zealand. This has resulted from the combination of increased demand and reduced supply. As a result, the business earned an average end-of-lease income per motor vehicle of $7,658 which is a decrease of $1,155 compared to the half-year ended 31 March 2022, but significantly above pre-COVID-19 levels.

At 30 September 2020 the Group recognised additional deferred revenue of $2.5 million to account for the decrease in utilisation of its fleet during the months of April 2020 to September 2020. The Group released $1.5 million of this deferred revenue to match the maintenance expenditure to the impacted leases during the 2021 financial year with the remaining $1 million released during the period October 2021 to March 2022.

For the half-year ending 31 March 2022, the Group released the $2.5 million provision relating to COVID-19 for impairment losses on finance leases and trade receivables. The COVID-19 provision was to account for the uncertainty surrounding the financial effects of COVID-19, at 31 March 2022 the financial effects became less uncertain and the provision was released.

1.4 Going Concern

These half-year financial statements have been prepared on the basis that FleetPartners is a going concern.

At 31 March 2023, the Group held unrestricted cash of $114.4 million and undrawn capacity under its corporate debt facilities of $78.0 million.

The Group notes that a substantial proportion of the income it generates is annuity-like in nature and therefore not susceptible to sudden, short-to-medium term downturns in the markets in which it operates.

Taken together, the combination of the current levels of liquidity and the annuity income streams of the Group provides significant levels of support over an extended period for the day-to-day operations of the Group.

The preparation of the financial statements as a going concern is appropriate.

2.0 Business result for the period

2.1 Segment information

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses, whose operating results are reviewed regularly by the Group's Chief Operating Decision Maker in assessing performance and in determining the allocation of resources.

The Group has identified three business segments, Australia Commercial, Novated and New Zealand Commercial. The segments have been identified based on how the Chief Operating Decision Maker monitors performance and allocates resources.

The segment information for the reportable segments for the period ending 31 March 2023 is set out below:

31 March 2023

	Australia Commercial $'000	**Novated $'000**	**New Zealand Commercial $'000**	**Total $'000**
Net operating income	73,847	8,350	26,930	**109,127**
Bad and doubtful debts	(704)	(105)	307	**(502)**
Operating expenses	(28,685)	(5,559)	(7,275)	**(41,519)**
EBITDA	**44,458**	**2,686**	**19,962**	**67,106**
Depreciation, amortisation and impairment	(2,983)	(318)	(1,154)	**(4,455)**
Share based payments	(1,004)	(156)	(445)	**(1,605)**
Operating finance cost	(2,599)	(351)	(473)	**(3,423)**
Amortisation of acquired intangibles	(1,243)	(203)	(21)	**(1,467)**
Significant material non-recurring items*	(165)	(5)	(111)	**(281)**
Tax	(11,014)	(496)	(4,972)	**(16,482)**
Statutory net profit after tax	**25,450**	**1,157**	**12,786**	**39,393**
Post-tax add-back of amortisation of acquired intangibles	917	142	15	**1,074**
Post-tax add-back of significant material non-recurring items	119	-	80	**199**
Net profit after tax including amortisation of software	**26,486**	**1,299**	**12,881**	**40,666**
Software amortisation and impairment (post-tax)	1,201	186	525	**1,912**
NPATA	**27,687**	**1,485**	**13,406**	**42,578**

* Significant non-recurring items relate to restructuring.

2.0 Business result for the period (continued)

2.1 Segment information (continued)

31 March 2022

	Australia Commercial $'000	Novated $'000	New Zealand Commercial $'000	Total $'000
Net operating income	88,353	9,939	33,241	131,533
Bad and doubtful debts	1,116	-	934	2,050
Operating expenses	(26,263)	(6,163)	(6,127)	(38,553)
EBITDA	63,206	3,776	28,048	95,030
Depreciation and amortisation**	(2,396)	(341)	(1,845)	(4,582)
Share based payments	(957)	(202)	(431)	(1,590)
Operating finance cost	(2,276)	(290)	(556)	(3,122)
Amortisation of acquired intangibles**	(1,301)	(275)	(9)	(1,585)
Significant material non-recurring items*	(537)	-	637	100
Tax	(16,802)	(801)	(7,236)	(24,839)
Statutory net profit after tax	38,937	1,867	18,608	59,412
Post-tax add-back of amortisation of acquired intangibles	910	192	7	1,109
Post-tax add-back of significant material non-recurring items	375	-	(458)	(83)
Net profit after tax including amortisation of software	40,222	2,059	18,157	60,438
Software amortisation (post-tax)	923	195	544	1,662
NPATA	41,145	2,254	18,701	62,100

* Significant non-recurring items relate to restructuring.

** Amortisation expenses not related to acquired intangibles have been reclassified to “Depreciation and amortisation” to allow comparability between the periods ended 31 March 2023 and 31 March 2022. As a result, total “Depreciation and amortisation” for the period ended 31 March 2022 amounted to $4,582,000 and total “Amortisation of acquired intangibles” amounted to $1,585,000. In the half year report for the period ended 31 March 2022, the classifications “Depreciation” totalled $2,237,000 and “Amortisation intangibles” totalled $3,930,000.

2.0 Business result for the period (continued)

2.2 Revenue

	Consolidated 31 Mar 2023 $'000	Consolidated 31 Mar 2022 $'000
From continuing operations:		
Finance income	**15,283**	11,354
Maintenance and management income *	**53,226**	52,240
Related products and services income *	**19,710**	19,376
Operating lease rentals	**121,731**	114,823
Brokerage income *	**3,517**	4,185
Sundry income *	**2,860**	1,426
End of lease income - Vehicle sales *	**104,021**	137,565
End of lease income - Other	**6,590**	6,771
Total revenue from continuing operations	**326,938**	347,740

** The above amounts for 2023 totalling $183,334,000 (2022: $214,792,000) represent the Group's revenue derived from contracts with customers, in accordance with AASB15.*

Net interest income

As part of the analysis of the revenues and direct cost of revenue, the Group also considers net interest income as a relevant metric for financial reporting purposes. Operating lease rentals reported under Revenue from continuing operations include an interest component. The net interest income recognised for operating and finance leases is presented below:

	Consolidated 31 Mar 2023 $'000	Consolidated 31 Mar 2022 $'000
Operating lease - interest income	**34,113**	29,044
Finance income	**15,283**	11,354
Lease finance costs	**(26,989)**	(15,967)
Net interest income	**22,407**	24,431

	Consolidated 31 Mar 2023 $'000	Consolidated 31 Mar 2022 $'000
Cost of revenue:		
Maintenance and management expense	**22,835**	19,615
Related products and services expense	**8,223**	6,687
Impairment charge/(release) on operating leased assets	**411**	(748)
Depreciation on operating leased assets	**84,325**	81,753
Cost of goods sold - Vehicles	**75,028**	92,933
Total cost of revenue	**190,822**	200,240

2.0 Business result for the period (continued)

2.3 Expenses

	Consolidated 31 Mar 2023 $'000	Consolidated 31 Mar 2022 $'000
Profit before income tax includes the following specific expenses:		
Depreciation and amortisation		
Plant and equipment - Fixture and fittings	**547**	533
Amortisation - Intangible assets	**1,467**	1,529
Software	**2,595**	2,401
Right-of-use-assets	**1,136**	1,704
Total depreciation and amortisation expense	**5,745**	6,167
Lease finance costs		
Notes payable interest and finance charges	**25,836**	18,246
Hedge loss/(gain)	**1,153**	(2,279)
Total lease finance costs	**26,989**	15,967
Operating finance costs		
Facility finance costs	**3,282**	2,700
Lease liabilities interest (where the Group is the lessee)	**141**	422
Total operating finance costs	**3,423**	3,122
Operating overheads		
Rental of premises	**402**	512
Technology costs	**4,136**	4,512
Restructuring costs	**281**	643
Other overheads	**5,554**	5,325
Total operating overheads	**10,373**	10,992

2.4 Earnings per share

	Consolidated 31 Mar 2023 $'000	Consolidated 31 Mar 2022 $'000
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share and diluted earnings per share		
From continuing operations	**39,393**	59,412

2.0 Business result for the period (continued)

2.4 Earnings per share (continued)

	Consolidated	
	31 Mar 2023 Number	31 Mar 2022 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**271,049,345**	291,028,481
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	**278,121,450**	308,519,902

	Consolidated	
	31 Mar 2023 Cents	31 Mar 2022 Cents
Basic earnings per share	**14.5**	20.4
Diluted earnings per share	**14.1**	19.3

3.0 Operating assets and liabilities

3.1 Property, plant and equipment

Consolidated	Plant and equipment $'000	Fixture and fittings $'000	Motor vehicles and equipment $'000	Total $'000
At 31 March 2023				
Opening net book amount	524	1,614	874,334	**876,472**
Additions	340	270	181,312	**181,922**
Transfers to inventory	-	-	(61,193)	**(61,193)**
Impairment (charge)/reversal	-	-	(411)	**(411)**
Depreciation charge	(217)	(330)	(84,325)	**(84,872)**
Foreign exchange variation	12	63	28,948	**29,023**
Closing net book amount	**659**	**1,617**	**938,665**	**940,941**
At 31 March 2023				
Cost	18,785	9,558	1,839,841	**1,868,184**
Accumulated depreciation and impairment	(18,126)	(7,941)	(901,176)	**(927,243)**
Net book amount	**659**	**1,617**	**938,665**	**940,941**

3.0 Operating assets and liabilities (continued)

3.1 Property, plant and equipment (continued)

Consolidated	Plant and equipment $'000	Fixture and fittings $'000	Motor vehicles and equipment $'000	Total $'000
At 30 September 2022				
Opening net book amount	707	3,122	850,485	854,314
Additions	206	668	347,252	348,126
Transfers to inventory	-	-	(125,025)	(125,025)
Disposals	-	(1,512)	-	(1,512)
Impairment (charge)/reversal	-	-	569	569
Depreciation charge	(380)	(597)	(162,952)	(163,929)
Foreign exchange variation	(9)	(67)	(35,995)	(36,071)
Closing net book amount	524	1,614	874,334	876,472
At 30 September 2022				
Cost	18,147	9,139	1,679,340	1,706,626
Accumulated depreciation and impairment	(17,623)	(7,525)	(805,006)	(830,154)
Net book amount	524	1,614	874,334	876,472

	Consolidated 31 Mar 2023 $'000	Consolidated 30 Sep 2022 $'000
Motor vehicle and equipment operating leases reported as property, plant and equipment		
Operating leases terminating within 12 months	**262,877**	249,104
Operating leases terminating after more than 12 months	**675,788**	625,230
	938,665	874,334
Net book amount of property, plant and equipment		
Plant and equipment	**659**	524
Fixture and fittings	**1,617**	1,614
	2,276	2,138
Total property, plant and equipment	**940,941**	876,472

3.0 Operating assets and liabilities (continued)

3.2 Intangibles

Consolidated	Brand Names $'000	Customer relationships $'000	Software $'000	Goodwill $'000	Total $'000
At 31 March 2023					
Opening net book amount	-	5,381	17,252	434,293	**456,926**
Additions	-	-	7,388	-	**7,388**
Amortisation charge	-	(1,467)	(2,595)	-	**(4,062)**
Impairment charge	-	-	(177)	-	**(177)**
Foreign exchange variation	-	-	353	7,536	**7,889**
Closing net book amount	**-**	**3,914**	**22,221**	**441,829**	**467,964**
At 31 March 2023					
Cost	18,721	29,342	91,949	441,829	**581,841**
Accumulated amortisation and impairment	(18,721)	(25,428)	(69,728)	-	**(113,877)**
Net book amount	**-**	**3,914**	**22,221**	**441,829**	**467,964**

Consolidated	Brand names $'000	Customer relationships $'000	Software $'000	Goodwill $'000	Total $'000
At 30 September 2022					
Opening net book amount	1,590	8,314	18,162	444,138	472,204
Additions	-	-	5,114	-	5,114
Amortisation charge	(124)	(2,933)	(4,829)	-	(7,886)
Impairment charge	(1,466)	-	(696)	-	(2,162)
Foreign exchange variation	-	-	(499)	(9,845)	(10,344)
Closing net book amount	-	5,381	17,252	434,293	456,926
At 30 September 2022					
Cost	18,721	29,342	82,193	434,293	564,549
Accumulated amortisation and impairment	(18,721)	(23,961)	(64,941)	-	(107,623)
Net book amount	-	5,381	17,252	434,293	456,926

3.0 Operating assets and liabilities (continued)

3.3 Receivables and Finance leases

The Group's gross exposure and related Expected Credit Loss (ECL) provision subject to impairment requirements of AASB 9 *Financial Instruments* are as follows:

	As at 31 March 2023			As at 30 September 2022		
	Gross carrying amount $'000	ECL provision $'000	Carrying amount net of provision $'000	Gross carrying amount $'000	ECL provision $'000	Carrying amount net of provision $'000
Net investment in finance lease receivables	331,686	(4,118)	327,568	329,657	(3,791)	325,866
Trade and other receivables	79,401	(3,462)	75,939	73,448	(3,196)	70,252
Total	**411,087**	**(7,580)**	**403,507**	**403,105**	**(6,987)**	**396,118**

The Group's total impairment provision on receivables and finance leases as at 31 March 2023 and 30 September 2022 are as follows:

	Net investment in finance lease receivables $'000	Trade and other receivables $'000
Opening ECL provision as at 1 October 2021	6,306	2,311
Increase / (Decrease) in ECL provision	(2,263)	875
(Write-offs) / Recoveries	(252)	10
Closing ECL provision as at 30 September 2022	**3,791**	**3,196**
Increase in ECL provision	504	318
Write-offs	(177)	(52)
Closing ECL provision as at 31 March 2023	**4,118**	**3,462**

4.0 Capital management

4.1 Borrowings

	Consolidated 31 Mar 2023 $'000	Consolidated 30 Sep 2022 $'000
Bank loans	**75,000**	75,000
Notes payable	**1,196,854**	1,119,195
Borrowing costs	**(2,993)**	(2,573)
Total secured borrowings	**1,268,861**	1,191,622
Amount expected to be settled within 12 months	**345,417**	313,631
Amount expected to be settled after more than 12 months	**923,444**	877,991
Total secured borrowings	**1,268,861**	1,191,622

Bank loans

Bank loans are secured by fixed and floating charges over the assets of the Group.

The carrying amount of assets pledged as security was $205,212,000 (Sep 2022: $187,972,000).

Notes payable

Notes payable are secured by fixed and floating charge over the motor vehicles and equipment that are leased to customers. The carrying amount of assets pledged as security was $1,420,969,000 (Sep 2022: $1,336,952,000).

Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	Consolidated 31 Mar 2023 $'000	Consolidated 30 Sep 2022 $'000
Loan facilities used at reporting date	**1,271,854**	1,194,195
Loan facilities unused at reporting date	**273,296**	393,859
Total loan facilities available	**1,545,150**	1,588,054

Financial covenants

The Group has complied with the financial covenants of its borrowing facilities as at 31 March 2023.

4.0 Capital management (continued)

4.2 Derivative financial instruments

Derivative financial instruments are measured at fair value.

	Consolidated	
	31 Mar 2023 $'000	30 Sep 2022 $'000
Interest rate swaps - cash flow hedges	**26,689**	39,679
Total derivative financial instrument assets	**26,689**	39,679
Amount expected to be settled within 12 months	**9,876**	12,763
Amount expected to be settled after more than 12 months	**16,813**	26,916
Total derivative financial instrument assets	**26,689**	39,679

4.3 Fair value

Financial asset/(liability)	31 Mar 2022 $'000	30 Sep 2022 $'000	Fair value hierarchy	Valuation technique and key input
Interest rate swap contracts - cash flow hedges	**26,689**	39,679	2	The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves

A description of the level in the hierarchy is as follows:

Level 2: The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an asset or liability are observable, these are included in level 2.

There were no transfers between levels for recurring fair value measurements during the period. With the exception of the fixed term loan, fair value of financial assets and financial liabilities approximate the carrying value.

The fixed term loan has a carrying value of $30,000,000 (Sep 2022: $30,000,000) and a fair value of $31,341,000 (Sep 2022: $32,029,000).

4.4 Dividends

No interim dividends were declared for half-year ended 31 March 2023 (2022: Nil).

5.0 Other

5.1 Related party transactions

For the half-year ended 31 March 2023, there have been no transactions with related parties (31 March 2022: Nil).

5.2 Events occurring after the reporting period

There were no matters or circumstances that occurred since the end of the reporting period that may materially affect the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

FleetPartners Group Limited
Directors' Declaration
For the half-year ended 31 March 2023

In the opinion of the Directors of FleetPartners Group Limited:

(a) The interim consolidated financial statements and notes thereto for the half-year ended 31 March 2023 are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 March 2023 and of its performance for the half-year ended on that date; and

(ii) complying with Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and

(b) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors of FleetPartners Group Limited:

Gail Pemberton AO
Chair

Sydney
5 May 2023

Independent Auditor's Review Report

To the shareholders of FleetPartners Group Limited (formerly known as Eclipx Group Limited)

Conclusion

We have reviewed the accompanying ***Interim Financial Report*** of FleetPartners 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 FleetPartners 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 March 2023 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Interim Financial Report*** comprises:

- Consolidated statement of financial position as at 31 March 2023.
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date
- Notes 1.0 to 5.2 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

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

Basis for Conclusion

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

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

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- 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 31 March 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

KPMG

Peter Zabaks
Partner

Sydney

5 May 2023