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ASX Announcement
Appendix 4E and 2025 Annual Report

Release date: 26 February 2026

In accordance with the ASX Listing Rules, Smartgroup Corporation Ltd (ASX: SIQ) encloses for release to the market:

- Appendix 4E, and
- 2025 Annual Report.

For further information, contact:

Scott Wharton
Managing Director and Chief Executive Officer 1300 665 855

Sophie MacIntosh
Group Executive: Legal, Risk & Corporate Affairs and Company Secretary 1300 665 855

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

Appendix 4E

Preliminary Final Report

1. Company details

Name of entity:	Smartgroup Corporation Ltd
ABN:	48 126 266 831
Reporting period:	For the year ended 31 December 2025
Previous corresponding period:	For the year ended 31 December 2024

2. Results for announcement to the market

		$'000			$'000
Revenues from ordinary activities	up	23,467	7.7%	to	329,309
Profit from ordinary activities after tax attributable to the owners of Smartgroup Corporation Ltd	up	3,845	5.1%	to	79,444
Profit for the year attributable to the owners of Smartgroup Corporation Ltd	up	3,845	5.1%	to	79,444

Dividends

	Amount per security	Franked amount per security	Record date	Payment date
Interim 2025 ordinary dividend	19.5	19.5	9 September 2025	23 September 2025
Final 2025 ordinary dividend determined	21.5	21.5	6 March 2026	20 March 2026
Special 2025 dividend determined	12.0	12.0	6 March 2026	20 March 2026

The final ordinary and special dividends had not been declared at the reporting date and therefore are not reflected in the consolidated financial statements.

3. Net tangible assets

	31 December 2025	31 December 2024
Net tangible assets per ordinary security	(37.37) cents	(40.18) cents

Net tangible assets per ordinary security is total net assets, excluding intangible assets, deferred tax assets, and right-of-use assets, divided by the number of ordinary shares on issue.

Additional Appendix 4E requirements can be found in the attached Directors' Report and the Financial Report. This report is based on the Smartgroup Financial Report 2025 which has been audited by KPMG.

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Annual Report 2025



Digital simplicity. Smart growth.

Smart Group

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Smart employer solutions.

Smartgroup is one of Australia's leading salary packaging, novated leasing and fleet management providers.

Our solutions help employers attract and retain talent by offering benefits that improve employees' financial wellbeing, while our fleet management services free up capital and simplify operations for organisations of all sizes.

Since our IPO in 2014, we have grown into the trusted partner for government, healthcare, education, corporate and not-for-profit sectors, supported by long-term contracts and a reputation for exceptional service.

With a team of around 800 employees nationwide, Smartgroup delivers benefits that save Australians time and money.

We are shaping a smarter tomorrow, accelerating the transition to sustainable transport and enabling customers to save millions through innovative salary packaging solutions. We help more than 580,000 customers across over 3,300 employers make life work better, by getting more from their pay.

By combining deep expertise with digital innovation, Smartgroup is creating smarter ways to deliver value, unlocking opportunities that drive financial wellbeing, operational efficiency, and a more sustainable future.

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.

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Delivering Sustainable Growth

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Operational highlights

More than 580,000 customers across Australia maximised their take-home pay via salary packaging through Smartgroup in 2025

Growth in novated leasing with 85,300 novated leases under management

New services delivered to customers via partnerships with Finspo, Karmo and BMW Financial Services

Expanded fleet funding offering with an external funding provider, while maintaining a capital light business model

$1.6 million directed to revegetation and biodiversity projects through customer contributions to our Carbon Offset Program

24% increase in attendance at customer education webinars, with 36,480 registered participants

Recognised by Diversity Council Australia as an Inclusive Employer for 2025-2026, a citation held since 2019

Ranked in the 85th percentile in the S&P Global Corporate Sustainability Assessment for 2025

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Financial highlights

Revenue
$329.3m
2024 —— $305.8m
↑ 8%

EBITDA[1]
$135.3m
2024 —— $118.7m
↑ 14%

NPATA[2]
$80.2m
2024 —— $72.4m
↑ 11%

Statutory NPAT
$79.4m
2024 —— $75.6m
↑ 5%

Dividends[3]
53.0 cps
2024 —— 48.5 cps
↑ 9%

EPS[4]
59.1 cps
2024 —— 54.1 cps
↑ 9%

Operating cash flow[5]
122%
2024 —— 108%

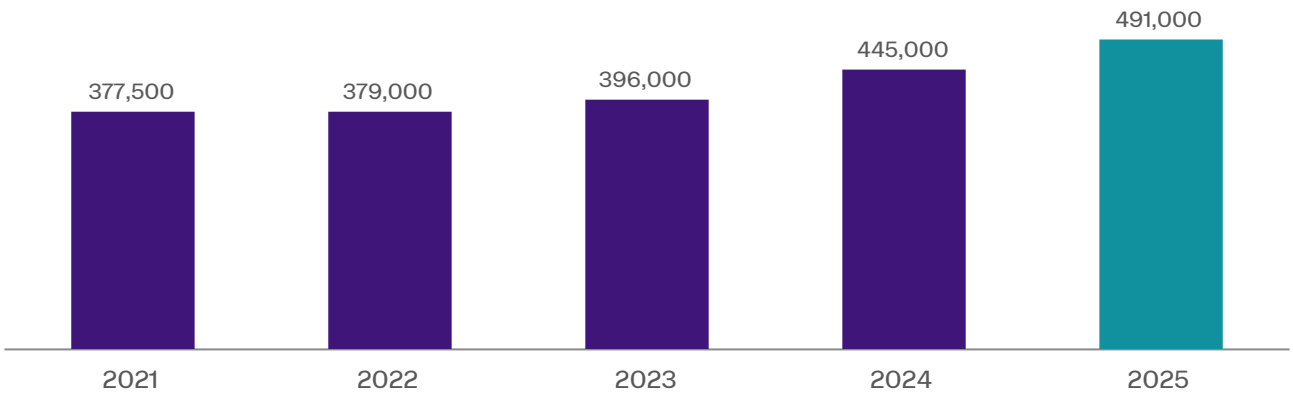
Net debt[6]
$38.1m
2024 —— $45.4m

1. EBITDA is earnings before interest, tax, depreciation and amortisation adjusted for significant non-operating items. Refer to the Reconciliation of Statutory Results to Adjusted Results for further details.
2. NPATA is net profit after tax adjusted to exclude the non-cash tax-effected amortisation of intangibles and significant non-operating items. Refer to the Reconciliation of Statutory Results to Adjusted Results for further details.
3. Includes Interim, Final and Special Dividends
4. Earnings per share (EPS) is NPATA divided by closing issued capital.
5. Operating cash flow excludes receipts and payments from customers' salary packaging accounts and significant non-operating items, stated as a percentage of NPATA.
6. Net debt is cash and cash equivalents less corporate borrowings adjusted to exclude capitalised borrowing costs and vehicle borrowings.

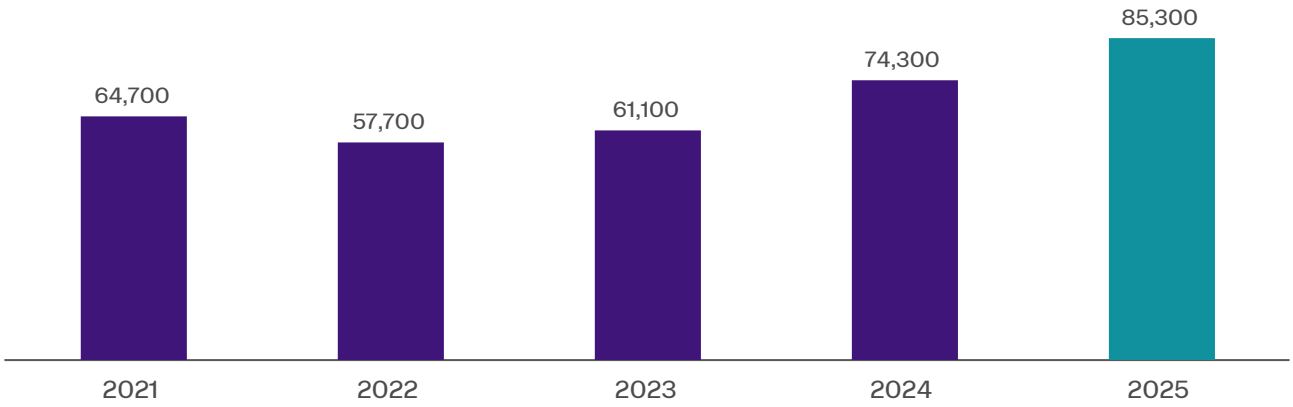
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5 year historical data

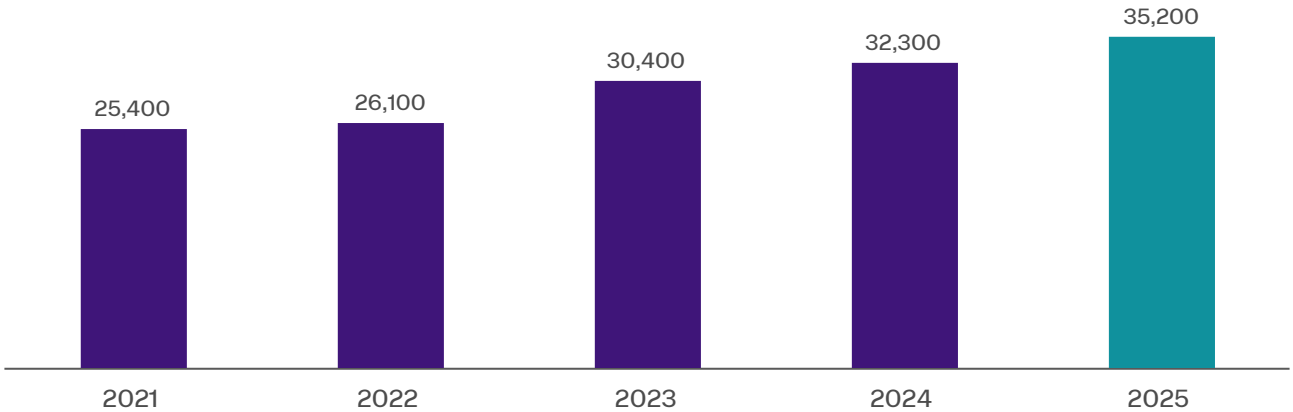
Salary packaging customers



Novated leases under management

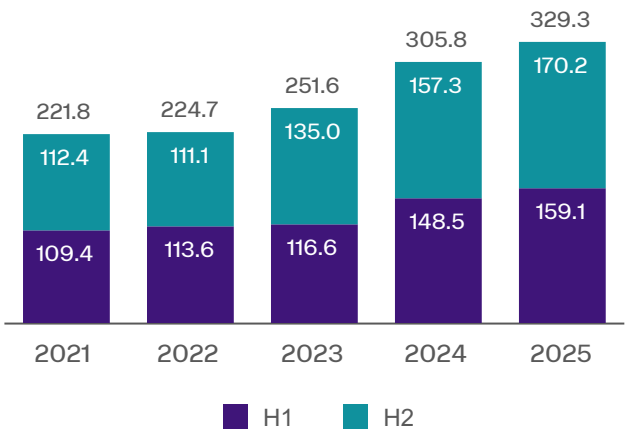


Fleet vehicles

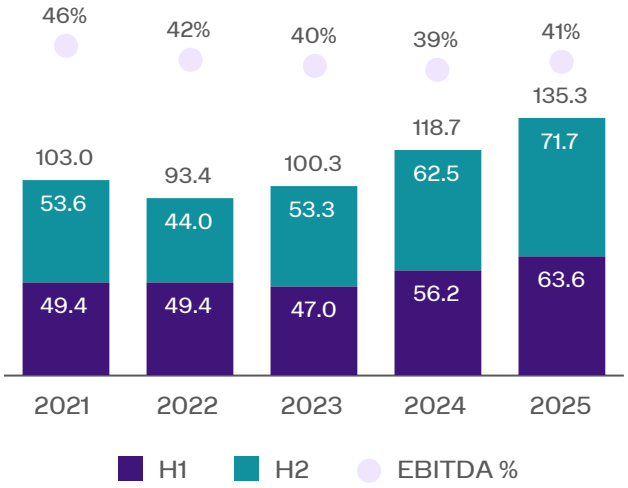


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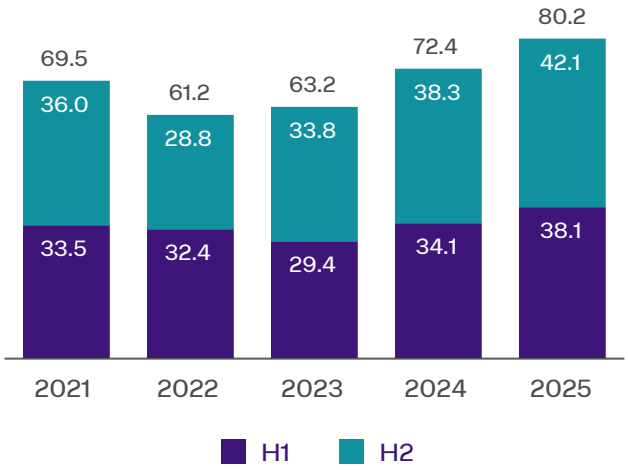
Revenue ($m)



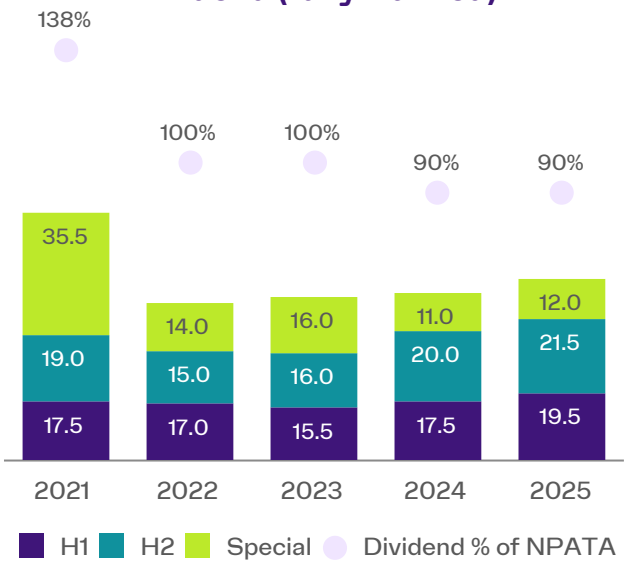
EBITDA ($m)



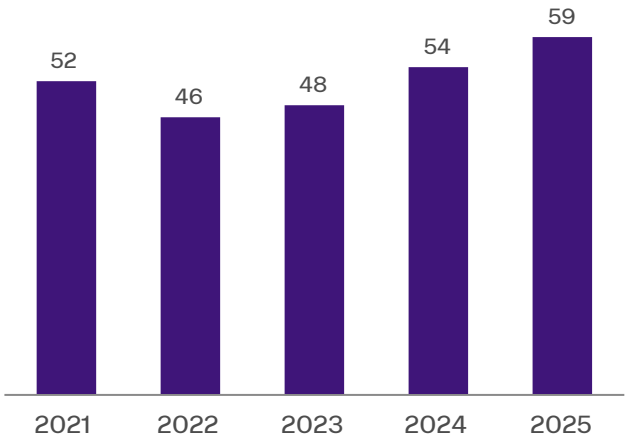
NPATA ($m)



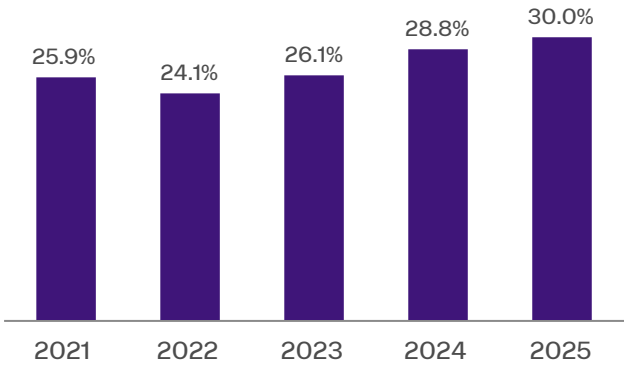
Dividend (fully franked)[1]



Earnings per share[2] (EPS) (cents per share)



Return on equity[3] (ROE)



1. 2023 special dividend is an interim dividend in respect of the 2024 financial year.
2. Earnings per share is NPATA divided by closing issued capital.
3. Return on equity is NPATA divided by average shareholders' equity.

A year of disciplined execution and growth



John Prendiville —— Chair

2025 was a year of disciplined execution and continued strategic momentum for Smartgroup. Amid evolving market dynamics, the Group delivered strong financial performance, deepened customer relationships, and accelerated progress on its strategic roadmap. We welcomed new clients across all segments, while retaining all major contracts up for renewal. Our focus remains clear, to build a resilient, scalable, and customer-centric platform and deliver sustainable value for shareholders.

Strategic roadmap and progress

Smartgroup's multi-year strategic priorities, announced in February 2024, continue to be delivered. In 2025, we made meaningful progress across all four priorities: 1. a customer-focused, digital and efficient salary packaging offering, 2. novated leasing leadership, 3. innovation of propositions, and 4. targeted investment in fleet capability. Together, these priorities have driven a series of initiatives that are reshaping our operating model, elevating customer experience, and positioning the Group for scalable growth.

We are particularly encouraged by the early impact of our digital investments. These investments are not only expanding our addressable market but also increasing participation within our existing client base and unlocking cross-sell opportunities across salary packaging, novated leasing and fleet. This is core to our strategy of driving growth through new clients and deeper customer relationships.

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Strong performance

In 2025, Smartgroup delivered record customer numbers across all core product lines. Novated leases under management reached 85,300, supported by strong demand and improved vehicle supply. Active salary packaging customers increased to 491,000, driven by new client wins and deeper engagement with existing clients. Our fleet business also expanded, reaching 35,200 managed vehicles. These results reflect the strength of our proposition and the growing relevance of our services.

The Group's financial results reflect this momentum. Revenue grew 8% compared to 2024, to $329.3 million in 2025, underpinned by strong novated leasing volumes and new client growth. EBITDA increased 14% to $135.3 million in the same period, with margin expanding to 41%, an indication of the scalability and leverage of our platform and disciplined cost management. Net Profit After Tax and Amortisation (NPATA) rose 11% compared to 2024 to $80.2 million this year and return on equity (ROE) improved to 30%. Statutory NPAT increased 5% to $79.4 million.

Strong leadership, clear direction

The Board is pleased with the progress made by Smartgroup's executive leadership team over the past year. The reshaping of the leadership team in 2024 was fundamental in generating the results we delivered this year. The team has clarity of purpose, and a renewed energy and sense of momentum that is evident across the organisation.

Importantly, we have continued to embed more agile and responsive ways of working across the organisation. This evolution is enabling faster decision-making, clearer accountability, and stronger alignment with customer needs and commercial outcomes. These changes are driving improved execution and positioning Smartgroup for long-term success.

The values that underpin Smartgroup's ambition are now taking solid shape. Through these values the customer is firmly positioned at the forefront of our thinking and decision-making. We help Australians unlock more from their pay and life choices by delivering smarter benefits through simple, accessible technology and real human support, creating value for customers and growth for clients and partners.

An empowered future through ESG

During the year, we published our new sustainability strategy, detailing our vision to 2028 and commitments on how we will reduce our impact, support clients and customers to make more sustainable choices and build a more resilient business for the years ahead. The new sustainability strategy was informed by extensive stakeholder consultation and an updated ESG double materiality assessment, which helped us narrow our focus to those areas which best align to our corporate strategy and where we have the greatest opportunity to deliver positive social and environmental impact.

EBITDA —— $135.3m

↑14%

Improvement on previous year of $118.7m

We continued to invest in creating positive social impact, including through our Smartgroup Foundation. The Foundation awarded 20 grants totalling almost $250,000 to community groups delivering tangible outcomes to promote more inclusive communities, enhanced financial wellbeing and the protection and restoration of our natural environment. We also committed almost $1.2 million in sponsorships for community focused initiatives and events in the education, health and defence sectors.

Diversity and inclusion remained a focus, earning us Inclusive Employer recognition from Diversity Council Australia for the 6th year. We concluded our two-year Innovate Reconciliation Action Plan (RAP) in December, with key achievements including the onboarding of a number of First Nations businesses within our supply chain. We are now working towards publishing a second Innovate RAP in 2026.

Investing for growth and returns to shareholders

Smartgroup's capital-light business model continues to underpin strong cash generation and a resilient balance sheet. This financial strength enables us to invest confidently in growth while consistently delivering significant, fully franked dividends to shareholders.

During 2025, we invested $26.2 million on various projects and initiatives ($23.5 million in 2024) in our pursuit of clear objectives, according to our multi-year strategic plan. $12.6 million of this $26.2 mllion was capitalised technology expenditure. Our 2026 technology capital investment is expected to be between $11 million and $13 million, in line with the last two years, this represents 3% to 4% of 2025 Revenue.

The Board declared a fully franked final ordinary dividend of 21.5 cents per share (cps) for the 2025 year. Combined with the interim fully franked dividend of 19.5 cps, that brings ordinary dividends declared to 41.0 cps for 2025. The Board also declared a fully franked special dividend of 12.0 cps as a further return to shareholders, bringing total fully franked dividends to 53.0 cps for the 2025 year. The total franked dividends paid to our shareholders since listing is $603.5 million, excluding these dividends payable in March 2026.

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Powering the EV transition

The Federal Government's Electric Car Discount Policy has been a catalyst for change in Australia's automotive market. Introduced in July 2022, the policy accelerated EV adoption and is reducing transport emissions. In just three years, the EV market in Australia has grown from less than 2% of new vehicle sales to around 10%, supported by a broader range of models and more affordable price points.

Smartgroup has played a pivotal role in enabling this transition by making EV ownership accessible through novated leasing. Our market-leading proposition and digital platforms have simplified the process for customers, while our education initiatives have helped thousands of Australians understand the benefits of EV leasing, ensuring that the Government's policy translates into real outcomes for customers and employers nationwide.

As legislated, the Government has commenced a statutory review of the Electric Car Discount Policy to assess its operation over the first three years. Led by Treasury and the Department of Climate Change, Energy, the Environment and Water (DCCEEW), the review findings will help inform broader policy development on how to continue expanding electric vehicle choices for more Australians and bring transport emissions down.

Positioned for sustainable growth

Smartgroup ended 2025 with strong momentum and a clear pathway for growth. We operate in an attractive market with significant opportunities to deepen our relationships across our existing client base of around 2.5 million eligible employees, expand into corporate and SME segments, and grow fleet services.

Digital transformation remains a cornerstone of our growth strategy. The launch of smart.com.au and enhancements to our car leasing portal have improved engagement and conversion. Investments in automation and artificial intelligence will continue to drive operational efficiency and enable personalised experiences at scale.

Strategic partnerships are expanding the reach of our digital platform and enhancing our value proposition. Collaborations including BMW Financial Services and Karmo are opening new distribution channels for novated leasing, enabling us to connect with customers in innovative ways. Beyond vehicle leasing, partnerships with Finspo and Intellihub are broadening our employee benefits offering, providing mortgage referral services and sustainable energy solutions such as solar, battery and EV charging. These initiatives are delivering a great experience to our partners as well as employees using our platform.

Fleet remains a key growth area. Our ambition to expand in this segment is supported by third-party financing arrangements that preserve our capital-light model, including our newly announced partnership with Volkswagen Financial Services. These partnerships enable Smartgroup to scale efficiently and deliver flexible solutions to meet client needs.

Final Dividend

21.5 cps

Fully franked final ordinary dividend for 2025. And special dividend of 12.0 cps fully franked.

Looking ahead

The operating environment continues to evolve, presenting both challenges and opportunities. While inflation and higher interest rates have tempered consumer sentiment, demand for value-driven solutions remains strong. Cost-of-living pressures are prompting individuals and employers to seek smarter ways to maximise financial wellbeing and attract talent, creating a favourable backdrop for our offerings.

In 2026, we remain focused on executing our strategic priorities, enhancing customer experience, expanding our product offering, and driving operational efficiency.

The Group is well positioned; with sizeable projects scheduled for 2026. Based on current market conditions, the Group is targeting an EBITDA margin in the mid-forties during 2027. With a technology-enabled platform, Smartgroup is well positioned to scale efficiently, respond to evolving customer needs, and deliver sustainable value creation in 2026 and beyond.

Closing remarks

On behalf of the Board, I would like to extend my sincere thanks to our clients, customers, investors, and the entire Smartgroup team. Your continued support and commitment are the foundation of our success. We remain focused on delivering smarter benefits for a smarter tomorrow - through innovation, discipline, and a relentless focus on customer experience.

I also wish to express my deep appreciation to my fellow non-executive directors for their thoughtful oversight and guidance, which have been instrumental in shaping Smartgroup's direction and priorities.



John Prendiville
Chair

Driving scalable growth through digital



Scott Wharton —— Managing Director and CEO

2025 was a year of strong execution, customer growth, and continued transformation for Smartgroup.

We built on the momentum of 2024, delivering record operational performance while deepening our strategic capabilities. Our focus remained on simplifying our business, scaling our platform, and enhancing the experience for our clients and their employees.

I am proud of the progress we have made, and am confident in our ability to unlock even greater value as we enter a new year focused on our customers, improved penetration across our client base, and the disciplined execution of our Strategic Priorities announced in February 2024.

Smarter Experiences

Our customers, both employer clients and their employees, are at the heart of everything we do. In 2025, we made significant strides in renewing the majority of our front-end digital assets, improving customer experience and expanding our digital reach.

We launched a new digital salary packaging sign-up journey, simplifying onboarding and improving accessibility. Feedback has been positive.

Our enhanced car leasing portal continues to deliver a seamless end-to-end experience, from quote to credit application, and throughout 2025, we made additional improvements to the platform. The portal represents a dramatically improved digital experience for our customers and has increased digital conversion.

Smart.com.au, our unified digital home, has attracted around 3 million users in the first year since launch in late 2024. It brings together our salary packaging and

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novated leasing offerings in one intuitive platform, making it easier for customers to engage with us how and when they want.

We also continued to simplify our processes and systems to support a single brand, Smart. This simplification will enable us to focus our marketing, technology, and service investments more effectively, while delivering a consistent and compelling experience to our customers.

These digital investments are not just improving customer experience, they are creating a unified platform that enables us to scale efficiently across salary packaging, novated leasing, and fleet services.

As we move into 2026 and advance our strategic roadmap, improvements will include a new app, technology modernisation and further consolidation of our brands to simplify operations.

Smarter Products

We expanded our product offering in 2025 to meet more customer needs, deepening our salary packaging, employee benefits, novated leasing and fleet propositions. Our vision remains clear: to support our clients and their employees with smarter benefits to help them unlock more.

Novated Leasing

15% increase in 2025 to a record

85,300



Novated Leasing

In novated leasing, we continue to grow vehicles under management to record numbers, 85,300 vehicles, an increase of 15% compared to 2024. The strong growth was underpinned by demand-generating activities and new clients wins.

Our proposition generated solid novated leasing demand for both electric and internal combustion vehicles. While the EV share of our novated lease portfolio is growing, ICE vehicles remain an important and growing part of our business. In 2025, the number of ICE new car lease orders increased 4% compared to 2024.

We continue to help our customers make more sustainable choices, by providing vehicle specific Environmental and ANCAP ratings on novated lease quotes and educational materials about sustainable car usage. We also continued to offer our Carbon Offset Program to help our customers offset the emissions generated by their vehicles, with these funds invested into re-vegetation and biodiversity projects across Australia.

Yield remains a key focus for management and in 2025, yield was stable compared to 2024. Smartgroup will maintain its focus on sustaining yield.

In 2025, we continued to strengthen our novated leasing proposition through strategic partnerships and digital innovation. Our collaboration with BMW Financial Services has enabled us to introduce new leasing products tailored to evolving customer needs, particularly in the premium automotive segment. This partnership complements our broader strategy to expand distribution channels and enhance customer experience, while supporting our ambition to scale our digital leasing platform in 2026 and beyond. Alongside, we also launched partnerships with Qantas in 2024, further enriching our offering and unlocking new avenues for growth.

Our investment in technology is also enabling greater digital servicing and improved experiences for our clients and their employees, reducing the need for manual processing and improving efficiencies in our novated leasing business. This will continue to be an area of focus for the Group.

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Salary Packaging

Salary packaging remains a fundamentally attractive market where Smartgroup maintains a strong leadership position, with recurring revenues and a gateway into novated leasing.

In 2025, we continued to grow our customer base to record numbers, we have been successful in winning Monash Health and Grampians Health in Victoria. We were also added to the Tasmania Government and Transport for NSW leasing panels, and we won a range of new corporate clients.

Since we announced our Strategic Priorities in February 2024, our eligible customer base grew 14%, and active customer penetration had a relative improvement of 9%. Our approach to improving customer uptake combines enhanced account management, tailored activation strategies, targeted digital marketing and customer data and analytics.

During the year we also expanded our employee benefits proposition with Intellihub and Finspo partnerships. We remain focused on evolving our offering to meet the diverse needs of more customers, while capturing the benefits of scale through efficient and simplified processes.

In December 2025, Smartgroup had 491,000 active salary packaging customers, a 46,000 increase on December 2024. However, many customers maximise their Fringe Benefits Tax (FBT) caps prior to December each year and restart packaging in April at the beginning of the next FBT year. Allowing for these, we provided salary packaging services to approximately 584,000 customers in the 12 months to December 2025.

Fleet

Our fleet business continues to grow, with vehicles under management reaching 35,200 in December 2025, an increase of 9% year-on-year.

In 2025, Smartgroup accelerated its fleet strategy, broadening our product offering and strengthening our presence in the mid-market. Among other initiatives, we launched third-party financing, an important step enabling Smartgroup to deliver tailored financing solutions for mid-sized clients. This partnership is one component of a wider strategy to build differentiated, client-centric solutions that are scalable and aligned with our capital-light business model.

The feedback from clients has been overwhelmingly positive, reinforcing the strength of our Smartgroup capability and validating our approach to innovation in fleet services. Looking ahead, we will continue to invest in fleet capabilities and explore additional partnerships to deepen value for clients and drive sustainable growth.

With a renewed focus on fleet growth, we are excited about the opportunity to become a significant player in this segment and keep on building momentum into 2026.

Working Smarter

In 2025, Smartgroup continued to invest in our core business and our people to enable smarter, more scalable ways of working. Our teams are driving this transformation, bringing energy, capability, and a renewed sense of purpose that is helping us attract more clients, deepen relationships, and deliver greater value to our customers.

Our people are at the heart of this shift. We introduced new company values that reflect who we are and how we work - focused, collaborative, and energised by purpose. These values are resonating across the organisation, and the energy in the business is stronger than ever.

To support our teams, we rolled out tools, training, and digital enablement programs that make working smarter easier. Our generative AI deployment across contact centres is already delivering measurable improvements - faster call resolution, quicker onboarding, and better customer insights.

Over the year, we have also improved our digital product and technology capabilities in our team to ensure we continuously enhance our digital assets. These capabilities will ensure that our products remain market-leading and continue to meet customer needs into the future.

As we look ahead, we are building scalability into every part of our business, modernising our technology estate, streamlining processes, and strengthening our IT controls and governance. These efforts are positioning Smartgroup to deliver even greater efficiency and customer experience as we scale and continue to work smarter.

Active salary packages

10% increase in 2025 to

491,000



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Outlook - Building for the future

In 2025, Smartgroup continued to deliver strong shareholder value. We achieved record financial and operational performance, with double-digit growth in EBITDA and NPATA, and growth in EBITDA margin to 41%. Our customer base expanded significantly across salary packaging, novated leasing, and fleet, supported by new client wins and deepened relationships.

At the same time, our strategic priorities are laying the foundation for scalable, sustainable growth. We made strong progress across all fronts, including the launch of new digital assets, expansion of partnerships, and enhanced AI capabilities.

Smartgroup has evolved from a service provider administering employee benefits and fleet programs to a digital platform that seamlessly connects employer-clients, employees, and partners in smarter, more scalable ways. This evolution is supported by a customer-first service focus that enhances responsiveness, trust and long-term client relationships.

Looking forward, we remain focused on executing our strategic roadmap. 2026 will be a pivotal year of technology investment and change delivery. These investments will position us to realise scale benefits and further elevate performance. Based on current market conditions, we are targeting EBITDA margins to be in the mid-40s during 2027. This target reflects our confidence in the scalability of our digital platform and the efficiency gains from ongoing digital investments and AI-automation.

Beyond 2027, we see opportunities to expand our product offering, deepen client relationships, and to grow shareholder value through disciplined execution and innovation.

With gratitude

I want to thank our clients and their employees, our customers, for their trust and engagement. I also extend my gratitude to our investors for their continued support.

To our people: thank you. Your energy, commitment, and passion are what make Smartgroup thrive. You are helping us build a smarter tomorrow, and I am excited for what we will achieve together in the years ahead.

Finally, my thanks to the Board for their guidance and partnership. Together, we are building a business that is resilient, innovative, and ready for the future.

Scott Wharton

Scott Wharton
Managing Director and CEO





Delivering on our Strategic Priorities

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Smartgroup continues to execute on its multi-year strategy announced in February 2024, delivering strong progress across all four Strategic Priorities during 2025.

Our focus remains on Smarter Experiences, Smarter Products and Working Smarter while enhancing customer experience, driving operational efficiency, and building a scalable platform to support future margin expansion.

Smartgroup operates in a highly attractive market with significant room for growth. Across our client base, we have access to approximately 2.5 million eligible employees, yet current penetration remains well below its potential. Since we announced our Strategic Priorities in February 2024, we achieved a 9% relative improvement in active customer penetration, supported by enhanced digital engagement and targeted activation strategies. This progress demonstrates the effectiveness of our approach and highlights a clear pathway to unlock further value by deepening relationships within existing clients and expanding uptake of salary packaging, novated leasing and new product offerings.

At the same time, we are broadening our addressable market through new client wins and distribution partnerships, while also unlocking growth in fleet. By leveraging our scale and digital capabilities, we aim to deepen relationships with existing clients and attract new ones in this growing segment.

2025 marked a year of accelerated execution on our multi-year strategy, delivering record customer growth and digital milestones that position Smartgroup for scalable, sustainable expansion.

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Building a scalable digital platform for growth

Our strategy is centred on simplifying customer journeys, integrating advanced technology, and leveraging automation to drive efficiency and growth. By consolidating brands and modernising our technology, we are building a unified platform that supports salary packaging, novated leasing, and fleet at scale.

This platform approach enables us to deliver consistent, high-quality experiences across all customer touchpoints while unlocking operational efficiencies. Investments in AI and data analytics are enhancing decision-making and personalisation, ensuring we meet evolving customer needs with agility. Our digital assets, such as smart.com.au and the enhanced car leasing portal, are designed for scalability, allowing us to serve more customers without increasing complexity or cost.

Strategic Priorities in 2025

The first priority, creating a customer-focused, digital and efficient salary packaging offering, saw significant advancements. We launched a new digital sign-up journey that simplifies onboarding and improves accessibility for customers. This initiative, combined with automation and AI-driven enhancements, delivered a 16% improvement in customers per operations FTE compared to the prior year.

Our new digital home, smart.com.au, has attracted around 3 million users since launch in late 2024, providing a seamless experience for salary packaging and novated leasing. We also embedded AI-driven sentiment analysis across all customer interactions, enabling faster insights and improved service quality. These initiatives, alongside the alignment of brand, systems and operations, have strengthened our ability to scale efficiently.

In novated leasing, Smartgroup reinforced its leadership position. Our proposition generated solid novated leasing demand for both electric and internal combustion vehicles, with settlements increasing 7% in 2025. Importantly, internal combustion engine orders also grew, underscoring the relevance of our offering across all vehicle types.

We enhanced our car leasing portal with new features such as test drive bookings, recommendation tools and improved vehicle search functionality, while adapting the platform to support distribution partners. These improvements have elevated the customer experience and expanded our reach.

Innovation remains central to meeting evolving customer needs. During the year, we operationalised our partnership with Intellihub to deliver solar, battery and energy optimisation solutions, supporting customers in their transition to renewable energy.

We also expanded our distribution channels through partnerships with BMW Financial Services and launched a mortgage referral offering with Finspo. These initiatives broaden our benefits portfolio and strengthen our value proposition.

Growing customers

~2.5 million

potential customers in existing client base.

491,000

active salary packaging customers, and over 120,000 vehicles managed across novated leasing and fleet portfolios.

Our fourth priority, targeted investment in fleet capabilities, also progressed well. We accelerated our fleet strategy, broadening our product offering and strengthening our presence in the mid-market. Among other initiatives, we launched third-party financing, an important step enabling Smartgroup to deliver tailored financing solutions for mid-sized clients.

Integrating our financial and social impacts

We remain committed to doing right by our people, our clients, communities and the environment. These long-held values are embedded in our strategy and align with stakeholder expectations. Our sustainability strategy continues to complement our business objectives, ensuring we deliver value responsibly and transparently.

Scaling for tomorrow

Looking ahead, we remain focused on accelerating the next phase of our strategic roadmap. This includes consolidating brands and modernising technology infrastructure to improve scalability. We will continue to leverage AI and automation to improve customer experience and reduce cost-to-serve.

Our transformation is not just about technology, it is about making our services simpler, more accessible, and more impactful for customers and clients. Whether helping Australians manage cost-of-living pressures or supporting their transition to electric vehicles, Smartgroup's ambition is to deliver smarter benefits for a smarter tomorrow.

Our focus remains on creating a resilient, capital-light business model powered by technology. This foundation positions Smartgroup to expand margins, accelerate growth, and deliver sustainable value for shareholders, clients, and customers alike.

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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

- 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

Leadership in Novated Leasing via EVs

- Maintain a market-leading proposition for EVs through sustained digital investment
- Accelerate our digital sales engine

Innovation of propositions to meet growing customer needs

- Expand our novated leasing offering to meet a broader set of needs
- Scale our benefits program

Targeted investment in fleet capabilities

- Continue to support client demand for tailored products
- Increase capability via expanded fleet funding offerings

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Case study

From showroom to salary packaging



Smart and BMW make driving away a breeze

Our core salary packaging brand Smart™ teamed up with BMW Financial Services during 2025 in an Australian first partnership that is turning heads, and turning keys.

The innovative collaboration is bringing the novated leasing experience into BMW and MINI dealerships, making it faster and easier for Australian workers to drive away a new or used car, while also unlocking financial benefits and tax savings.

The partnership, launched in May, enables customers to initiate the process, from choosing their vehicle to completing key steps to finance with a novated lease on-site at a BMW dealership, with expert support and no paperwork headaches. The fully maintained lease bundles running costs like servicing, tyres, registration, insurance, and fuel into one regular payment. A portion of this payment is drawn from the employee's pre-tax salary, reducing taxable income and delivering significant savings.

For electric vehicles, the benefits are even greater, with a number of options within the BMW and MINI range eligible for the Fringe Benefits Tax exemption, which applies to vehicles priced below the luxury car tax threshold of $91,387.

BMW Financial Services CEO May Wong says the partnership has been a great success and is expected to grow from strength to strength.

"Our collaboration with Smart™ has allowed us to reimagine the novated leasing experience," Ms Wong says.

"By combining BMW's premium dealership environment with the digital capability of Smart™, we have created a seamless, end-to-end process that genuinely puts the customer first. It is a great example of how two like-minded organisations can come together to innovate with purpose.

"What stands out most is the speed at which customers have embraced this product. Since launch, we have seen a strong uplift in both enquiries and conversions across participating dealers month-on-month for the BMW Novated Lease and MINI Novated Lease powered by Smart™. Feedback from both customers and employers reinforces that the convenience of finalising everything on-site is a genuine differentiator in the market."

Ms Wong also noted that Smart™ has worked to become a genuine partner, supporting BMW and MINI dealerships and customers at every step of the journey.

"This partnership reflects our shared commitment to innovation, sustainability, and customer experience," she says.

"By making novated leasing more accessible, and particularly by supporting the adoption of electric vehicles through the current FBT exemption, together we are helping more Australians make the switch to low emission mobility in a way that is both smart and financially rewarding.

"Ultimately, this innovative partnership shows how finance can be a powerful enabler of change and redefine how customers experience mobility in a rapidly evolving landscape."

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Case study

Smart partnership delivers financial wins, feel-good moments



Partnership driving positive outcomes for Mercy Health employees

Smart's partnership with longstanding salary packaging client Mercy Health is delivering more than tax savings, it is helping aged care and health workers across the Mercy network feel valued, supported and celebrated for the incredible work they do every day.

Mercy Health is one of Australia's leading Catholic not-for-profit healthcare providers, delivering hospital, aged care and community services across the country.

More than 11,000 Mercy employees are eligible to salary package with Smart, allowing them to stretch their budget further by using pre-tax income to pay for everyday living expenses like groceries, rent and mortgage payments, and meals and entertainment. Mercy employees packaging with Smart could collectively save upwards of $40 million in tax annually[1] by maximising their salary packaging cap, putting more money in their pockets each week.

Smart has also helped support the wellbeing of Mercy's dedicated workers, via the Mercy Foundation, aligning to our focus on creating positive social impact in the communities in which we operate.

In 2025, Smart funded three new scholarships dedicated to Allied Health workers, empowering them to undertake innovative projects that enhance care for people at every age and stage of life. Smart also honoured healthcare heroes across NSW and Victorian sites with special gifts and experiences for International Nurses and Midwives Day, and R U Ok Day.

Mercy Health Foundation's General Manager of Partnerships and Communities, Mark Trayling, says the support from Smart has made a real difference.

> "These generous gestures bring joy and recognition to our incredible teams. We are so grateful for Smart's support and their shared commitment to care."

Mark Trayling
Mercy Health Foundation



Salary package savings

$40m

in potential annual savings for Mercy employees[1]

1. Calculation assumes that existing Mercy participants at February 2026 (1) package up to the total $15,900 cap available to them as a Public Benevolent Institution 30 employee; and (2) earn a salary of at least $65,000 gross per annum.



Our people

Working Smarter

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At Smartgroup, our people are at the heart of everything we do. They shape the experience we deliver to our customers and clients, and their commitment drives our success.

In 2025, we continued to invest in creating a workplace where every team member feels valued, supported, and empowered to do their best work.

Our focus remains on enabling performance by building capability, fostering engagement, and building a culture where diversity and inclusion are celebrated.

Our new Values



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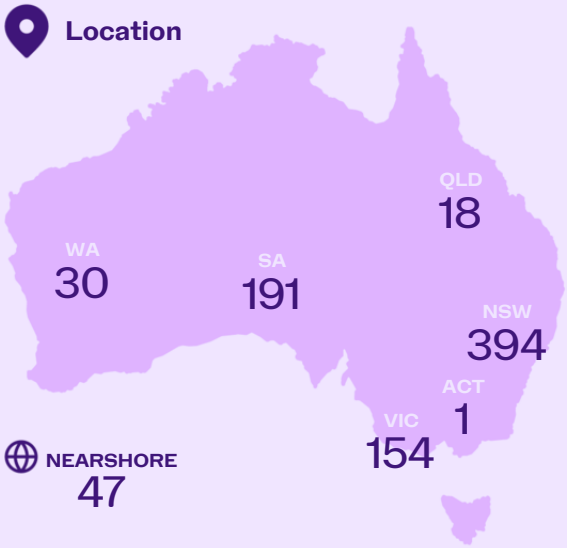
Our people by numbers

Total workforce

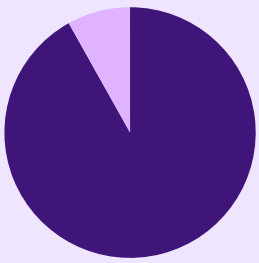
909

(incl 788 Australian employees, 47 international and 74 other onshore workers including agency temps and independent contractors)

Location



Employees



Full-time	91.9%
Part-time	8.1%

Employee tenure

<1 year	177
1–2 years	111
3–5 years	241
6–10 years	117
10+ years	142

Employee gender split



Male	50.4%
Female	49.6%

Employee levels

Self leader	624
Professional leader	31
People leader	87
Senior leader	21
Group leader	17
Executive	7
CEO	1

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Developing and engaging our team members

Our new values, launched in February 2025, have been embedded across the employee experience through leader-led sessions, updated policies, and everyday recognition. These values now guide recruitment, induction, performance and development, and are measured through twice-yearly listening surveys. Employee engagement remained steady with 94% of respondents agreeing that they understand how to demonstrate our values in their role.

We are committed to helping our people grow their careers and thrive. In 2025, we delivered targeted learning and leadership development initiatives. Our engagement programs continue to focus on wellbeing, recognition and creating opportunities for collaboration across teams.

We strengthened capability across Smartgroup, through targeted initiatives during the year. Refreshed compliance training programs covered critical topics such as data and email security and acceptable use of AI, and masterclasses educated around agile ways of working and effectively utilising AI tools. Extending sales capability remained a focus, and team members were supported to enhance their product knowledge and skills in consultative selling, customer service, objection handling and account management.

Leadership development was prioritised, with programs on recruitment, having effective performance conversations and managing underperformance, interpreting engagement results, managing resistance to change leadership and supporting workplace adjustments. A senior leadership offsite, 'Scaling Our Leadership', brought 43 leaders together to strengthen connections, align on expectations and build a shared leadership mindset for the year ahead.

In 2025, we undertook planning for a significant shift in how we work, designed to strengthen collaboration and enhance our culture. Following extensive consultation and feedback, we introduced a new model that prioritises in-office connection while maintaining flexibility. From January 2026, office-based team members will work together in person for most of the week, with the option to work one remote day per week in agreement with their leader. This change is supported by refreshed policies, leader toolkits, and enhanced benefits such as wellbeing initiatives and in-office events. We have also strengthened communication through regular CEO videos, leadership updates and executive roadshows across our national offices. These updates reflect our commitment to fostering a high performing, connected workforce while supporting individual needs.

Creating diverse and inclusive teams

We believe that diversity makes us stronger. Smartgroup's D&I strategy is supported by our listening surveys, tailored, practical action plans and policies overseen by our Diversity & Inclusion Council and our four Employee Network Groups - Gender, Accessibility, Pride and First Nations initiatives across the business.

2025 highlights

- Introduced new Smart values - **Customer First. Always**; **Drive Results. Always Own It**; and **Always Strive for Better.**
- Reimagined how we work, engaging deeply with our people to design our **new way of working**
- Maintained **40/40/20 gender representation** across all levels of the organisation.
- Implemented and embedded our **Accessibility Action Plan** and participated in the Australian Disability Network's Access & Inclusion Index.
- Recognised as an **Inclusive Employer 2025–2026** by Diversity Council Australia, reflecting positive employee feedback on inclusion.
- Maintained **Employer of Choice for Gender Equality** citation from WGEA for 2023–2025.
- Recognised as **a Bronze Employer on the Australian Workplace Equality Index (AWEI)**; a national benchmark for LGBTQ+ inclusion in workplaces.
- Strengthened First Nations engagement through our **Innovate Reconciliation Action Plan (RAP)**, implemented an Aboriginal and Torres Strait Islander employment program.
- Maintained a gender pay-gap well below industry benchmarks, with a **median total remuneration gap of 10.2%** and a **median base salary gap of 2.9%**, compared to industry averages of 16.4% and 14.3% respectively.

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Smart values

Employee engagement remained steady with

94%

of respondents agreeing they understand how to demonstrate the values in their role.



We continued to expand our employee benefits program and wellbeing initiatives, and strengthened communication through CEO town halls, leadership updates and an executive roadshow across our offices.

Please refer to our Impact Report for additional information.

Strengthening our Aboriginal and Torres Strait Islander connections

Reconciliation at Smartgroup is an ongoing journey of listening, learning and building strong relationships. Guided by our Reconciliation Action Plan, we aim to promote improved financial and social wellbeing for Aboriginal and Torres Strait Islander peoples through education, cultural understanding, meaningful career pathways and partnerships that deliver long-term value.

In 2025, we strengthened cultural awareness across the business through training and a webinar series led by a First Nations Elder and marked National Reconciliation Week with activities that encouraged reflection and connection. We collaborated with the Metropolitan Local Aboriginal Land Council to name meeting rooms in our new Sydney office using Dharug language, embedding First Nations culture in our everyday spaces. We expanded community and supplier partnerships and grew employment opportunities through our Indigenous Employment Framework and traineeship program. These initiatives reflect our commitment to reconciliation and to creating inclusive workplaces and sustainable opportunities for First Nations peoples.

Ensuring healthy and safe workplaces

The health, safety, and wellbeing of our people remained a top priority throughout 2025. We maintained strong compliance with workplace health and safety standards and continued proactive risk management to ensure safe and confident working environments. Our approach included regular monitoring, clear policies and swift action on identified risks to uphold a culture of safety across all locations.

We also introduced initiatives to support mental health and resilience, recognising the importance of holistic wellbeing. These included partnering with a new Employee Assistance Program (EAP) provider, and offering programs such as our first Wellbeing Week, designed to build awareness and provide practical support. Together, these measures reflect our commitment to creating a workplace where our people feel supported, healthy, and empowered to thrive.

Looking ahead

In 2026, we will launch a new Diversity & Inclusion Strategy with measurable targets to drive even more inclusive outcomes. We will continue to invest in uplifting the capability of our people through building further AI skills to support transformation, establishing a Sales Academy to drive a unified approach to sales capability build, product knowledge and customer engagement skills; and an ‘always on’ learning platform to develop a wide range of leadership, interpersonal and technical skills. Leadership development will continue to be prioritised, with dedicated learning for people leaders to support them to deliver on our leader expectations and aligned with our new leadership capability framework. We will deliver wellbeing initiatives and cultural programs that reflect our commitment to creating a workplace where everyone can thrive. We will also strengthen our Employee Listening Program to ensure we are focusing on the things that really matter to our team members, creating a workplace where every voice helps shape the future.



ESG

Progress in Sustainability

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Sustainability is more than a goal at Smartgroup - it is embedded into the foundations of how we operate. In 2025, we sharpened our focus across environmental, social and governance (ESG) issues to ensure we can deliver long-term value and drive real world positive impact for our customers, clients and communities.

The launch of our updated sustainability strategy strengthens our commitment to reducing our environmental impact, enabling clients and customers to make more sustainable choices, fostering an inclusive workplace and building a resilient business for the years ahead.

2025 ESG highlights

Our ESG performance is assessed annually by external research and ratings agencies. Our recent highlights include:

- Ranked in the 85th percentile in the **S&P Global Corporate Sustainability Assessment** for 2025.
- Ranked in the 96th percentile globally **by Sustainalytics** with an ESG Risk rating of 11.1 for 2025.
- Awarded a Prime rating in 2025 by **ISS ESG** for corporate ESG performance.

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The next stage of our sustainability journey

2025 was a milestone year for Smartgroup's sustainability journey. We continued to build positive momentum and drive outcomes under our first sustainability strategy, **A Smarter, More Sustainable Tomorrow.** However, we also took time to reflect. We engaged extensively with internal and external stakeholder groups during the year to understand the ESG issues that matter most to them, and identify where we have the greatest opportunity to deliver real impact.

Informed by this consultation, we launched our new **Sustainability Strategy 2028: An Empowered Future.** This strategy intentionally seeks to more closely align to our corporate strategy and our strategic planning cycle so we can continue to drive positive social and environmental change, while continuing to embed robust governance, ethics and accountability into our business.



Enhancing biodiversity

Smartgroup volunteers planted over

1,000

trees during 2025

Partnering with customers to enhance biodiversity

Smartgroup's Carbon Offset Program has been helping customers take positive climate action since 2008.

Over this time, Smartgroup customers have contributed more than $17.7 million to support our environmental partners Greenfleet and Carbon Positive Australia to plant biodiverse, climate-resilient forests across the country. These forests are expected to offset more than 1 million tonnes of carbon over their lifetime and provide long-term habitat for native wildlife.

In 2025, approximately $1.6 million was allocated to revegetation and biodiversity projects across Australia including New South Wales (Three Cedars), Victoria (Mountain View, Hells Hole Creek and Three Chain Road), Queensland (Haly Creek and Ivory Flat), and Western Australia (Eurardy Reserve).

Smartgroup employees also planted over 1,000 trees and plants at volunteer events throughout 2025, helping to restore critical habitats for flora and fauna on Dharawal Country in Sydney's south, Boonwurrung Country in South Gippsland and Ngarrindjeri Country at Bull Creek, South Australia.

Investing in communities and positive social impact

Supporting the communities where we live and work remained a key focus in 2025, with over $1.4 million in funds directed to projects and organisations delivering meaningful financial and social outcomes.

The Smartgroup Foundation received a record 178 applications for support in 2025, with 20 projects aligned to our Social Impact Framework selected to share in almost $250,000 in grants. Projects supported this year included restoration of koala habitat in Victoria and wetlands in Tasmania, cooking and budgeting skills programs for Western Australia veterans at risk of homelessness and teenagers in regional NSW, and support for transitional housing and crisis relief services in South Australia.

We committed almost $1.2 million in community sponsorships, including funding for events aligned to veterans' support, disability inclusion and education.

We also supported our clients and customers with their charitable initiatives by rolling out workplace giving campaigns for salary packaging clients including the NSW Department of Education and Department of Defence, supporting them to direct donations to their nominated charities of Stewart House and Legacy.

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Supporting our customers' financial wellbeing

We delivered educational resources, products and services during the year to support our clients and customers to make confident everyday decisions. Enhanced client engagement and more targeted educational content resulted in a 24% uplift in attendance at customer education webinars.

We launched a new partnership with Finspo in 2025 to help customers access expert advice on potential savings on their home loans. Our Smartrewards platform continued to be offered to all salary packaging customers, saving them an estimated $152,000 on purchases and gift cards. In 2026, this will be expanded to all employees within our client network.

Promoting a responsible and ethical supply chain

In line with our zero-tolerance approach to modern slavery, we continued to deliver on the commitments contained in our Board-endorsed Human Rights and Modern Slavery Roadmap. In 2025, we strengthened our pre-engagement onboarding controls and internal governance processes and tools. Modern Slavery Assessments for all Tier 1 and 2 suppliers are conducted via the Ethixbase360 platform and are embedded at three key points in the procurement lifecycle: vendor onboarding, contract renewal, or if a potential incident is identified.

We also championed increased diversity within our supply chain, delivering on a key commitment of our Reconciliation Action Plan. We welcomed an Indigenous-owned automotive dealership network and First Nations Finance to our novated leasing panels. We also engaged Indigenous-owned network security service provider Baidam, and Supply Nation certified merchandising and printing business E-Bisglobal.

Enhanced sustainability reporting

Our 2025 Impact Report has again been prepared in accordance with GRI (Global Reporting Initiative) Standards.

In parallel, we are making positive progress on implementing our sustainability reporting roadmap ahead of compliance with the Australian Sustainability Reporting Standards, which will be mandatory for Smartgroup for the 2027 reporting year. This reporting is contained in the Climate-Related Financial Disclosure section of this Annual Report.



Please refer to our Impact Report for additional information.



Climate-related financial disclosures

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About this report

Smartgroup is working towards compliance with the Australian Sustainability Reporting Standard AASB S2 Climate-related Disclosures, as issued by the Australian Accounting Standards Board (AASB), for its 2027 reporting year. This timing aligns to Smartgroup being a Group 2 entity under the reporting thresholds.

As we work towards this, Smartgroup's climate-related disclosures for the period 1 January to 31 December 2025 have been prepared with reference to AASB S2 and we have structured this report based on the four pillars of AASB S2: Governance, Strategy, Risk Management, and Metrics and Targets. The disclosures align with Smartgroup's financial reporting period and present our progress, approach and activities as Smartgroup Corporation Ltd.

Further detail on our sustainability activities and achievements can be found in our 2025 Impact Report.

Introduction

At Smartgroup, we recognise the significant impacts of climate change and the importance of transparent climate-related disclosure. We conducted a climate risk and opportunities assessment in 2024 and the outputs of this were considered when conducting our ESG double materiality assessment in 2025. These insights have been integrated into our broader ESG priorities and embedded within our new 2028 sustainability strategy, published in November 2025.

We are continuing to make progress towards aligning with the mandatory climate reporting requirements under the Australian Sustainability Reporting Standards (ASRS). We have further examined our climate-related risks and opportunities in 2025 and have strengthened disclosures around how climate change is reflected within our organisational strategy, in particular our 2028 sustainability strategy.

This year, we will continue to deliver on our climate disclosure roadmap. Our focus will include further integrating our identified climate-related risks and opportunities into our enterprise risk management framework, conducting quantitative scenario analysis of our most material climate risks and opportunities and refining our adaptation responses to our highest priority climate-related risks and opportunities.

Governance

The Board of Directors is responsible for overseeing Smartgroup's risk management, which includes climate-related risks and opportunities. Two Board level committees support this oversight: the ESG Committee and the Audit and Risk Committee (ARC).

The ESG Committee meets at least three times a year and comprises four non-executive directors as at 31 December 2025, being Chair Ian Watt AC, and committee members John Prendiville, Anne McDonald and Mark Rigotti.

The ARC meets at least four times a year and comprises five non-executive directors as at 31 December 2025, being Chair Anne McDonald, and committee members John Prendiville, Carolyn Colley, Deborah Homewood and Ian Watt.

The Board, the ESG Committee and ARC discuss economic, environmental, social and governance risks, including climate-related risks and opportunities, that may materially affect Smartgroup's operations and financial performance or value over the short, medium and long term. Updates on material issues are provided to the Board following Committee meetings, as required.

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In 2025, the ESG Committee received two dedicated briefings on climate-related risks and opportunities. These covered the evolving political and regulatory landscape relevant to climate policy, and progress on Smartgroup's sustainability reporting roadmap, as we move towards future compliance with mandatory sustainability reporting and assurance requirements.

In 2025, the Board approved Smartgroup's three-year sustainability strategy (see details in our 2025 Impact Report), which includes ambitions related to climate change that will guide our climate-related efforts to 2028. In developing the 2028 strategy, the Board and ESG Committee reviewed and approved the outcomes of Smartgroup's ESG double materiality assessment, including climate-related risks and opportunities.

Progress against sustainability and climate-related commitments is presented to the ESG Committee regularly, and is tabled at the Board annually as part of Key Performance Indicator (KPI) reporting. Both the ESG Committee and the Board also review and approve the annual Impact Report (formerly called the Sustainability Report), which contains updates on progress against commitments in the sustainability strategy.

All executives have a key performance indicator (KPI) to meet the targets in the sustainability strategy as part of the Board-endorsed balanced scorecard. This KPI is also cascaded to relevant members of the Group Leadership Team (GLT) and Senior Leadership Team (SLT). The Remuneration Report contains details of the non-financial KPIs applicable to Key Management Personnel (KMP).

Management's role in monitoring, managing and overseeing climate-related risks and opportunities

The CEO and Group Executive for Legal, Risk and Corporate Affairs have direct responsibility for management and oversight of Smartgroup's climate-related risks and opportunities. This includes considering new and emerging risks and management's response to those risks, and any material incidents and management response if there is a risk control failure.

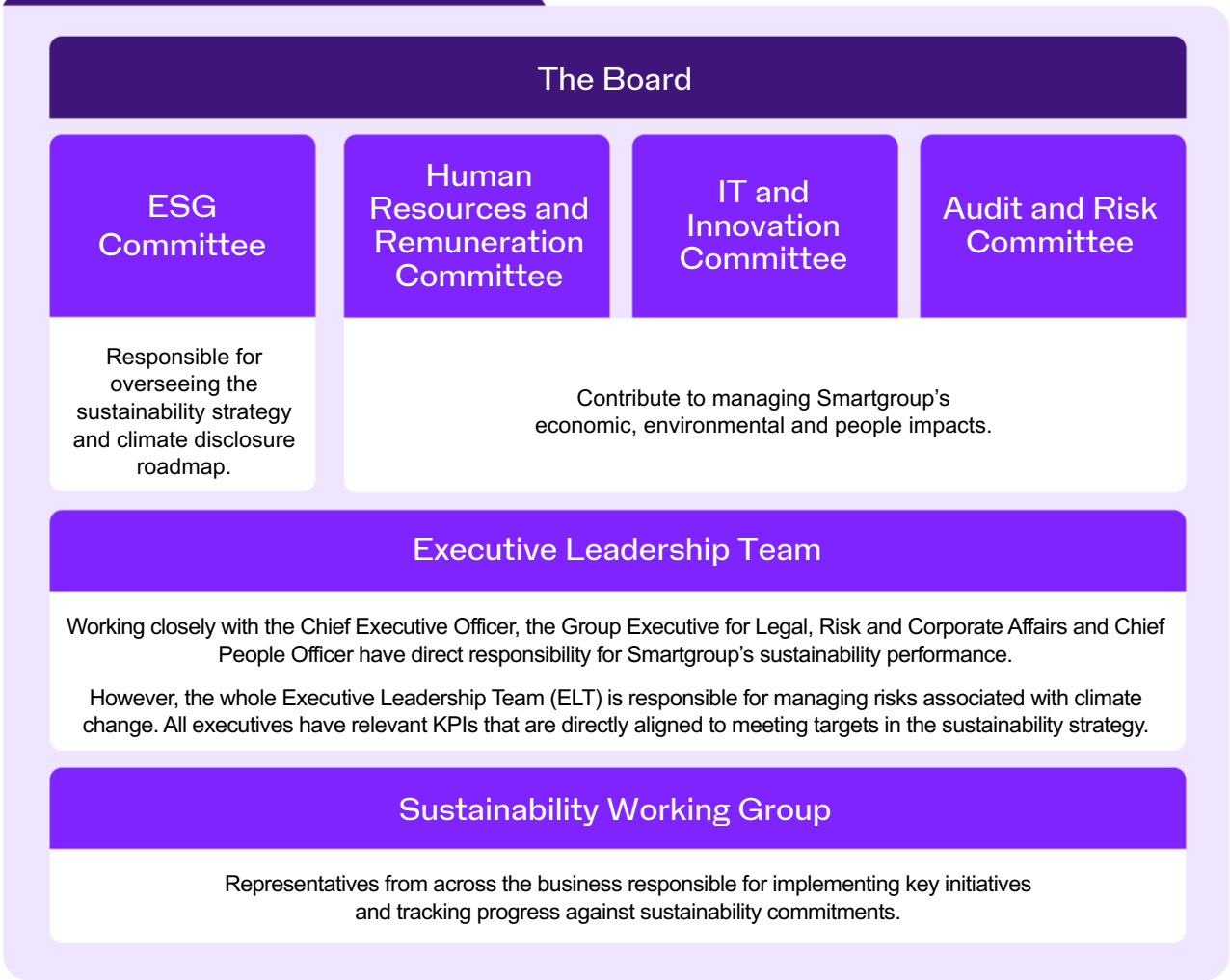
We are continuing to mature our approach to managing climate-related risks and are working towards integrating climate considerations into our enterprise risk management framework. Once integrated, the Executive Leadership Team (ELT) will manage climate-related risks as part of their overall risk management duties.

This year, we established a new Sustainability Working Group. This is coordinated by the Corporate Affairs and ESG Adviser - a newly created role to oversee ESG activity in the business. The Working Group brings the owners of initiatives within the sustainability strategy and other interested internal stakeholders together 3-4 times per year to review progress against the action plan, collaborate on sustainability and climate-related opportunities and share knowledge and examples of best practice. Updates from the Working Group on the strategy's implementation will be reported to the ESG Committee at least twice per year from 2026.

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The diagram below illustrates the roles of each committee and the ELT in managing climate-related matters at Smartgroup.

Smartgroup sustainability governance model



Read more about how our governance structure supports sustainability at Smartgroup in our Corporate Governance Statement here.

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Strategy

We are committed to strengthening our approach to addressing climate change and its impacts across our operations and strategy. Our goal is to continually enhance our understanding of climate-related risks and opportunities over the short, medium and long term. By assessing the effect that different potential climate futures may have on our business, strategy and financial planning, we can develop and implement appropriate response plans to address climate change impacts.

Our first sustainability strategy (2022 to 2025) included two strategic pillars that are key to driving our climate action: energy and emissions management, and enabling net zero for our clients and customers. The strategy established our ambition to contribute to the transition to a low-carbon future while supporting our clients and their employees to maximise their benefits through our offerings.

Our current sustainability strategy concluded in 2025, providing an opportunity to review our priorities and reflect these updated priorities in our 2028 sustainability strategy, **An Empowered Future.** (Refer to graphic on next page.)

A key outcome of this work was the identification of a climate-related opportunity to support clients and customers in adopting lower emission transport options. This opportunity informed the Smarter Ecosystems pillar of the new strategy.

In addition, we identified climate-related risks and foundational actions required to strengthen our management of these risks, including:

- Advocacy to continue to address Smartgroup's Scope 2 emissions, specifically those generated by energy consumption in our offices;
- Enhancing our understanding and measurement of Scope 3 emissions to identify emission reduction opportunities;
- Exploring science-based emission reduction targets for Scope 1, 2 and 3 emissions; and
- Uplifting reporting capability to meet sustainability reporting requirements.

Our 2026 Impact Report, to be released in early 2027, will provide an update on the first 12 months of implementing our 2028 sustainability strategy, and progress across our environmental, social and governance risks and opportunities, including climate change.

Climate risks and opportunities disclosure

Since 2023, Smartgroup has continued to refine its understanding of climate-related risks and opportunities.

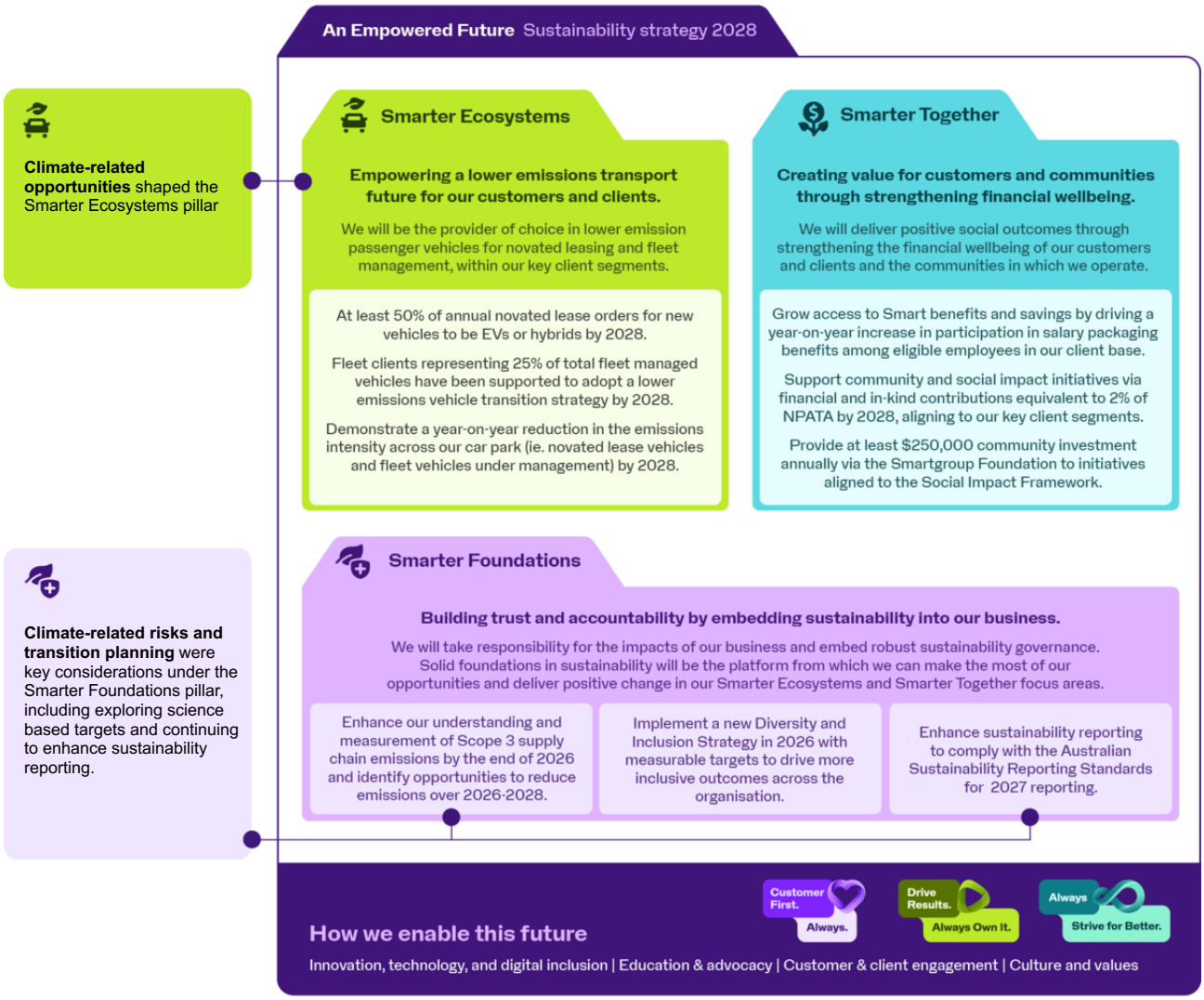
In 2024, we conducted a qualitative climate scenario analysis for Smartgroup and our value chain, developing a detailed climate risk and opportunity register. Parameters and inputs for the scenario analysis included policy and regulatory changes, carbon pricing, energy supply, technological changes and climate hazards.

Two climate scenarios were used for the analysis, aligning to the requirements under AASB S2. The scenarios were developed based on assumptions and data from the Intergovernmental Panel on Climate Change (IPCC) Shared Socioeconomic Pathway (SSP) and the Network for Greening the Financial System (NGFS):

1. A low-emissions scenario aligned with limiting global warming to 1.5°C (SSP 1 1.9) and (NGFS Net Zero 2050);
2. A high-emissions scenario aligned with expectations of global warming reaching around 4.5°C by 2100 (SSP5 8.5 and NGFS current policies).

Climate risks and opportunities were evaluated across short-term (2030), medium-term (2035), and long-term (2050) time horizons in line with existing reporting methods, the enterprise risk management framework, Smartgroup's targets and industry best practice. The short-term horizon aligns with Smartgroup's current strategic planning cycle, the medium-term horizon allows sufficient time to assess the impacts of climate-related scenarios on key risks and opportunities, and the long-term horizon aligns with Australia's commitment to achieve net zero greenhouse gas emissions (GHG) by 2050.

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Scenario narratives

The table below summarises the narrative and key assumptions for the two hypothetical future climate scenarios. These narratives allowed us to understand the conditions under which each future could create climate-related risks or opportunities for Smartgroup's business model.

Future scenario	Description and assumptions
Low emissions scenario focused on transition risks: Global warming limited to 1.5°C by 2100 (SSP1 1.9 and NGFS Net Zero 2050 scenario)	Globally, countries have transitioned towards net zero by 2050, primarily by investment in renewable energy, and significant shifts in supply chains and regulations. Australia has undergone significant regulatory changes to achieve emissions reduction targets in line with the 2022 Climate Change Act. The property and information technology sectors have adapted to minimise climate change impacts, resulting in more buildings achieving sustainability certifications. In response to government policy shifts and consumer preferences, companies have swiftly moved to decarbonise. Key developments include the phasing out of fossil fuels, the introduction of carbon and road user taxes, and stringent emissions reporting requirements. Opportunities have emerged in supporting technologies, such as electric vehicles (EVs) and clean energy solutions, which address environmental concerns while promoting innovation and long-term economic growth.
High emissions scenario focused on physical risks: Temperatures expected to reach around 4.5°C by 2100 (SSP5 8.5 and NGFS Current Policies scenario)	Globally, countries have continued the current trajectory of fossil fuel development with minimal investments in renewable energy and decarbonisation efforts. Australia has not substantially amended its climate change related policies, resulting in missed decarbonisation targets. The climate change impacts are severe, with more extreme weather events such as hotter conditions and more frequent flooding, rising sea levels and power interruptions. These have presented infrastructure challenges, causing increased leasing costs, higher insurance premiums and frequent business and operational interruptions. Businesses face supply chain disruptions, service interruptions and inventory shortages, all driving up costs. Extreme weather conditions compromise employee health, safety and mental wellbeing, reducing their productivity. In the short-term, continued fossil fuel usage may lead to higher GDP growth. However, the long-term consequences to GDP could be materially negative.

Key assumptions

The climate risks and opportunity assessment and scenario analysis were informed by a set of macro-level and sector-relevant assumptions, to ensure the findings reflect global climate trajectories and conditions relevant to the markets in which Smartgroup operates.

The analysis assumed policy settings consistent with the selected IPCC and NGFS scenarios, incorporating anticipated developments in Australian climate policy, disclosure regulation and emissions-reduction commitments. These assumptions reflect a regulatory outlook that would influence Smartgroup's supply chain, transport operations and product sourcing.

We considered macroeconomic factors such as economic growth, consumer spending, trade and input costs, based on industry guidance. The NGFS, IPCC, and International Energy Agency (IEA) scenarios outline how energy use and technology may change in the future. These trends apply to the whole economy and are not specific to Smartgroup.

Climate projections for Australia were also considered including temperature extremes, rainfall patterns and other physical climate variables relevant to the geographic areas where Smartgroup operates.

Smartgroup notes that scenario analysis has limitations and is based on a range of assumptions, which may or may not eventuate. These scenarios should not be relied upon as forecasts of future expected performance or outcomes. Smartgroup has not assigned a likelihood to either of the two scenarios, or any alternative climate scenario, occurring.

The following table summarises the material risks for Smartgroup across short, medium, and long-term time horizons, as identified in the 2024 scenario analysis. Additional information regarding our approach to managing our climate-related risks and opportunities can be found in the Risk Management section of this insert.

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Key climate-related risks

		Ratings per scenario		Smartgroup's response
Consolidated risk category and type	Time frame	Low emissions - Global warming limited to 1.5°C by 2100 (SSP1 1.9)	High emissions - temperatures expected to reach around 4.5°C by 2100 (SSP5 8.5)	
Regulatory – Transition risk: Escalating sustainability compliance and reporting requirements present a significant operational challenge, potentially resulting in increased administrative costs, complex regulatory navigation, and the risk of substantial financial penalties and reputational damage for non-compliance.	Short term	High	Medium	We monitor and proactively engage with regulatory bodies where necessary - including through industry bodies such as the National Automotive Leasing and Salary Packaging Association (NALSPA) - on proposed sustainability compliance and reporting requirements to prepare for the transition and minimise unintended consequences. We evaluate new sustainability compliance and reporting requirements and enhance our processes to comply with them. We continue to invest in building internal capability, supplemented by the engagement of external subject matter experts to support us in meeting sustainability compliance and reporting requirements.
Supply chain – Physical risk: Climate-induced disruptions in global supply chains could significantly impede the timely procurement and delivery of vehicles, potentially causing operational delays, reduced service quality, and potential revenue losses.	Long term	Low	High	Smartgroup uses a large and diversified dealer panel across Australia and has a strong relationship with key car manufacturers to support our ability to source and deliver new cars for our customers.
Financial – Physical risk: Escalating frequency and severity of chronic weather events are likely to drive substantial increases in corporate insurance premiums and increase overall business costs, and reduce the availability of some types of insurances.	Long term	Low	Very high	Smartgroup is predominantly an administrative services company with limited physical assets. We lease our office premises and our hybrid working arrangements allow us to quickly adapt our working arrangements if there is a disruption which restricts access to our premises. The nature of our business and operations means we have less exposure on insurance than other types of businesses with more physical assets. While low risk, we regularly review and evaluate our insurance policies, coverage needs and premiums with external experts and insurance brokers.

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Key climate-related risks (continued)

		Ratings per scenario		Smartgroup's response
Consolidated risk category description	Time frame	Low emissions - Global warming limited to 1.5°C by 2100 (SSP1 1.9)	High emissions - temperatures expected to reach around 4.5°C by 2100 (SSP5 8.5)	
Extreme weather – Physical risk: The increasing frequency and severity of extreme weather events, including floods and storms, could substantially compromise Smartgroup's operational resilience. These include prolonged power and network outages affecting critical infrastructure and communications, restricted office access impacting business continuity, and threats to employee health and safety. These cascading impacts could result in significant business disruptions, compromised service delivery, potential liability issues, and challenges to workforce welfare across Smartgroup's operations in Australia and the Philippines.	Short term	High	Medium	Our Business Resilience and IT Disaster Recovery plans guide our response to, and recovery from major disruptive incidents. We periodically test our ability to respond effectively to business interruptions and to further strengthen our business resiliency. Smartgroup operates in multiple locations within Australia and Asia, which mitigates the business interruption risks associated with localised extreme weather events. Our remote working infrastructure enables our employees to continue working when access to offices is restricted.

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Climate-related opportunities

During the scenario analysis, we identified a number of key opportunities for our business related to climate change and the transition to a low-carbon economy. In response to shifts in customer preferences and government policies supporting electric vehicle adoption, we are enhancing our product and service offerings and developing an ecosystem of partnerships focused on zero and lower emission vehicles and renewable energy solutions. This includes partnerships such as:

- Intellihub (Enreal), which is supporting customers to access solar and battery solutions for their homes and EV charging;
- Karmo, which is providing a flexible subscription model for vehicles including lower emission vehicles and EVs; and
- BMW Financial Services, which is enabling customers to sign up for novated leases at dealerships, including eligible EV models under the Electric Vehicle Discount Policy.

These initiatives are designed to support our customers and clients in transitioning to a lower-carbon future.

In addition, we actively engage with government and regulatory bodies, including industry associations like NALSPA and the Electric Vehicle Council (EVC), to improve customer outcomes and advocate for the continuation of government policy that supports the nation's energy transition. We take a proactive approach to support our customers' understanding of government incentives and help them benefit, while playing a leadership role in influencing the evolving mobility landscape.

Climate change also has the potential to contribute to cost-of-living pressures, flowing through to the costs of housing, insurance, energy, groceries and other goods and services. We remain committed to supporting employees working in frontline essential services and the not-for-profit sectors to access cost-of-living relief by maximising their take home salary and saving on tax. We actively engage with government to ensure salary packaging benefits remain accessible and impactful for working Australians. We will continue to work with government to identify opportunities to enhance salary packaging benefits to support more Australian workers, and seek out values-aligned partnerships that can provide further savings to our customers on essential living expenses.

Risk management

Climate risks and opportunities are assessed through a three-pass approach to climate risk assessment. This methodology aligns with the process implemented for Australia's national climate risk assessment, developed by the Commonwealth Scientific and Industrial Research Organisation (CSIRO). Smartgroup has completed the first two passes under this approach.

We completed the first stage in 2023, identifying climate risks impacting the organisation and its value chain through undertaking a desktop review, peer analysis, review of internal documentation, stakeholder engagement and workshops with key stakeholders.

During the second stage, we conducted a qualitative climate scenario analysis in 2024. This allowed for the identification, assessment and prioritisation of climate risks and opportunities under different climate futures. Using Smartgroup's Risk Management Framework (RMF) we assessed the likelihood and consequence of each identified risk. For each risk, we considered the inherent risk levels, existing controls and mitigating factors, residual risk levels and the expected velocity of the risks. The outcomes of this assessment will help support the Board, the Committees and the ELT in prioritising risks and will inform the organisation's future climate adaptation strategy and transition planning.

Smartgroup has a Risk Management Policy (available on our website) and a RMF to facilitate the identification, assessment, management and reporting of risks impacting our operations and financial performance. These processes are aligned with the risk appetite and tolerance levels set by the Board.

We have considered our RMF in the development of our climate-related risks and opportunities register. In 2026, we will continue to work on the integration of climate-related risks, so they are considered and managed in accordance with this framework. Once integrated, we will formalise the role of the ELT in managing climate-related risks as part of their overall risk management duties.

Quarterly risk reviews are conducted with each ELT member and stakeholders from key business areas to monitor risks (including newly identified risks) against the respective risk appetites. Events and risks which may arise as either a direct or indirect result of climate change are considered during these reviews. Examples of these types of events and risks could include business strategy risks and opportunities related to government climate change policy changes and EV adoption, or business interruption risks from extreme weather events and power outages.

Key risks are included in Smartgroup's enterprise risk register and are monitored by the ELT, the Board and the ARC. Additional details on risk management can be found in the Governance section of this report and the Corporate Governance Statement.

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Metrics and targets

Our 2022 to 2025 sustainability strategy included key targets related to climate change, guiding our climate-related efforts while creating a clear framework for accountability and progress. These targets align to two focus areas:

- Taking action on climate, which included commitments to address Scope 1 and 2 emissions from our direct operations and reduce Scope 3 emissions intensity; and
- Enabling net zero, which included our commitments and initiatives to facilitate client and customer access to lower emissions mobility solutions and supporting them to meet their own sustainability goals.

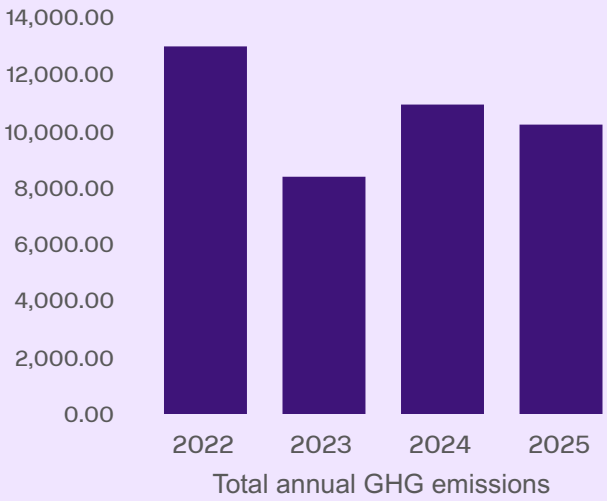
The following sections provide an overview of our climate-related metrics, commitments and progress during 2025.

The first year of progress against the climate-related commitments and metrics contained in our new 2028 sustainability strategy will be reported on in our 2026 climate-related disclosure.

Climate-related metrics

We continued to make positive progress in reducing our GHG emissions in 2025, with total emissions across Scope 1, market-based Scope 2 and Scope 3 down almost 7 per cent from 2024. Total emissions[1] (Scopes 1, 2 and 3) have decreased by 21 per cent since 2022. While some categories saw reductions in line with refined methodologies or data quality improvements, we delivered tangible reductions in emissions in areas such as business travel, as well as purchased goods and services. Our absolute gross GHG emissions generated during the reporting period are contained below.

CY25 Total Emissions



Total annual GHG emissions

2025 GHG emissions	
Gross direct Scope 1 emissions (t CO_2eq)	**29.36**
Gross market-based energy indirect Scope 2 emissions (t CO_2eq)	**51.81**
Gross location-based indirect Scope 3 emissions (t CO_2eq) [2]	**10,161.99**

Metric	2022	2023	2024	2025
Gross direct Scope 1 emissions (tCO_2e)	107.12	114.99	97.62	29.36
Gross location-based indirect Scope 2 emissions (tCO_2e)	204.49	204.68	201.97	201.28
Gross market-based indirect Scope 2 emissions (tCO_2e)	240.63	88.92[3]	50.91	51.81
Gross location-based indirect Scope 3 emissions (tCO_2e) [2]	12,690.49	8,181.82	10,831.18	10,161.99
Gross market-based indirect Scope 3 emissions (tCO_2e)	12,699.33	8,169.31[3]	10,816.34[3]	10,150.17
Total GHG emissions (tCO_2e) [1]	13,038.24	8,385.73	10,979.71	10,243.16

1. Total GHG emissions have been calculated as the total of Scope 1, market-based Scope 2 and location-based Scope 3 emissions. Location-based Scope 2 emissions and market-based Scope 3 emissions are disclosed, but have not been used in calculating Smartgroup's total emissions.
2. Total location-based Scope 3 emissions are calculated using the following emissions categories which are included within the boundary of Smartgroup's carbon footprint: Purchased goods and services; Capital goods; Fuel and energy-related emissions (location-based); Waste generated in operations; Business travel; Employee commuting.
3. Market-based Scope 2 and 3 emissions for 2023 and 2024 have been adjusted, after a review of carbon emissions calculations for 2022 to 2024 identified an immaterial variance in some previously published data.

Scope 3 breakdown:

Category	2022	2023	2024	2025
Cat 1: Purchased goods and services	10,929.85	7,236.21	9,307.64	8,865.81
Cat 2: Capital goods	–	–	–	–
Cat 3: Fuel- and energy-related emissions (location-based)	21.29	23.01	21.75	21.45
Cat 4: Upstream transportation and distribution	–	–	–	–
Cat 5: Waste generated in operations	417.04	134.95	55.51	130.33
Cat 6: Business travel	473.70	304.64	576.24	436.89
Cat 7: Employee commuting	848.61	483.00	870.04	707.51
Cat 8: Upstream leased assets	–	–	–	–
Cat 9: Downstream transportation and distribution	–	–	–	–
Cat 10: Processing of sold products	–	–	–	–
Cat 11: Use of sold products	–	–	–	–
Cat 12: End-of-life treatment of sold products	–	–	–	–
Cat 13: Downstream leased assets	–	–	–	–
Cat 14: Franchises	–	–	–	–
Cat 15: Investments	–	–	–	–

Internal carbon price

No internal carbon price has been set in 2025, nor used in scenario analysis or modelling.

Climate-related targets

Smartgroup's first sustainability strategy (2022 to 2025) included climate-related targets and commitments to address our Scope 1, 2 and 3 emissions and facilitate clients and customers to access lower emissions mobility solutions. Progress on these targets is reported in this disclosure.

More information on how our commitments are reviewed and monitored can be found in our Governance section of this report.

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Target	Metric used to set and monitor progress against target	Milestones	Quantitative, absolute or intensity target
Emissions			
All the sites we control will source 100% renewable energy by 2026.	% of total electricity used by all offices from renewable energy providers	Renewable energy accounted for 80% of total electricity used by all offices for 2025, with our three largest corporate sites in Sydney, Melbourne and Adelaide now powered by renewable energy.	Quantitative
Our direct operations will be net zero by 2030.	Scope 1 and 2 GHG gross emissions	Our combined Scope 1 and market-based Scope 2 emissions fell by 45% from 2024 from 148.5 tCO_2e to 81.2 tCO_2e. The reduction in Scope 1 reflects updated methodology to align to the latest Australian Government emissions factors[1] for refrigerants. Scope 2 market-based emissions remained low, representing only 0.5% of total emissions as our three largest offices continued to be powered by 100% renewable energy (GreenPower).	Absolute
We will implement annual reporting of Scope 3 emissions by 2026.	Scope 3 GHG emissions	We completed our first Scope 3 emissions assessment in 2022 to establish our baseline and published the results in our 2022 Sustainability Report. We have reported Scope 1, 2 and 3 emissions annually since then. In 2025, we made a commitment in our new sustainability strategy to enhance our understanding and measurement of Scope 3 supply chain emissions by the end of 2026, to identify opportunities to reduce emissions over the three years to 2028.	N/A
We will achieve a demonstrated reduction in Scope 3 emissions intensity by 2026.	Scope 3 GHG emissions intensity	Our absolute Scope 3 emissions[2], which represent around 99% of total emissions[3], were down by 6%. Scope 3 emissions intensity reduced from 14.3 tCO_2e per full-time employee (FTE) to 13.5 tCO_2e per FTE. Our Scope 3 emissions have declined by around 20% since we began measuring emissions in 2022. Reductions in emissions from business travel contributed to the 2025 result, following a refresh of our Smart Travel Policy during the year to minimise non-essential and unscheduled travel. We also saw a reduction in emissions from purchased goods and services.	Intensity

1. Scope 1 emissions were calculated from 2025 using emissions factors from the Australian Government's Cold Hard Facts 4 report (DCCEEW, 2024). Previously, Scope 1 emissions were calculated with an emissions factor comprised of leakage rates of various refrigerants.
2. Total Scope 3 emissions are calculated using the following emissions categories which are included within the boundary of Smartgroup's carbon footprint: Purchased goods and services; Capital goods; Fuel and energy-related emissions (location-based); Waste generated in operations; Business travel; Employee commuting.
3. Total GHG emissions have been calculated as the total of Scope 1, market-based Scope 2 and location-based Scope 3 emissions. Location-based Scope 2 emissions and market-based Scope 3 emissions are disclosed, but have not been used in calculating Smartgroup's total emissions.

Target	Metric used to set and monitor progress against target	Milestones	Quantitative, absolute or intensity target
Facilitate client and customer access to lower emissions mobility solutions			
We will extend our Carbon Offset Program to Autopia and Smartfleet by the end of 2023.	Autopia and Smartfleet access to Carbon Offset Program	We continued to promote opportunities for Smartfleet clients to participate in our Carbon Offset Program and facilitate opt-ins to the program by our Autopia and Smart novated lease customers.	N/A
We have set a target that 20% of our novated lease and fleet managed new vehicle orders will be EVs by the end of 2026.	% of our novated lease and fleet managed new vehicle orders are EV	In 2025, 39% of all novated lease and fleet orders for new vehicles were EVs.	Quantitative
We will offset 100% of our direct fleet emissions, including car embodied emissions by 2026.	% of direct fleet emissions offset	In 2025, emissions from Smartgroup's direct fleet vehicles were offset with our partner Greenfleet.	Quantitative
We will explore alternatives to establish a partnership with a green energy provider to complete the ecosystem for our EV novated leasing customers.	Affordable options for solar, battery and electric vehicle charging solutions offered through partnerships	In 2025, we began offering customers affordable subscription options for solar, battery and electric vehicle charging solutions through our partner Enreal.	N/A

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Notes

Approach to measuring GHG emissions

Scope

The results presented show Smartgroup's carbon footprint for Scope 1, 2, and 3 emissions throughout the calendar year 1 January 2025 to 31 December 2025.

Measurement approach

This analysis has been conducted in accordance with international best practice. All procedures and calculations are aligned to the GHG Protocol Corporate Reporting and Accounting Standard (2024) and the GHG Protocol Scope 3 Standard.

Inputs

The data in this document has been derived from a combination of physical consumption and spend data for Smartgroup, with additional analysis by external environmental consultants to convert data into the required format for analysis.

Glossary of key terms

Term	Definition
Climate-related risks	Potential negative impacts on Smartgroup arising from climate change, including both physical risks and transition risks, that may affect strategy, operations, financial performance or value.
Physical risks	Risks arising from the physical impacts of climate change, including both longer-term changes in climate patterns (chronic risks) and changes in the frequency and severity of extreme weather events (acute risks). These can cause direct damage to assets or property, changes to income and costs, and changes to the cost and availability of insurance.
Transition risks	Risks related to the transition to a low-carbon economy, including changes in domestic and international policy and regulatory settings, technological innovation, social adaptation and market dynamics. These risks can result in changes to costs, income and profitability, investment preferences and asset viability.
Climate-related opportunities	Potential positive impacts for Smartgroup arising from climate change and the transition to a low-carbon economy, such as increased demand for low-emissions mobility solutions, new partnerships and service offerings.
Scenario analysis	A strategic tool used to assess the potential impacts of different plausible future climate pathways on Smartgroup's business, strategy and financial planning over short, medium and long-term horizons.
Scope 1 emissions	Direct greenhouse gas emissions from sources owned or controlled by Smartgroup, such as fuel combustion in company vehicles and air conditioning used in offices.
Scope 2 emissions	Indirect greenhouse gas emissions from the generation of purchased electricity consumed by Smartgroup.
Scope 3 emissions	All other indirect greenhouse gas emissions occurring in Smartgroup's value chain, including upstream and downstream activities not included in Scope 1 or Scope 2.
AASB S2	Australian Sustainability Reporting Standard AASB S2 *Climate-related Disclosures* sets requirements for reporting governance, strategy, risk management, metrics and targets related to climate change. The requirement for companies to report against AASB S2 is being phased in, with timelines based on whether entities are classified as Group 1, Group 2 or Group 3 reporting entities.
Science-based targets	Science-based targets give companies a clearly-defined path to reduce greenhouse gas emissions in line with limiting global warming to 1.5°C. They define how much and how quickly a business must reduce its emissions to be in line with the Paris Agreement goals. Companies can apply to have their targets validated by international body, the Science Based Targets initiative (SBTi).



Governance and risk management

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Governance Framework

Smartgroup maintains a strong Corporate Governance Framework, as detailed in the Corporate Governance Statement, to support company performance and deliver sustainable shareholder returns.

Smartgroup operates in a dynamic environment and is exposed to risks associated with operating in the salary packaging, novated leasing and fleet management industry. Smartgroup recognises risk management as essential to effective corporate governance and the achievement of strategic and operational objectives.

The Board oversees risk management by:

- reviewing, ratifying and monitoring management's framework and systems of risk management, internal controls and compliance;
- approving policies for financial and non-financial risks, including economic, environmental, social and governance matters; and
- setting the risk appetite within which the Board expects management to operate.

Responsibility for implementing risk management is delegated to the Executive Leadership Team through the CEO. The Executive Leadership Team regularly reports to the Audit and Risk Committee (ARC) on:

- key risks and alignment with the Board-defined risk appetite;
- new and emerging risks and management responses;
- material incidents and management's response to any such incident; and
- internal audit findings and recommendations.

A Risk Management Policy and a Risk Management Framework guide the identification, assessment, management and reporting of risks. Accountability for risk management is structured as follows:

- management is responsible for managing the risks for their respective areas;
- a dedicated risk function (under the Group Executive Legal, Risk and Corporate Affairs) provides risk management expertise and oversight; and
- an internal audit function delivers independent assurance on controls and risk management effectiveness.

The Board regularly reviews risks with potential material impact on strategic priorities, client and customer service delivery, sustainability and financial performance. Key risks are reported in risk registers and reported to the ARC.

Additional information in relation to risk management can be found throughout the Annual Report and in the Corporate Governance Statement.

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Material risks and opportunities

The material risks that could adversely affect Smartgroup's future business, operations and financial performance are outlined below.

Risks and opportunities	How we respond
Australian new private car market The performance of Smartgroup's novated leasing business is closely linked to demand in the Australian new private car market. Any persistent softening in car ownership demand or uncertainties in new car supply may impact the new car sales market and consequently revenue from novated leasing. The current Federal Government's Electric Car Discount Policy continues to provide a strong incentive for customers to acquire a car through novated leasing (refer to Fringe Benefits Tax section below).	• We promote the benefits of novated leasing to customers interested in acquiring a car. • Our strategic focus is on delivering innovative products and services that enhance the novated leasing experience for our customers (including those that support Australia's transition toward lower carbon emissions). Enhancements to the digital sales platform also enable greater customer self service and satisfaction. • We retain customers by offering refinancing options for existing novated leases where existing customers do not wish to purchase new cars. • Smartgroup's extensive dealer network and strong partnerships with major car manufacturers nationwide support access to new cars for customers. • We proactively promote the benefits and discounts associated with novated leasing of an EV, leveraging incentives provided by the current Federal Government's Electric Car Discount Policy.
Regulatory environment The salary packaging and novated leasing industry is governed by regulations covering areas such as customer protection, privacy, cybersecurity, anti-bribery and corruption, and taxation (see also Fringe Benefits Tax below). Changes in the regulatory environment may affect Smartgroup's operations and influence demand for certain products.	• We actively monitor regulatory developments and engage with regulatory and industry bodies (such as the National Automotive Leasing and Salary Packaging Association NALSPA), to anticipate and address changes that may impact operations and customer outcomes. • We assess new regulations, legislation and industry practices, updating our products, services, and processes to ensure ongoing compliance. • All team members adhere to the Smartgroup Code of Conduct and complete mandatory training for applicable regulations. • We maintain compliance with the deferred sales model, Design and Distribution Obligations, and Anti-Hawking Regime for add-on insurance products to ensure high standards of customer protection.
Fringe Benefits Tax The benefits provided under Fringe Benefits Tax (FBT) legislation underpin the provision of products and services within salary packaging administration and novated leasing. Changes to these laws may create new business opportunities or, conversely, adversely affect the salary packaging benefits managed by Smartgroup and potentially making certain business lines less profitable or obsolete.	• As an active member of NALSPA, we advocate for the macro-economic benefits of current FBT policy settings, highlighting the important role of salary packaging in supporting the financial wellbeing of many everyday Australians.

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Risks and opportunities	How we respond
Cyber security and data privacy Smartgroup collects and processes customer personal information to conduct its business activities and serve our customers. We are mindful of the trust our customers place in us to collect, handle and protect their personal information in a manner that aligns with our obligations and their expectations. While Smartgroup has implemented comprehensive measures to protect customer and client data, cyber incidents remain a risk. Such incidents could compromise the technology used by Smartgroup potentially resulting in data loss, privacy breaches, or disruptions to technology platforms.	• A dedicated Information Security Risk & Cyber Security Team supports the protection of our data and systems and strategically strengthens our resilience to evolving cyber threats. • A Cyber framework, which includes a suite of information security policies and standards, governs information security across Smartgroup. We continuously enhance our Cyber framework to reflect changes in the cyber security landscape. • We are ISO27001 Information Security Management certified for our core systems. • We continuously monitor our network and conduct vulnerability assessments to identify potential threats and conduct penetration testing of our critical IT assets. We conduct periodic “Red Team” exercises to simulate cyber-attacks on our systems to continuously enhance our cyber security. • We are committed to enhancing our system protection. Our multi-year cyber uplift project is an integral part of our security strategy to continually elevate Smartgroup’s resilience against cyber attacks. We continually refine our tools and processes to manage data security. • The Smartgroup Privacy Policy governs how we collect, use, disclose and hold personal information. We have procedures in place to manage customer records and the appropriate handling of customers’ personal information. • A continuous education program raises our team members’ awareness of privacy and cyber security threats.
Business resilience Like other companies, Smartgroup is exposed to risks such as IT system failures, cyber attacks, and loss of key suppliers, key team members or offices. Any major disruptions or prolonged interruptions could adversely affect operations, customer service levels and client retention.	• Business Resilience and IT Disaster Recovery plans guide Smartgroup’s response to major business interruptions. • We periodically test and strengthen our response capabilities to business interruptions . • We continuously invest in our IT infrastructure and systems to strengthen operational continuity. • We closely monitor critical suppliers to maintain service levels.
Business transformation The implementation of Smartgroup’s strategy and commitment to continuous improvement drive changes across business operations, including processes, systems and team members. Poorly executed transformation initiatives have the potential to result in significant disruptions, reduced team member engagement, decreased productivity, customer dissatisfaction and potential client losses.	• The Strategy & Transformation Office supports and leads important cross-business-unit change initiatives. The Office provides centralised transparency of change initiatives, and streamlines our delivery processes, governance and reporting mechanism. • We manage Smartgroup’s project portfolio within Domains. Each domain squad aims to ensure effective scheduling, coordination and resourcing, to facilitate successful project delivery and minimise operational disruptions. Inter-domain dependencies are managed through regular dependency marketplace and fortnightly escalation points amongst Product and Technology General Managers. • Agile Product teams are integrated into the business units to ensure impacts are considered and risks are mitigated.

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Risks and opportunities	How we respond
Responsible use of Artificial Intelligence (AI) We continually seek opportunities to pursue innovation and efficiency to deliver timely, tailored products and services to clients and customers. As part of this commitment and like other businesses, Smartgroup is adopting the use of AI tools. However, the use of AI tools also presents risks such as those relating to unintentional bias, unfair outcomes, data leakage, privacy breaches, misinformation and potential erosion of customer trust.	• We maintain guidelines for the responsible use of AI and will continue to mature the guidelines and reporting to ensure the development and use of AI is appropriately governed. • An AI Governance forum provides governance and reviews AI use cases to confirm compliance with guidelines and risks are managed. • AI risk registers are maintained. • We monitor evolving regulatory developments to ensure we meet regulatory standards and expectations.
Macroeconomic uncertainties Adverse macro-economic conditions, such as high costs of living and high interest rates, could erode consumer confidence and may make car financing less affordable, dampening demand for novated leases.	• We actively promote the tax savings benefit of novated leasing and salary packaging to help alleviate cost-of-living pressures experienced by customers. • We work with a range of financiers to maintain competitive dynamics and achieve favourable outcomes for our customers.
People/team members A stable and experienced management team is central to the success of Smartgroup in executing Smartgroup's strategy. The team has deep knowledge of the business and the industry, and strong relationships with key clients. The loss of key personnel may adversely impact on Smartgroup's performance. Smartgroup needs skilled team members to deliver on outstanding customer and client experiences. Low unemployment levels may pose challenges for retaining current team members and attracting new talent.	• We develop our People Leaders' capability and talent to support ongoing succession planning. • Remuneration structures, short-term and long-term incentive plans, flexible working arrangements, and diversity and inclusion support our ability to attract and retain key personnel and the successful execution of our strategy. We also invest in developing our team members to support a highly engaged and high-performance culture, and also to develop future leaders. • We conduct team member engagement surveys to collect feedback from our team members and to support the management team in maintaining an effective workforce.
Suppliers Smartgroup depends on key suppliers for services and products including technology, novated lease funding (see below), insurance and salary-packaging cards. The ongoing availability, performance and reliability of these suppliers are critical to ensure uninterrupted business operations for Smartgroup.	• We negotiate contracts with strong terms and contingencies to facilitate the continuity of services and products from key suppliers. • We conduct due diligence before onboarding new material suppliers and closely monitor key suppliers to identify and mitigate delivery risks and incidents early. • We diversify supplier relationships to reduce single-supplier dependency where possible.
Novated lease funding Smartgroup relies on financier partners to provide funding for our novated leasing customers. If access to funding is reduced or the terms of funding change significantly for our customers, Smartgroup's ability to attract or retain novated leasing customers could be negatively impacted.	• We maintain formal, multi-year contractual agreements with financiers to ensure continued access to funding at competitive terms. • Smartgroup's relationships with multiple financiers provide customers with choice and competitive funding rates.

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Risks and opportunities	How we respond
Workplace Health and Safety Smartgroup is committed to providing a safe and healthy environment for our team members.	• We prioritise the safety, health and wellbeing of our team members, as outlined in our Work Health & Safety Policy. • Mental health awareness training, tools and support are provided to promote physical and mental wellbeing. • Processes are in place for reporting safety hazards and incidents. • We actively monitor relevant indicators to identify opportunities for improvement.
Key client contracts The majority of Smartgroup's client contracts are set for fixed terms and require renewal or participation in tender processes. Some agreements also allow clients to terminate the contract without cause before the term ends. The loss of multiple key clients when they terminate or choose not to renew their contracts is likely to affect Smartgroup's financial performance.	• We continually grow and diversify our business to reduce the concentration of key clients. Revenue concentration risk associated with our largest contracts continues to gradually decrease. • We actively engage with key clients to ensure our products and services meet their needs and expectations. • We monitor client and customer satisfaction through Net Promoter Scores (NPS) and feedback.

Competition
Competition within the salary packaging and novated leasing industry is strong in respect of pricing, evolving products and services, and new lower-cost digital delivery platforms. Competition may also arise from mergers among existing players or the entry of new market participants. If Smartgroup does not adapt to shifts in market conditions, customer expectations, or technological advancements, its market position could weaken, potentially impacting client retention and profitability.
	• Our strategy focuses on transforming our business operations to be even more customer-centric and digitally enabled by:
	  • delivering great experiences for both our clients and their employees;
	  • investing in digital and AI to create seamless customer experiences and lower cost to serve; and
	  • streamlining processes to reduce complexity.
	• We maintain close engagement with clients and customers to tailor products and services to their evolving needs.
	• We invest in our core business and team members to be able to scale faster in response to customer and business needs, and new opportunities.

Sustainability Smartgroup recognises that effective governance and a sustainable business model are essential for long term success. While Smartgroup has a relatively small environmental footprint (primarily from team members' travel, energy consumption and office materials), we are aware that our activities could still result in adverse environmental impacts.	• The Board Environment, Social and Governance (ESG) Committee oversees sustainability-related risks. • A Board-endorsed Sustainability Strategy with clear targets and initiatives is in place. The ESG Committee monitors progress. • Our Environment Policy sets out our approach and activities to fulfill our environmental commitments. • See more in our Impact Report.

Risks and opportunities	How we respond
Climate change Smartgroup faces a range of climate-change risks, including those associated with customer vehicle ownership. Legislative changes or shifts in customer preferences relating to private car ownership or vehicle types (eg, increased adoption of zero or low emission vehicles (ZLEVs)) could affect Smartgroup's financial performance if we do not respond quickly to changing conditions. Some customers may also postpone purchasing a new car while waiting for better vehicle choices, pricing or supporting charging infrastructure.	• We monitor and assess climate change developments and their impact on our strategy and operations. • The ESG Committee oversees the social, environmental and ethical impact of our activities. • We evaluate risks and opportunities associated with climate change (both physical and transitional aspects) as part of our overall risk management practices. • We educate customers on ZLEVs and the benefits of novated leasing ZLEVs. • Smartgroup has relationships with ZLEV manufacturers to support our ability to source such vehicles for our customers. • See more in our Impact Report.
Modern Slavery Smartgroup does not tolerate or support the use of forced or compulsory labour, and we apply this standard throughout our supply chain. Our main supply chain activities include engaging with providers of IT, facilities, contractors and temporary staff, consulting and specialist advice, business development and marketing. We recognise the risk of not meeting our modern slavery obligations should our suppliers act contrary to these obligations.	• Smartgroup's Procurement Policy prohibits modern slavery, with standard compliance terms and conditions incorporated into new and renewed supplier contracts. • Our Human Rights Policy sets out our commitment to the protection of human rights. • See more in our Modern Slavery Statement Report. • See more in our Impact Report.

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The Directors present their report, together with the consolidated financial statements of Smartgroup Corporation Ltd (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the financial year ended 31 December 2025 (referred to hereafter as the 'Group').

Directors

The following people were Directors of the Company during the financial year and up to the date of this report. Each director held that position from the start of the financial year until the date of this report, unless otherwise stated:

- John Prendiville
- Carolyn Colley
- Deborah Homewood
- Anne McDonald
- Mark Rigotti
- Ian Watt
- Scott Wharton

Principal activities

During the financial year, the principal activities of the Group consisted of outsourced employee benefits and administration services, being primarily salary packaging, novated leasing and fleet management.

Dividends

Dividends paid during the financial year were as follows:

	Date of payment		Cents per share		Total amount ($000)	
Consolidated	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
Final ordinary dividend	21 March	21 March	20.0	16.0	26,671	21,171
Special dividend	21 March	21 March	11.0	16.0	14,670	21,171
Interim ordinary dividend	23 September	23 September	19.5	17.5	26,432	23,454
Total			**50.5**	**49.5**	**67,773**	**65,796**

On 25 February 2026, the Directors declared a fully franked final ordinary dividend for the year ended 31 December 2025 of 21.5 cents per share. The final dividend will be paid on 20 March 2026 to shareholders registered on 6 March 2026, resulting in a total distribution of $29,155,000.

On 25 February 2026, after consideration of the Group's capital requirements, the Directors determined that a further return to shareholders is appropriate, and declared a fully franked special dividend of 12.0 cents per share, in respect of the 2025 financial year. The special dividend will be paid on 20 March 2026 to shareholders registered on 6 March 2026, with an expected total distribution of $16,273,000.

The financial effect of dividends declared after the reporting date is not reflected in the 31 December 2025 consolidated financial statements and will be recognised in subsequent financial reports.

The Directors further resolved to establish a profits reserve within the Company to preserve current profits for the purpose of paying dividends in future years. The amount to be transferred from retained earnings of $7,500,000 had not been declared at the reporting date and therefore is not reflected in the consolidated financial statements.

Review of operations

The Group's profit after income tax expense for the year amounted to $79,444,000 (2024: $75,599,000). Refer to the Chair's Review starting on page 6 and the Managing Director and CEO Review starting on page 9 for further commentary.

Significant changes in the state of affairs of the Group

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

Matters subsequent to the end of the financial year

On 17 February 2026, Paul Rogan was appointed to the Board, effective 2 March 2026. This non-adjusting subsequent event has no impact on the financial statements.

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Likely developments and expected results of operations

Likely developments in the operations of the Group and the expected results of those operations are described in the report from our Managing Director and CEO starting on page 9.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

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Board of Directors

The following people were directors of Smartgroup Corporation Ltd during the financial year 2025 and up to the date of this report, unless otherwise state.



John Prendiville
Board Chair and Non-Executive Director

Qualifications: John holds a Bachelor of Science (Hons) in Astrophysics from the Royal Military College, Duntroon, and a Master of Business Administration from the University of Western Australia and the Institute for International Finance in Japan.

Experience and expertise: John has more than 35 years' experience in the finance sector. He recently stepped down as a Director and Chair of Wilsons Advisory, a business focused on institutional grade stockbroking and private wealth advice in Australia, following its merger with Canaccord Genuity Australia. He also stepped down, after 10 years of involvement, as a Director of the University of Notre Dame Australia, in which he was also Chair of the Finance and Investment Committee. John recently joined the Board of St John of God hospital group and sits on the Finance and Investment Committee.

He is also a shareholder and Director of Shift Financial Pty Ltd, a rapidly growing provider of finance to the SME space in Australia, and a range of other private companies with interests in the technology, property, industrial and fintech spaces. Previously, John held numerous senior roles at Macquarie Group, where he worked for 20 years until his departure in 2011.

Other listed company directorships held in last three years: None

Special responsibilities: Board Chair, member of the Human Resources and Remuneration Committee, IT and Innovation Committee, Audit and Risk Committee (previous Chair) and the Environment, Social and Governance Committee.

Interests in shares: 770,000

Interests in options: None



Scott Wharton
Managing Director and CEO

Qualifications: Scott holds a Bachelor of Science from the University of Sydney, a Bachelor of Laws from the University of Technology, Sydney, an Executive MBA from INSEAD and an Executive MBA from Tsinghua University (Beijing).

Experience and expertise: Scott joined Smartgroup in July 2023. Scott has more than 20 years' experience in financial services and regulated industries with a strong track record leading and transforming organisations. Scott has held executive positions in a number of organisations including as a Group Executive with Commonwealth Bank, and as a Managing Director with Citigroup in Hong Kong and New York. Scott is a Fellow and Adjunct Professor (Industry) at the University of Technology, Sydney and a member of the Vice Chancellor's Industry Advisory Board, and is a Board member of Supply Nation and the St Paul's College Foundation.

Other listed company directorships held in last three years: None

Special responsibilities: None.

Interests in shares: 39,184

Interests in options[1]: 2,451,639



Deborah Homewood
Non-Executive Director

Qualifications: Deborah completed her registered nurse training at St Andrews Hospital, Queensland, and holds a Master of Management from Macquarie Graduate School of Management.

Experience and expertise: Deborah has many years of management experience in various sectors, including retail, the medical industry and communications. She was Managing Director of MAX Solutions from July 2012 until December 2022, and in January 2025 was appointed as the CEO of the Australian Disability Network for a term expiring on 28 August 2025. Before that, Deborah was CEO of Pacnet, Australia and New Zealand, an Asian-headquartered telecommunications carrier, where she also held various other senior roles including Vice President Sales, South Asia. Deborah is the Non-Executive Chair of Inherited Cancers Australia, a registered charity supporting people to understand and reduce their risk of hereditary cancer. She is also a member of Chief Executive Women and chaired the Membership Committee of that organisation from 2010 to 2012.

Other listed company directorships held in last three years: None.

Special responsibilities: Chair of the Human Resources and Remuneration Committee, member of the Audit and Risk Committee and IT and Innovation Committee.

Interests in shares: 10,000

Interests in options: None

1. As noted on page 63, shares issued under the Company's Long Term Incentive Plan (LTI Plan) and performance rights issued under the Company's Short Term Incentive Plan (STI Plan) are disclosed as if they are options. The "options" disclosed here comprise 2,403,301 ordinary shares held under the LTI Plan and 48,338 performance rights held under the STI Plan each as at 31 December 2025.

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Ian Watt AC
Non-Executive Director

Qualifications: Ian holds a Bachelor of Commerce (Hons) from the University of Melbourne, a Master of Economics and a PhD in Economics from La Trobe University, and has completed the Advanced Management Program at Harvard Business School.
Experience and expertise: Ian worked for nearly 20 years at very senior levels of the Australian public service before making the change to the corporate sector. His most recent appointment in the public sector was as Secretary of the Department of the Prime Minister and Cabinet and head of the Australian Public Service, a position he held from 2011 to 2014. Before that, he was Secretary of the Departments of Defence, Finance, and Communications, Information Technology and the Arts between 2001 and 2011 and Deputy Secretary of the Department of the Prime Minister and Cabinet. Ian is a member of the Board of the International Centre for Democratic Partnerships and the Chair of the ADC Advisory Council. He is also a member of the Board of the National Disability Insurance Agency, a member of the International Advisory Board for Veracity Worldwide, headquartered in New York City, and a Senior Advisor to Flagstaff Partners.

Other listed company directorships held in last three years: None.

Special responsibilities: Chair of the Environment, Social and Governance Committee and member of the Audit and Risk Committee and IT and Innovation Committee.

Interests in shares: 131,522

Interests in options: None



Carolyn Colley
Non-Executive Director

Qualifications: Carolyn holds a Bachelor of Economics from Macquarie University and a Diploma of Applied Finance and Investment. She is a Fellow of Chartered Accountants Australia and New Zealand and a Graduate of the Australian Institute of Company Directors.
Experience and expertise: Carolyn has more than 30 years' experience spanning financial services, product development and innovation. Carolyn was most recently Chief Operating Officer and co-founder of Faethm, a global analytics SaaS platform. Previously, she was CEO of Decimal Software Ltd and, before that, she held senior executive roles at Macquarie Bank, St George Bank and BT Financial Group. Carolyn is an Independent Non-Executive Director of Count Ltd (ASX: CUP) and ASX's Clearing and Settlement Boards, and is also an Independent Non-Executive Director of Rabobank Australia Limited, where she is Chair of the Audit Committee, a member of the Risk and Compliance Committee and a member of the People and Remuneration Committee.

Other listed company directorships held in last three years: Count Ltd (ASX: CUP) (current directorship, held since October 2020).

Special responsibilities: Chair of the IT and Innovation Committee and member of the Environment, Social and Governance Committee (until 1 January 2025), Audit and Risk Committee (from 1 January 2025) and Human Resources and Remuneration Committee.

Interests in shares: 7,000

Interests in options: None



Anne McDonald
Non-Executive Director

Qualifications: Anne is a Chartered Accountant, a Graduate of the Australian Institute of Company Directors and holds a Bachelor of Economics from the University of Sydney.
Experience and expertise: Anne has over 35 years' business experience in finance, accounting, auditing, risk management and governance. She is an experienced Director of public, private and government entities and has pursued a full-time career as a Non-Executive Director since 2006, having previously been a partner at Ernst & Young for 15 years. Anne is a Non-Executive Director of St Vincent's Health Australia Ltd, where she chairs the Audit and Risk committee.

Other listed company directorships held in last three years): Non-Executive Director of Link Administration Holdings Limited (ASX: LNK) (directorship held from July 2016 until May 2024).
Special responsibilities: Chair of Audit and Risk Committee and member of Environment, Social and Governance Committee.

Interests in shares: 25,000

Interests in options: None

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Mark Rigotti
Non-Executive Director

Qualifications: Mark is a qualified lawyer and a graduate and member of the Australian Institute of Company Directors. He holds a Bachelor of Arts and a Masters of Law from the University of Sydney and is a graduate of the Advance Management Program (Melbourne Business School) and Executive leadership programs from Harvard and Singularity Universities.
Experience and expertise: Mark is the Managing Director and Chief Executive Officer of the Australian Institute of Company Directors. His previous roles include serving as the Global CEO of Herbert Smith Freehills (HSF) where he was also a partner. He was also Chair of the firm's Global Executive, Chair of the Global Diversity & Inclusion Group and a Member of the HSF Global Partnership Council. Mark is a board member of the European Australian Business Council.

Other listed company directorships held in last three years: None.

Special responsibilities: Member of the Environment, Social and Governance Committee and Human Resources and Remuneration Committee.

Interests in shares: 33,555

Interests in options: None

Company Secretaries

Sophie MacIntosh was appointed Chief Legal Officer on 7 November 2016 and Joint Company Secretary on 13 December 2016. Sophie is an experienced legal and governance professional with more than 20 years' experience gained working in global law firms specialising in all aspects of corporate and commercial law. Sophie holds a Master of Laws from the University of Sydney and a Bachelor of Business and a Bachelor of Law from the University of Technology, Sydney.

Jonathan Swain was appointed as an additional Company Secretary effective 19 August 2019. Jonathan is a Senior Company Secretary with MUFG Corporate Governance Pty Ltd (formerly Company Matters Pty Ltd). He has previously worked in a range of legal, company secretarial and management roles. Jonathan is admitted as a solicitor in New South Wales and is a Fellow Member of the Governance Institute of Australia and a Graduate of the Australian Institute of Company Directors.

Meetings of Directors

The number of meetings of the Company's Board of Directors and each Board committee held during the year ended 31 December 2025, and the number of meetings attended by each director were as follows.

Director	Board		Audit and Risk Committee		Human Resources and Remuneration Committee		IT and Innovation Committee		Environment, Social and Governance Committee	
	H[1]	A[1]	H	A	H	A	H	A	H	A
John Prendiville	11	11	4	4	3	3	3	3	3	3
Carolyn Colley	11	11	4	4	3	3	3	3	–	–
Deborah Homewood	11	10	4	4	3	3	3	2	–	–
Anne McDonald	11	11	4	4	–	–	–	–	3	3
Mark Rigotti	11	11	–	–	3	3	–	–	3	3
Ian Watt	11	11	4	4	–	–	3	3	3	3
Scott Wharton	11	11	–	–	–	–	–	–	–	–

1. Column H represents the number of meetings held during the year whilst the director held office or was a member of the relevant committee. Column A represents the numbers of those meetings attended by the director. In the case of committee meetings, column A records attendance by directors who are members of the relevant committee.

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Introduction from the Chair of the Human Resources and Remuneration Committee

In 2025, consistent with the Executive Remuneration Framework described later in the Remuneration Report:

- remuneration for Executive Key Management Personnel (KMP) was structured to include an appropriate balance between a fixed component and a performance-based component (comprising a combination of short-term and long-term incentives), such that a significant part of the Executive KMP's total remuneration is linked to KPIs, company performance and shareholder returns;
- 50% of target Executive KMP short-term incentives were conditional on the achievement of certain Group NPATA targets, with the other 50% conditional on the achievement of non-financial Group-based key performance indicators (KPIs) as set out in Table 3, but only payable if a minimum overall Group NPATA target was achieved;
- an additional short-term incentive payment of up to 20% of each Executive KMP's target short-term incentive amount was payable for Group NPATA "outperformance" as detailed in the Remuneration Report;
- subject to achievement of the relevant Group NPATA targets and non-financial Group-based KPIs, 50% of each Executive KMP's maximum potential short-term incentive entitlement (including any entitlement for Group NPATA outperformance) was payable in cash, and the other 50% by awarding a number of performance rights under the Group's Short Term Incentive Plan, with the number of those performance rights vesting determined by reference to achievement of those targets and KPIs during the one-year performance period ended 31 December 2025; and
- consistent with previous years, Executive KMP long term incentives were granted in the form of shares issued under the Group's Long Term Incentive Plan funded by way of interest-free loans, with vesting of these shares dependent on achievement of agreed earnings per share and relative total shareholder return targets over a three- year performance period ending 31 December 2027.

Details of the specific Group NPATA targets and non-financial Group-based KPIs approved by the Board for 2025 short-term incentives, and the earnings per share and relative total shareholder return targets approved by the Board for the long term incentives granted in 2025, are set out later in the Remuneration Report.

Key remuneration decisions and outcomes for 2025 affecting Executive KMP were as follows:

- there were no changes to the members of Executive KMP during the year;
- there were no changes to the fixed annual remuneration (FAR) for members of the Executive KMP;
- the target short-term incentive (STI) payment for the Managing Director and CEO in 2025 was 71% of FAR (2024: 65%). The target STI payment for the CFO (being the only other member of the Executive KMP in 2025) was 42% of FAR (2024: 42% for the CFO; an average of 45% for all members of the Executive KMP other than the Managing Director and CEO during that year);
- the value of the long-term incentives (LTI) awarded to the Managing Director and CEO in 2025 was increased to 136% of FAR (2024: 130%), while the value of the LTI awarded to the CFO remained unchanged at 42% of FAR (2024: 42% for the CFO; an average of 45% for all members of the Executive KMP other than the Managing Director and CEO during that year);
- 88% of the total potential short-term incentives available to members of the Executive KMP for 2025 will be paid, and 73% of the performance rights issued to those members of Executive KMP in 2025 will vest;
- 100% of the loan funded shares issued as long term incentives to continuing Executive KMP in 2023 vested in 2025, as the total shareholder return (TSR) result was in the 91st percentile, resulting in 100% of the TSR portion vesting. The earnings per share (EPS) result met the maximum EPS hurdle, resulting in 100% of the EPS portion vesting;
- no changes to the remuneration rates payable to Non-executive directors were made in 2025.

Details of these decisions and outcomes are set out in more detail in the Remuneration Report. The Board believes that the 2025 remuneration outcomes fairly reflect the performance of the Company and Executive KMP.

We thank our shareholders for their support and welcome feedback on our Remuneration Report.



Deborah Homewood
Chair of the Human Resources and Remuneration Committee

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About this report

The Remuneration Report describes the remuneration arrangements for the KMP of the Group for the year ended 31 December 2025. This report has been prepared in accordance with the requirements of section 300A of the Corporations Act 2001 and has been audited.

Who is covered by the report

The names and titles of the KMP during the year ended 31 December 2025 are set out below.

Name	Title	KMP for full year or part year
Non-Executive Directors		
John Prendiville	Board Chair and Non-Executive Director	Full year
Carolyn Colley	Non-Executive Director	Full year
Deborah Homewood	Non-Executive Director	Full year
Anne McDonald	Non-Executive Director	Full year
Mark Rigotti	Non-Executive Director	Full year
Ian Watt	Non-Executive Director	Full year
Executive KMP		
Scott Wharton	Managing Director and CEO	Full year
Jason King	Chief Financial Officer (CFO)	Full year

Executive KMP Remuneration Strategy

Smartgroup's Remuneration Strategy focuses Executive KMP on:

- sustained growth in net profit after tax, adjusted to exclude the non-cash tax-effected amortisation of intangibles and significant non-operating items (NPATA); and
- risk management and other key non-financial drivers of value.

The Board ensures that the remuneration of Executive KMP is:

- set in a way that is consistent with the strategy outlined above;
- transparent and clearly aligned to performance; and
- competitive but reasonable, and acceptable to shareholders.

The Board's Human Resources and Remuneration Committee (HRRC) assists the Board in fulfilling its corporate governance responsibilities, including reviewing and recommending remuneration arrangements for Directors and Executive KMP. The HRRC has structured an Executive Remuneration Framework that is competitive with the market and consistent with the overall Remuneration Strategy of the Group.

The Executive Remuneration Framework:

- intends to attract, motivate and retain high-calibre executives who are critical to the organisation's growth and success;
- rewards team and individual performance, capability and experience;
- reflects competitive rewards for contributing to growth in shareholder wealth; and
- provides a clear structure for earning rewards.

Components of Executive KMP remuneration

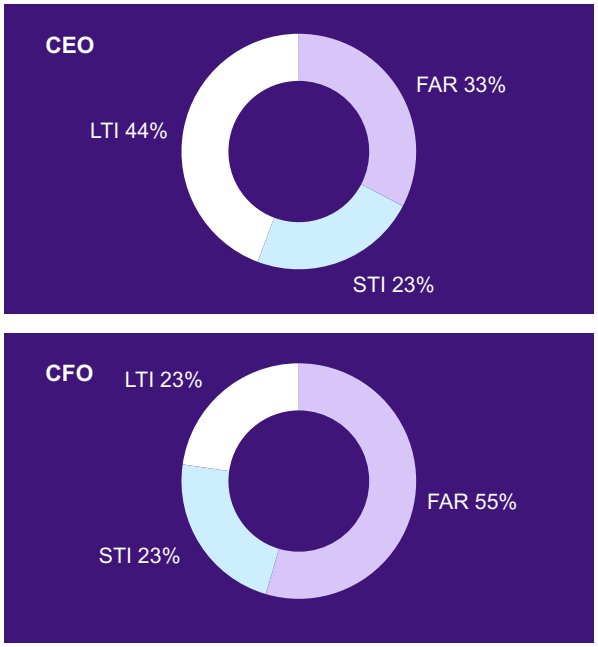
The Group aims to reward Executive KMP with a level and mix of remuneration based on position, responsibility and performance.

The Executive Remuneration and Reward Framework consists of four components:

- total fixed annual remuneration (FAR) comprising base salary, superannuation and non-monetary benefits;
- short-term performance incentives (STI);
- long-term performance incentives (LTI); and
- other statutory entitlements such as long service leave.

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In alignment with its Remuneration Strategy, the Board's policy is to structure remuneration for Executive KMP so that it includes both a fixed component and an at-risk or performance-based component (comprising a combination of STI and LTI) such that a significant part of the Executive KMP's total remuneration is at risk.



The graphs above show, for each of the Managing Director and CEO and the CFO (being the two members of Executive KMP), the proportion of remuneration that is fixed annual remuneration and the proportion that is subject to performance conditions.

Further details on the components of Executive KMP remuneration are set out below.

Total fixed annual remuneration

Fixed annual remuneration, consisting of base salary, superannuation and non-monetary benefits, is reviewed annually by the HRRC, based on individual and business unit performance, the overall performance of the Group and comparable market remuneration.

Short-term incentives

Executive KMP are eligible to participate in the Company's Short-Term Incentive Program (STI Program) in a manner determined by the Board. The STI Program puts a proportion of each Executive KMP's remuneration at risk subject to meeting specific, predetermined performance measures linked to the Company's objectives set annually. This aligns employee interests with the Group's financial performance and the Group's organisational values.

In setting STI entitlements, the Board and the HRRC have regard to comparative data from companies of a similar size. Data from competitors is also considered to ensure that the STI Program remains competitive and attractive, and to incentivise the Executive Team to stay and to strive for exceptional performance.

Any amount that may be paid to the participants under the STI Program is subject to the absolute discretion of the Board, after taking into account performance against KPIs, and any other matters determined by the Board to be relevant to its discretion including, without limitation, the conduct of the relevant Executive KMP.

In 2022, the Company established a new Short-Term Incentive Plan (STI Plan) under which the Board may offer Executive KMP, and other eligible employees, options, performance rights and/or share appreciation rights (Awards) subject to vesting conditions, performance hurdles and/or exercise conditions approved by the Board. The terms of the STI Plan were approved by shareholders at the AGM held in May 2022. Shareholders approved further issues of securities under the STI Plan as an exception to ASX Listing Rule 7.1 at the AGM held in May 2025.

The Board can structure STI payments for Executive KMP under the STI Program so that they are payable partly in cash and partly by the issue of Awards under the STI Plan which only vest if the financial and non-financial KPIs and objectives approved by the Board are achieved. Any grant of securities under the STI Plan to the Managing Director and CEO is required to be approved by shareholders under the ASX Listing Rules. This approval will usually be sought at the Company's AGM.

Awards issued under the STI Plan lapse if relevant vesting conditions are not met or if the participant ceases employment before vesting (subject to the Board's discretion to permit vesting of Awards depending on the circumstances in which employment ceases).

Where there is a change of control event, the Board may, at its discretion, determine that some or all of a participant's unvested Awards may vest.

The Board also has the discretion to issue Awards on terms that any ordinary shares received by the relevant participant on exercise of a vested Award are subject to disposal restrictions.

Long-term incentives

In early 2015, the Board established a Long-Term Incentive Plan (LTI Plan) for Executive KMP and other eligible employees, the terms of which were approved by shareholders at the 2015 AGM. Shareholders approved the future issue of shares under the LTI Plan as an exception to ASX Listing Rule 7.1 at the AGMs held in May 2018, May 2021 and May 2024.

The LTI Plan aligns reward with shareholder value by tying this component of executive remuneration to the achievement of performance measures that underpin sustainable long-term growth. Any grant of shares to the Managing Director and CEO under the LTI Plan is required to be approved by shareholders under the ASX Listing Rules. This approval will usually be sought at the Company's AGM.

The LTI Plan is a loan-funded share plan. Shares are acquired by the participant funded by a loan provided by the Company. The shares are issued by the Company subject to a number of vesting conditions, or performance hurdles, set by the Board at the time of issue. The shares are held by the participant subject to a holding lock until

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those performance hurdles are satisfied and the shares vest. If the performance hurdles are not satisfied, the shares may be forfeited as described below.

The loan is for five years from issue, is subject to limited recourse and is interest-free, as required by ASIC Class Order CO14/1000 (for offers made under the LTI Plan before 1 March 2023) and Division 1A of Part 7.12 of the Corporations Act and the ASIC Corporations (Employee Share Schemes) Instrument 2022/1021 (for offers made under the LTI Plan on or after 1 March 2023). All dividends paid or distributions made by the Company to the participant on the loan funded shares are applied to repay the loan and to meet the tax liability on those dividends or distributions. The balance of the loan is repayable in full on the earlier of the termination date of the loan and the date on which the shares are sold.

Shares issued under the LTI Plan are forfeited if the performance hurdles are not met, or if the participant ceases employment before vesting (subject to the Board's discretion to permit vesting of shares depending on the circumstances in which employment ceases). Shares which are forfeited may be sold or bought back by the Company, with the proceeds used to repay the amount then outstanding under the loan.

Where there is a change of control event, the Board may, at its discretion, determine that some or all of a participant's unvested shares may vest.

From time to time, the Board may consider amending the vesting terms and the performance hurdles, to ensure they are aligned to market practice and to safeguard the best outcomes for the Company. Further, the Board has the absolute discretion to replace the issues of shares under the LTI Plan in any one or more years with issues of securities under the STI Plan or any other incentive plan approved by the Board.

2025 Executive KMP remuneration structure

Total fixed annual remuneration

Total fixed annual remuneration for Executive KMP in 2025, and a comparison with total fixed annual remuneration in 2024, is set out below:

Name and role	2025 FAR	2024 FAR
Scott Wharton, Managing Director and CEO	900,000	900,000
Jason King, CFO	600,000	600,000

Short-term incentives

Target STI

Participants in the STI Program have a target STI payment set every year as a percentage of their FAR. In 2025, this target was:

- 71% of FAR for Managing Director and CEO, Scott Wharton (2024: 65%); and
- 42% of FAR for CFO, Jason King (2024: 42%).

KPIs and conditions to payment of STI

Under the 2025 STI arrangements approved by the Board for Executive KMP:

- if a gateway Group NPATA of $77.0 million is achieved, a payment of up to 50% of the STI target amount may become payable based on the achievement of specific non-financial Group-based KPIs in the areas of client & customer, strategic initiatives, ESG, and people;
- 25% of the STI target amount is payable on the achievement of target Group NPATA of $78.0 million, rising on a straight-line basis to 50% of STI target amount on achievement of Group NPATA of $80.0 million;
- if the target Group NPATA of $80.0 million is exceeded, a further "outperformance" payment of up to 20% of the STI target amount is payable for Group NPATA between $80.0 million and $83.0 million, rising on a straight-line basis.

The amount of any STI payment is subject to adjustment for certain adverse risk outcomes, and is also subject to the Board's overarching discretion to assess KPI performance and determine the amount of any payments to be made under the STI Program.

Details of the specific non-financial Group-based KPIs approved by the Board for 2025, and the extent to which they were achieved, are set out in .

Form of payment of STI

50% of the STI amount payable to Executive KMP (including any amount payable for Group NPATA outperformance) will be paid in cash. The balance of the STI entitlement for each Executive KMP is realised by the awarding of performance rights under the STI Plan that vest depending on the extent to which the KPIs outlined above are achieved during the financial year.

In 2025, the Board determined that the number of performance rights issuable to each Executive KMP be calculated by dividing 60% of the Executive KMP's STI target amount by the volume weighted average price (VWAP) of Smartgroup shares over the 10-day trading period commencing immediately after release of the 2024 full-year results, adjusted for any dividends declared. The figure of 60% allows both 50% of target STI and 50% of any outperformance to be paid in the form of performance rights.

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Performance rights issued under the STI Plan

The following performance rights were issued to Executive KMP under the STI Plan in respect of 2025 remuneration:

- 48,338 performance rights were issued to Managing Director and CEO, Scott Wharton, on 14 May 2025, with the number of rights determined based on a 10-day VWAP of $7.8824. Approval for the issue of these performance rights was obtained under ASX Listing Rule 10.14 at the Company's 2025 Annual General Meeting; and
- 19,031 performance rights were issued to CFO, Jason King, on 14 March 2025, with the number of rights determined based on a 10-day VWAP of $7.8824.

All performance rights were issued subject to the following terms and conditions:

- the number of performance rights that vest, if any, is calculated by reference to the extent that the relevant KPIs and conditions to payment of STI described above have been met;
- each performance right that vests can be exercised in accordance with the terms of the STI Plan for one ordinary share; and
- any shares issued on the exercise of performance rights will be subject to a holding lock expiring on 31 December 2026 (that is, one year after the end of the financial year in respect of which the relevant performance rights formed part of the Executive KMP's remuneration).

Fair value

The performance rights granted under the STI Plan are in substance equivalent to options. The fair value of the performance rights used for grant allocation purposes was calculated using the spot price on the grant date. The fair value is different to the issue price, which is based on a 10-day VWAP as described above under the heading, "Performance rights issued under the STI Plan".

Long-term incentives

Number and price of shares issued

Participants in the LTI Plan are granted a number of shares based on a proportion of the relevant executive's FAR.

For 2025:

- the LTI Plan grant to Managing Director and CEO, Scott Wharton, was 136% of full year FAR; and
- the LTI Plan grant to CFO, Jason King, was 42% of FAR (2024: 42% for the CFO; an average of 45% for all members of the Executive KMP other than the Managing Director and CEO during that year),

in each case as measured by the fair value of the shares on the grant allocation date, that is, when the number of shares to be issued was determined.

Under the 2025 LTI plan:

- 834,189 shares were issued to Managing Director and CEO, Scott Wharton, on 16 May 2025 at an issue price of $7.8254 per share, being the 20-day VWAP of shares up to and including the trading day immediately before the date of the Company's 2025 Annual General Meeting. Approval for the issue of these shares was obtained under ASX Listing Rule 10.14 at the Company's 2024 Annual General Meeting; and
- 170,941 shares were issued to Jason King (CFO), on 14 March 2025 at an issue price of $7.7364 per share, being the 20-day VWAP of shares up to and including the trading day immediately before the date of the Company's 2025 Annual General Meeting.

Vesting of shares

Vesting of 75% of the shares issued under the 2024 LTI Plan grant is subject to an earnings per share performance hurdle where earnings per share (EPS) is calculated based on the Company's reported NPATA. Vesting of the other 25% of the shares issued under the 2025 LTI Plan grant is subject to a total shareholder return (TSR) hurdle. The performance hurdles are described in more detail below. Shares issued under the 2025 LTI Plan grant will vest on 31 December 2027 if the relevant performance hurdles are met, and the shares have not previously been forfeited.

The shares awarded under the LTI Plan are economically equivalent to options. The principal value of the LTI Plan grant to members of Executive KMP therefore comes through the increase in market value of the shares over the issue price. This provides further alignment with shareholder interests and further links remuneration with Company performance.

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EPS performance hurdle

The EPS performance hurdle applies to 75% of the total number of shares issued to each member of Executive KMP under the 2025 LTI Plan grant.

The EPS performance hurdle is based on achievement of a compound annual growth rate (CAGR) in the Company's EPS (based on NPATA) from the 2024 EPS of $0.541 (calculated on the basis of reported 2024 NPATA of $72.4 million and 133.9 million shares on issue) to the EPS for the financial year ending on 31 December 2027, as set out in the table below.

Table 1: EPS performance hurdle

EPS performance hurdle – applies to a maximum of 75% of the total number of shares issued under the 2025 LTI Plan grant

Measure	Vesting period	EPS CAGR %	EPS target $	Shares subject to vesting %
EPS CAGR (based on NPATA)	The period of three years ending 31 December 2027[1]	Below 4.0		Nil
		4.0	$0.665	50
		Between 4.0 and 8.0		Straight line between 50 and 100
		8.0 or greater	$0.745	100 (capped)

1. Or such other date on which the Board makes a determination as to whether the vesting condition has been met.

The EPS CAGR targets for the 2025 LTI Plan grant range from 4.0% (for 50% vesting) to 8.0% (for 100% vesting). These CAGR targets are consistent with the targets approved by the Board in 2024. The Board considers that the 2025 EPS performance hurdle remains an appropriate target.

TSR performance hurdle

The TSR performance hurdle applies to 25% of the total number of shares issued to each member of Executive KMP under the 2025 LTI Plan grant.

TSR measures the growth in the market price of shares plus cash distributions notionally reinvested in shares. Each of the companies in the S&P/ASX 200 Index at the time of grant (plus the Company, if the Company is not in the S&P/ASX 200 Index at the relevant time) is ranked from highest to lowest based on its TSR over the performance measurement period, being the three-year period starting on 1 January 2026 and ending on 31 December 2027. For the purpose of calculating the TSR, the relevant share prices are determined by reference to the VWAP over the 20 trading days up to and including 1 January 2026 (the performance measurement period start date) and the 20 trading days up to and including 31 December 2027 (the performance measurement period end date).

The TSR hurdle is based on the TSR performance of the Company over the performance measurement period compared to the TSR of companies in the S&P/ASX 200 Index, as set out in the table below.

The Board believes it is appropriate to have a proportion of the shares awarded under the LTI Plan to be subject to a TSR performance hurdle to provide a market-based hurdle.

Table 2: Relative TSR performance hurdle

TSR performance hurdle – applies to a maximum of 25% of the total number of shares issued under the 2025 LTI Plan grant

Measure	Vesting period	Smartgroup TSR performance compared to index (percentile)	Shares subject to vesting %
Relative TSR (ranking)	The period of three years ending 31 December 2027[1]	Less than 50th percentile	Nil
		50th percentile	50
		50th to 75th percentile	Straight line between 50 and 100
		75th to 100th percentile	100

1. Or such other date on which the Board makes a determination as to whether the vesting condition has been met.

Fair value

The shares granted as part of the LTI Plan are accounted for as options. The fair value of the shares used for grant allocation purposes was calculated using Black-Scholes-Merton simulations in respect of the EPS hurdles and Monte Carlo simulations in respect of the TSR hurdles. The fair value is different to the issue price, which is based on a 20-day VWAP as described above under the heading "Number and price of shares issued".

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2025 Executive KMP remuneration outcomes

STI – achievement of KPIs and financial outcomes

The Company reported 2025 Group NPATA of $80.2 million. Refer to page 68 for a reconciliation of statutory results to adjusted results (NPATA). No adjustment was applied for adverse risk outcomes, and accordingly, for Executive KMP:

- 50% of the Executive KMP's STI target amount is payable for achievement of Group NPATA, exceeding the target amount of $80.0 million; and
- an additional 1.1% of the STI target amount is payable for Group NPATA outperformance; and
- the Group NPATA gateway of $77.0 million for short-term incentive payments for achievement of non-financial Group-based KPIs was met, so these payments are to be made having regard to the Board's assessment of the extent to which those KPIs were achieved, as set out in the table below:`

Table 3: 2025 KPIs for Executive KMP and achievement

	Metric	CEO Weighting[1]	CEO Performance	CFO Weighting[1]	CFO Performance
Financial metrics					
Group NPATA metric (50% of target STI)	$78.0m NPATA (25%) to $80.0m NPATA (50%)	50.0%	50.0%	50.0%	50.0%
Group NPATA outperformance metric (additional 20% of target STI)	$80.0m NPATA (0%) to $83.0m NPATA (20%)	20.0%	1.1%	20.0%	1.1%
Non-financial metrics (50% of STI)					
Client and customer	Achieve a hurdle level of NPS for the top 20 clients by revenue. Growth of at least 5% in active salary package numbers from December 2024 (Managing Director and CEO only).	10.0%	5.0%	10.0%	–%
Strategic initiatives	Delivery of specific strategic objectives approved by the Board. This includes efficiency, growth, resilience, and customer metrics linked to the Group's Strategic Priorities as described in the Annual Report.	25.0%	17.3%	25.0%	20.0%
ESG	Delivery of specific 2025 sustainability targets approved by the ESG Committee. These targets are based on Smartgroup's 2022-2025 sustainability strategy.	5.0%	5.0%	5.0%	5.0%
People	Achieve an employee engagement survey score of 60.	10.0%	10.0%	10.0%	10.0%
Outcome			**88.4%**		**86.1%**

1. This is the percentage of the overall target STI amount for each named KMP role which is payable for full achievement of the relevant KPI.

The table below shows the actual STI outcome for all continuing Executive KMP for the year ended 31 December 2025 in absolute terms and as a percentage of their target STI opportunity, under the STI arrangements approved by the Board.

Table 4: 2025 STIP outcomes

Name of executive	Target STI amount $	Percentage of target STI achieved %	Cash payment $	Number of performance rights vesting	Number of performance rights lapsing
Scott Wharton	635,000	88.4%	280,670	35,609	12,729
Jason King	250,000	86.1%	107,625	13,655	5,376

1. Target STI amount does not include the potential additional 20% STI amount for Group NPATA outperformance. Refer to page 52 for further details.

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LTI – vesting of shares subject of 2023 grant under the LTI Plan

Shares issued under the 2023 LTI Plan grant had a vesting period ending on 31 December 2025. The vesting of these shares was subject to the achievement of an EPS hurdle (based on NPATA) and a TSR hurdle.

Shares subject to EPS hurdle

The EPS hurdle applied to 75% of the shares issued under the 2023 LTI Plan grant. It was based on the CAGR in the Company's EPS (based on NPATA) from the pro-forma 2022 EPS of $0.458. As at 31 December 2025, EPS (based on NPATA) was $0.591, which represents a CAGR of 9% from the pro-forma 2022 EPS. This result means that 100% of the shares issued under the 2023 LTI Plan grant that are subject to the EPS hurdle have vested. For the Executive KMP who participated in the 2023 LTI Plan grant, the vesting of these shares is reflected in Table 13 and Table 14 below.

Shares subject to TSR hurdle

The TSR hurdle applied to 25% of the LTI Plan shares issued under the 2023 LTI Plan grant. The Company's TSR performance was measured to be in the 91st percentile of the S&P/ASX 200 Index. This result means that 100% of the shares issued under the 2023 LTI Plan grant that are subject to the TSR hurdle have vested. For the Executive KMP who participated in the 2023 LTI Plan grant, the vesting of these shares is reflected in Table 13 and Table 14 below.

The Company engaged PricewaterhouseCoopers to provide external verification of the above calculation.

Link between Executive KMP remuneration outcomes and financial performance

In considering the Group's performance, the benefit to shareholders and appropriate remuneration for executives, the Board, through the HRRC, has regard to financial and non-financial indices, including the ones shown in the table below in respect of the current financial year and the previous four financial years.

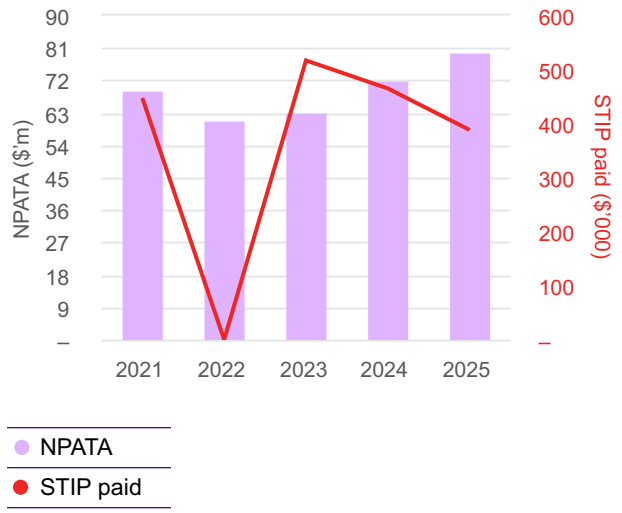
Table 5: Indices relevant to the Board's assessment of the Group's performance and the benefit to shareholders

Index	2021	2022	2023	2024	2025
NPATA ($m)	69.5	61.2	63.2	72.4	80.2
EPS (cents)	52.1	45.8	47.6	54.1	59.1
Ordinary dividends declared in respect of the financial year – per share (cents)	36.5	32	31.5	37.5	21.5
Special dividends declared in respect of the financial year – per share (cents)	35.5	14.0	0.0	27.0	12.0
Share price – year-end ($)	7.8	5.1	8.7	7.8	9.1
Three-year TSR performance compared to S&P/ASX 200 (percentile)	24	31	82	66	91

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The graph below illustrates the relationship between the Group's performance and STI outcomes in respect of the financial year ended 31 December 2025 and the preceding four financial years.

Table 6: Relationship between the Group's performance and STI outcomes



The table below illustrates the relationship between the Group's performance and LTI awards in respect of the financial year ended 31 December 2024 and the preceding four financial years.

Table 7: Relationship between the Group's performance and LTI outcomes

Year	2021	2022	2023	2024	2025
3-year EPS CAGR %	(4)	(9)	(1)	1	9
EPS vesting %	–	–	–	–	100
TSR percentile %	24	31	82	66	91
TSR vesting %	–	–	100	82	100

Non-Executive directors' remuneration

Fees and payments to non-executive directors reflect the time committed by, and the responsibilities of, these directors. The Board decides the total amount paid to each non-executive director as remuneration for their services as a director. The total amount of fees paid to all directors for their services (excluding, for these purposes, the salary of any executive director) must not exceed the amount determined from time to time by the Company in general meeting. The aggregate sum includes any special and additional remuneration for special exertions and additional services performed by a director as determined appropriate by the Board.

The limit on the aggregate remuneration for non-executive directors was increased from $1,300,000 to $1,450,000 by a resolution passed at the AGM held in May 2022. Any further increase to the aggregate annual sum referred to above would require further approval by shareholders.

Following a non-executive director fee benchmarking exercise carried out in November 2023, the remuneration payable to non-executive directors was increased with effect from 1 July 2024. There was no further change to these fees during 2025. The current fees (exclusive of superannuation) paid to the non- executive directors are:

- $250,000 per annum for the Chair of the Board;
- $120,000 per annum for each other non-executive director;
- the chair of the Audit and Risk Committee is paid an additional $25,000 per annum;
- each other member of the Audit and Risk Committee (other than the Chair of the Board) is paid an additional $12,500 per annum;
- the chairs of each of the Environment, Social and Governance Committee, the Human Resources and Remuneration Committee and the IT and Innovation Committee are paid an additional $20,000 per annum; and
- each other member of those committees (other than the Chair of the Board) is paid an additional $10,000 per annum per committee.

The Chair of the Board does not receive a separate fee for acting as a member of the Board Committees on which he serves.

In addition to the fees, superannuation contributions and GST, if applicable, are paid in each case. There are no retirement benefit schemes for non-executive directors, other than statutory superannuation contributions.

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Detailed remuneration disclosures

Statutory remuneration details for 2025 and 2024

Details of the remuneration of the KMP of the Group are set out in the following tables in accordance with the Corporations Act 2001 and the Accounting Standards.

Table 8: 2025 remuneration

	Short-term benefits			Post-employment benefits	Long-term benefits		
	Cash salary and fees[1] $	STIP – cash bonus[2] $	STIP – perform-ance rights expense $	Super-annuation $	Annual and long service leave[3] $	Net LTIP expense $	Total $
Non-executive Directors							
John Prendiville	250,000	–	–	29,375	–	–	**279,375**
Carolyn Colley	162,500	–	–	19,094	–	–	**181,594**
Deborah Homewood	162,500	–	–	19,094	–	–	**181,594**
Anne McDonald	155,000	–	–	18,213	–	–	**173,213**
Mark Rigotti	140,000	–	–	16,450	–	–	**156,450**
Ian Watt	162,500	–	–	19,094	–	–	**181,594**
Executive Directors							
Scott Wharton	866,882	280,670	280,670	29,966	(2,379)	1,669,320	**3,125,129**
Other Executive KMP							
Jason King	570,034	107,625	107,625	29,966	2,794	140,705	**958,749**
Total	**2,469,416**	**388,295**	**388,295**	**181,252**	**415**	**1,810,025**	**5,237,698**

1. Cash salary and fees includes salary packaged benefits including leased motor vehicles and FBT payable on these items.
2. Includes cash bonuses paid under the STI Plan as detailed in the 2025 executive remuneration information on page 52.
3. The amounts disclosed in this column represent the change in associated leave provisions. They may be negative where more leave is taken than accrued during the year.

Table 9: 2024 remuneration

	Short-term benefits			Post-employment benefits	Long-term benefits		
	Cash salary and fees[1] $	STIP – cash bonus[2] $	STIP – perform-ance rights expense $	Super-annuation $	Annual and long service leave[3] $	Net LTIP expense $	Total $
Non-executive Directors							
John Prendiville	202,500	–	–	22,900	–	–	**225,400**
Carolyn Colley	149,500	–	–	16,844	–	–	**166,344**
Deborah Homewood	152,000	–	–	17,150	–	–	**169,150**
Anne McDonald	144,500	–	–	16,281	–	–	**160,781**
Mark Rigotti	120,000	–	–	13,367	–	–	**133,367**
Ian Watt	152,500	–	–	17,181	–	–	**169,681**
Executive Directors							
Scott Wharton	858,835	339,649	257,519	28,666	(12,691)	1,257,747	**2,729,725**
Other Executive KMP							
Jason King[1]	353,497	217,528	67,528	21,816	(981)	32,445	**691,833**
Total	**2,133,332**	**557,177**	**325,047**	**154,205**	**(13,672)**	**1,290,192**	**4,446,281**

1. Jason King commenced in the role of Chief Financial Officer on 20 May 2024. The STIP – cash bonus column for Mr King includes a one-off sign-on bonus of $150,000.
2. Includes cash bonuses paid under the STI Plan.
3. The amounts disclosed in this column represent the change in associated leave provisions. They may be negative where more leave is taken than accrued during the year.

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Other transactions with KMP

Cost reimbursements of $10,395 were paid to KMP in 2025 (2024: $10,985).

Table 10: Cost reimbursements to KMP

Reimbursements to key management personnel	2025 $	2024 $
Non-executive Directors		
John Prendiville	3,860	3,992
Carolyn Colley	–	–
Deborah Homewood	–	–
Anne McDonald	–	260
Mark Rigotti	–	–
Ian Watt	6,535	6,100
Executive Directors		
Scott Wharton	–	423
Other Executive KMP		
Jason King	–	210
Total	**10,395**	**10,985**

There were no other transactions with KMP in the period.

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Proportion of remuneration linked to performance

The proportion of remuneration paid to the KMP of the Group that is linked to performance is set out in the table below.

Table 11: Proportion of remuneration

	Fixed remuneration %		At risk – STI %		At risk – LTI %	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
Non-executive Directors						
John Prendiville	100	100	–	–	–	–
Carolyn Colley	100	100	–	–	–	–
Deborah Homewood	100	100	–	–	–	–
Anne McDonald	100	100	–	–	–	–
Mark Rigotti	100	100	–	–	–	–
Ian Watt	100	100	–	–	–	–
Executive Directors						
Scott Wharton	38	32	9	22	53	46
Other Executive KMP						
Jason King	74	69	11	25	15	6

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Service agreements

Non-executive directors

Non-executive directors do not have fixed-term contracts with the Company. On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the terms appointment, including compensation.

Executive directors

Remuneration and other terms of employment for executive directors are formalised in service agreements. Details of the service agreements in place with executive directors during the financial year are as follows.

Name	Scott Wharton
Role title	Managing Director and Chief Executive Officer
Commencement date	17 July 2023
Term of agreement	No fixed term. Mr Wharton's employment will continue until terminated by either party in accordance with the agreement.
Remuneration	During his employment Mr Wharton is entitled to receive fixed annual remuneration of $900,000 inclusive of superannuation entitlements. Mr Wharton is eligible to participate in the Smartgroup STI Plan with a target full year payment of 71% of fixed salary inclusive of superannuation. If the target Group NPATA of $80.0 million is exceeded, a further "outperformance" payment of up to 20% of the STI target amount is payable for Group NPATA between $80.0 million and $83.0 million, rising on a straight-line basis. Payments under the STI Plan are payable as 50% cash and 50% performance rights issued under the Company's STI Plan. Shares issued on vesting of performance rights issued under the STI Plan will be subject to a further holding lock for 12 months following the end of the performance rights vesting period. The issue of performance rights will be subject to approval by shareholders in accordance with the ASX Listing Rules. The amount of any payment to Mr Wharton under the STI Plan in respect of any financial year will be determined by the Board having regard to: • the overall financial performance of Smartgroup against the budget approved by the Board for that financial year; • Smartgroup's overall performance against key performance indicators and objectives for Smartgroup approved by the Board for that financial year; and • Mr Wharton's own overall performance against personal key performance indicators and objectives approved by the Board. The Board has absolute discretion to determine the amount of any payment to Mr Wharton under the STI Plan after taking into account the above factors and any other matters the Board considers relevant, including Mr Wharton's conduct. Mr Wharton is also eligible to participate in the LTI Plan with the future issues of shares to Mr Wharton under the LTI Plan and the terms on which they are issued being at the discretion of the Board.
Termination	The employment contract may be terminated by either party giving 12 months' written notice or, in the case of termination by the Group, by payment in lieu of notice. The Group may terminate the employment contract immediately and without payment for notice or payment in lieu of notice in the event of serious misconduct or other specified circumstances. There is no contractual entitlement to termination payments in the event of termination.
Post-employment restrictions	Mr Wharton has agreed to certain post-employment restrictions which apply for up to 12 months from the date of termination of employment. The enforceability of these restrictions is subject to all usual legal requirements.

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Other Executive KMP

Other Executive KMP have employment agreements setting out the terms and conditions of their employment. The agreements are not of a fixed duration. These agreements provide for:

- total compensation inclusive of a base salary and superannuation contribution;
- eligibility to receive potential short-term incentive payments and to participate in the LTI Plan;
- termination by either party giving six months' written notice, or in the case of termination by the Group, payment in lieu of notice;
- immediate termination by the Group without payment in lieu of notice in the event of serious misconduct or other specific circumstances;
- no entitlement to termination payments in the event of termination; and
- certain post-employment restrictions that apply for up to six months from the date of termination of employment, the enforceability of which is subject to all usual legal requirements.

Share-based compensation disclosures

Bonus shares and cash offers

No bonus shares were issued or cash offers made to directors or other members of KMP as part of compensation during the year ended 31 December 2025 or the year ended 31 December 2024.

LTI Plan and STI Plan

As described above, the Company has established an LTI Plan for Executive KMP and other senior management. The LTI Plan is in the form of a loan funded share plan. The securities issued under the LTI Plan are ordinary shares that are held subject to escrow until vesting. The terms of the LTI Plan are therefore such that the benefits to participants are similar to the benefits that would be received had the participant been granted options – that is, the participant benefits from the increase in the market price over the issue price of the share. Details of the performance conditions attaching to these shares are disclosed in Table 1 and Table 2.

Also as described above, the Company has established an STI Plan. Under the STI Plan, Performance Rights have been issued for nil consideration, with vesting of those performance rights conditional on achievement of individual targets and KPIs. As with the securities issued under the LTI Plan, the benefits to participants are similar to the benefits that would be received had the participant been granted options – that is, the participant benefits from the increase in the market price of shares that may be received on exercise of the performance rights.

Accordingly, for the purposes of compliance with the Corporations Act 2001 in relation to the disclosure of details of options, the Company provides the information in Table 12 to Table 16 below in relation to the shares issued under the LTI Plan and performance rights issued under the STI Plan.

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Table 12: Loan-funded shares issued under LTI Plan with performance periods ending in the future

KMP	Grant date	Performance period	Earliest exercise date	Expiry date	Exercise price	Number of shares issued	Fair value price at grant date (EPS)	Fair value price at grant date (TSR)	Total fair value at grant date	Perform-ance achieved
					$		$	$	$	%
Scott Wharton	14 May 2025	Three years to 31 December 2027	1 January 2028	13 May 2030	$6.47	834,189	$1.49	$1.49	1,242,942	To be determined
Jason King	6 March 2025	Three years to 31 December 2027	1 January 2028	5 March 2030	$6.56	170,941	$1.65	$1.71	284,617	To be determined
Scott Wharton	8 May 2024	Three years to 31 December 2026	1 January 2027	7 May 2029	$9.48	632,433	$1.64	$1.72	1,049,839	To be determined
Jason King	20 May 2024	Three years to 31 December 2026	1 January 2027	26 May 2029	$9.48	82,958	$1.64	$1.72	137,710	To be determined

Table 13: Loan-funded shares issued under LTI Plan with a vesting period ending on 31 December 2025

KMP	Grant date	Performance period	Earliest exercise date	Expiry date	Exercise price	Number of non-forfeited shares	Fair value price at grant date (EPS)	Fair value price at grant date (TSR)	Perfor-mance achieved	Number of shares vested at 31 Decem-ber 2025	% vested at 31 Decem-ber 2025
					$		$	$	%		
Scott Wharton	10 May 2023	Three years to 31 December 2025	1 January 2026	9 May 2028	$6.92	936,679	$2.39	$2.33	100%	936,679	100%

1. Prior to performance determination by the Board.
2. As determined by the Board on 13 February 2025.

Table 14: Long term incentives granted to KMP as remuneration as at 31 December 2025

Name	Balance at start of year – unvested	Granted as compensation – LTIP	Vested in year	Forfeited	Balance at end of year – unvested	Balance at end of year – vested but unexercised	Balance at end of year – vested and unvested
Scott Wharton	1,569,112	834,189	(936,679)	–	1,466,622	936,679	2,403,301
Jason King	82,958	170,941	–	–	253,899	–	253,899
Total KMP	**1,652,070**	**1,005,130**	**(936,679)**	**–**	**1,720,521**	**936,679**	**2,657,200**

Table 15: Performance rights issued under the STI Plan with a vesting period ending on 31 December 2025

Name	Grant date	Performance period	Earliest exercise date	Expiry date	Exercise price $	Number of non-forfeited rights[1]	Fair value price at grant date $	Perform-ance achieved %	Number of rights vested at 31 December 2025[2]	% vested at 31 December 2025
Scott Wharton	14 May 2025	Year ended 31 December 2025	1 January 2026	15 May 2030	–	48,338	7.88	88.4%	35,609	88.4%
Jason King	14 March 2025	Year ended 31 December 2025	1 January 2026	13 March 2030	–	19,031	7.88	86.1%	13,655	86.1%

1. Prior to performance determination by the Board.
2. As determined by the Board on 16 February 2026.

Table 16: Short term incentives granted to KMP as remuneration as at 31 December 2025

Name	Balance at start of year – unvested	Granted as compensation – STIP	Vested in year	Forfeited[1]	Balance at end of year – unvested	Balance at end of year – vested but unexercised	Balance at end of year – vested and unvested
Scott Wharton	–	48,338	(35,609)	(12,729)	–	35,609	35,609
Jason King	–	19,031	(13,655)	(5,376)	–	13,655	13,655
Total KMP	**–**	**67,369**	**(49,264)**	**(18,105)**	**–**	**49,264**	**49,264**

1. Short term incentives forfeited relate to performance rights granted during 2024 which did not vest.

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The following long-term and short-term incentives were granted to officers who are among the five highest remunerated officers of the company, but are not key management personnel and hence not disclosed in the remuneration report.

Director and Executive KMP shareholdings

The number of shares in the Company held during the financial year by each director and other members of the KMP, including their personally related parties, is set out in the table below.

These numbers do not include unvested shares issued under the LTI Plan or shares issued under the LTI Plan that are vested but unexercised as at 31 December 2025.

Table 17: Director and Executive KMP shareholdings

	Balance at start of year including exercised LTIP	Received on the exercise of STIP[1]	Value of STIP exercised $	Received on the exercise of LTIP[2]	Value of LTIP exercised $	Other additions	Disposals	Other change	Balance at end of year
Non-executive Directors									
John Prendiville	745,000	–	–	–	–	25,000	–	–	770,000
Carolyn Colley	7,000	–	–	–	–	–	–	–	7,000
Deborah Homewood	10,000	–	–	–	–	–	–	–	10,000
Anne McDonald	25,000	–	–	–	–	–	–	–	25,000
Mark Rigotti	21,650	–	–	–	–	11,905	–	–	33,555
Ian Watt	131,522	–	–	–	–	–	–	–	131,522
Executive Directors									
Scott Wharton	13,372	25,675	216,954	–	–	137			39,184
Other Executive KMP									
Jason King	–	8,148	68,851						8,148
Total	**953,544**	**33,823**	**285,805**	**–**	**–**	**37,042**	**–**	**–**	**1,024,409**

1. These shares were issued in February 2024 on the exercise of performance rights which vested in the year ended 31 December 2024. The shares were subject to a holding lock which expired on 31 December 2025.
2. This column comprises vested shares issued under the LTI Plan which are “exercised” under the terms of the LTI Plan by the holder repaying the outstanding loan amount on those vested shares, following which the holding lock on those shares is released.

This concludes the Remuneration Report, which has been audited.

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Shares under option

As at 31 December 2025, there were 3,802,975 unvested shares held by employees under the LTI Plan (being shares issued under the 2024 and 2025 LTI Plan grants). The LTI Plan shares are legally held by the employees. However, employees cannot deal in the shares until the vesting conditions are satisfied, and the relevant loan is fully repaid. These have been treated as options in accordance with AASB 2 *Share-based Payment* issued by the Australian Accounting Standards Board.

In addition, the following options were granted to officers who are among the five highest remunerated officers of the Company and the Group, but are not KMP and hence not disclosed in the remuneration report:

Name of officer	Type	Grant date	Fair value price at grant date $	Number of shares/ rights granted
Sophie MacIntosh	LTIP	6 March 2025	$1.67	136,753
	STIP	14 March 2025	$7.88	17,508

Shares issued on the exercise of options and performance rights

No ordinary shares of Smartgroup Corporation Ltd were issued on the exercise of options during the year ended 31 December 2025 and up to the date of this report. A total of 91,497 ordinary shares of Smartgroup Corporation Ltd were issued on the exercise of performance rights during the year ended 31 December 2025 and up to the date of this report.

Indemnity and insurance of officers

The Company has indemnified the directors and certain executives of the Company for costs incurred in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith. During the financial year, the Group paid a premium in respect of a contract to insure the directors and certain executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

As disclosed in note 32 to the financial statements, no amounts were paid or payable to the auditor for non-audit services during the financial year, as the auditor did not provide any such services.

The directors therefore are satisfied that the auditor's independence requirements under the Corporations Act 2001 has not been compromised, as no non-audit services were undertaken by the auditor (or by another person or firm on the auditor's behalf) during the financial year.

The directors are also satisfied that this is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Officers of the Company who are former partners of KPMG

There are no officers of the Company who are former partners of KPMG.

Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the rounding off of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 69.

Auditor

KPMG continues in office in accordance with section 327 of the Corporations Act 2001.

Resolution of Directors

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors



John Prendiville
Chair of the Board

25 February 2026
Sydney

Reconciliation of Statutory Results to Adjusted Results

For the year ended 31 December 2025

$ million	CY2025	CY2024
Revenue	329.3	305.8
Product costs	(11.3)	(13.9)
Net revenue	**318.0**	**291.9**
Operating EBITDA	**135.3**	**118.7**
One-off costs[1]	–	(0.7)
Joint venture contribution	–	0.2
Segment results	**135.3**	**118.2**
Net finance costs	(4.1)	(3.4)
Depreciation expense	(7.6)	(6.6)
Amortisation expense	(7.5)	(4.2)
Gain on sale of businesses	–	3.7
PBT (statutory)	**116.1**	**107.7**
Income tax expense	(36.7)	(32.1)
NPAT (statutory)	**79.4**	**75.6**
Add back: tax-effected loss/(gain) on sale of businesses	–	(3.7)
Addback: tax-effected one-off costs	0.8	0.5
NPATA	**80.2**	**72.4**
Shares on issue (millions)	135.6	133.9
NPATA per share (cps)	59.1	54.1

1. Merger and acquisition transaction costs $0.7m in CY2024.

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

To the Directors of Smartgroup Corporation Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Smartgroup Corporation Ltd for the financial year ended 31 December 2025 there have been:

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

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

KPMG

KPMG

Karen Hopkins

Partner

Sydney

25 February 2026

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Financial statements

Financial Report 2025 Smartgroup Corporation Ltd
31 December 2025 ABN 48 126 266 831

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For more information on our annual results, please visit **smartgroup.com.au**

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

Consolidated	Note	2025 $'000	2024 $'000
Revenue	1	329,309	305,842
Share of profits from joint venture accounted for using the equity method		–	196
Expenses			
Product costs		(11,300)	(13,938)
Employee benefits expense		(127,762)	(124,071)
Administration and corporate expenses		(39,952)	(37,457)
Occupancy expenses		(1,911)	(1,597)
Advertising and marketing expenses		(11,226)	(8,277)
Depreciation expense	5	(7,584)	(6,615)
Amortisation of acquired intangible assets	5	–	(54)
Amortisation of contract rights and internally developed intangibles	5	(7,518)	(4,114)
Other expenses		(1,811)	(1,812)
Operating profit		**120,245**	**108,103**
Gain on sale of business		–	3,673
Finance income	5	1,655	1,997
Finance costs	5	(5,752)	(5,421)
Merger and acquisition transaction costs		–	(667)
Profit before income tax expense		**116,148**	**107,685**
Income tax expense	23	(36,704)	(32,086)
Profit after income tax expense attributed to the ordinary equity holders		**79,444**	**75,599**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Net change in fair value of cash flow hedges taken to equity, net of tax		434	(108)
Other comprehensive income, net of tax attributed to the ordinary equity holders		**434**	**(108)**
Total comprehensive income attributed to the ordinary equity holders		**79,878**	**75,491**

		Cents	Cents
Basic earnings per share	3	61.2	58.3
Diluted earnings per share	3	61.0	58.0

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

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Consolidated Statement of Financial Position

As at 31 December 2025

Consolidated	Note	2025 $'000	2024 $'000
ASSETS			
Current assets			
Cash and cash equivalents	16	43,382	34,648
Restricted cash and cash equivalents	17	269,320	245,067
Trade and other receivables	9	32,815	30,528
Income tax receivable	23	–	2,947
Other assets	15	7,241	6,936
Total current assets		**352,758**	**320,126**
Non–current assets			
Deferred tax assets	24	14,233	11,478
Intangible assets	7	303,165	298,123
Property and equipment	8	27,269	21,087
Right–of–use assets	13	10,342	2,480
Derivative financial instruments	19	682	63
Total non–current assets		**355,691**	**333,231**
Total assets		**708,449**	**653,357**
LIABILITIES			
Current liabilities			
Trade and other payables	10	37,387	39,650
Customer salary packaging liability	17	269,320	245,067
Provisions	11	17,296	17,477
Contract liabilities	12	7,004	6,668
Income tax payable	23	7,451	–
Lease liabilities	13	2,711	1,203
Other liabilities	14	1,745	3,152
Total current liabilities		**342,914**	**313,217**
Non–current liabilities			
Provisions	11	1,752	1,549
Contract liabilities	12	6	304
Lease liabilities	13	5,989	849
Borrowings	18	80,723	79,155
Total non–current liabilities		**88,470**	**81,857**
Total liabilities		**431,384**	**395,074**
Net assets		**277,065**	**258,283**
EQUITY			
Issued capital	22	264,869	264,106
Reserves		31,406	17,358
Accumulated losses		(19,210)	(23,181)
Equity attributable to the owners of Smartgroup Corporation Ltd		**277,065**	**258,283**
Total equity		**277,065**	**258,283**

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

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Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

Consolidated	Issued capital $'000	Reserves: Share based payments $'000	Reserves: Cash flow hedges $'000	Reserves: Other $'000	Retained earnings/ (accumulated losses) $'000	Total equity $'000
Balance at 1 January 2024	**263,418**	**12,092**	**2**	**1,294**	**(32,984)**	**243,822**
Profit for the year					75,599	75,599
Other comprehensive income, net of tax			(108)			(108)
Total comprehensive income for the year	**–**	**–**	**(108)**	**–**	**75,599**	**75,491**
Transactions with owners in their capacity as owners:						
Dividends provided for or paid	–	–		–	(65,796)	(65,796)
Share–based payments expense	–	4,766	–	–	–	4,766
Securities vested under share plan	688	(688)	–	–	–	–
Transfer to profits reserve	–	–	–	–	–	–
Balance at 31 December 2024	**264,106**	**16,170**	**(106)**	**1,294**	**(23,181)**	**258,283**

Consolidated	Issued capital $'000	Reserves: Share based payments $'000	Reserves: Cash flow hedges $'000	Reserves: Other $'000	Retained earnings/ (accumulated losses) $'000	Total equity $'000
Balance at 1 January 2025	**264,106**	**16,170**	**(106)**	**1,294**	**(23,181)**	**258,283**
Profit for the year	–	–	–	–	79,444	79,444
Other comprehensive income, net of tax	–	–	434	–	–	434
Total comprehensive income for the year	**–**	**–**	**434**	**–**	**79,444**	**79,878**
Transactions with owners in their capacity as owners:						
Dividends provided for or paid	–	–		–	(67,773)	(67,773)
Share–based payments expense	–	6,677	–	–	–	6,677
Securities vested under share plan	763	(763)	–	–	–	–
Transfer to profits reserve	–	–	–	7,700	(7,700)	–
Balance at 31 December 2025	**264,869**	**22,084**	**328**	**8,994**	**(19,210)**	**277,065**

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

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Consolidated Statement of Cash Flows

For the year ended 31 December 2025

Consolidated	Note	2025 $'000	2024 $'000
Cash flows from operating activities			
Receipts from customers (including GST)		388,341	352,523
Payments to suppliers and employees (including GST)		(263,233)	(243,903)
Transaction costs relating to mergers and acquisitions		–	(667)
Interest received from restricted cash		7,525	7,314
Interest and transaction costs paid on borrowings		(4,937)	(4,962)
Interest paid on lease liabilities	13	(492)	(498)
Income taxes paid		(29,431)	(32,264)
Net cash inflow from operating activities	28	**97,773**	**77,543**
Net cash inflow in restricted cash from salary packaging receipts and payments		**24,253**	**103,976**
Cash flows from investing activities			
Proceeds from sale of business		–	3,216
Proceeds from disposal of property and equipment		3,309	273
Payments for internally developed software and websites	7	(12,560)	(11,998)
Payments for property and equipment	8	(13,596)	(11,482)
Payments for contract rights		–	(4,860)
Dividends received from joint venture		–	650
Interest received		1,655	1,358
Net cash outflow from investing activities		**(21,192)**	**(22,843)**
Cash flows from financing activities			
Proceeds from borrowings	18	16,500	15,000
Repayment of borrowings	18	(15,000)	–
Dividends paid	4	(67,773)	(65,796)
Proceeds from long term incentive plan		1,955	1,938
Principal repayments on lease liabilities	13	(3,529)	(3,988)
Net cash outflow from financing activities		**(67,847)**	**(52,846)**
Net increase in cash and cash equivalents		**8,734**	**1,854**
Cash and cash equivalents at the beginning of the year		34,648	32,794
Cash and cash equivalents at the end of the year		**43,382**	**34,648**
Restricted cash and cash equivalents at the beginning of the year		245,067	141,091
Net increase in restricted cash and cash equivalents		**24,253**	**103,976**
Restricted cash and cash equivalents at the end of the year		**269,320**	**245,067**

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

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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Basis of preparation

General information

The consolidated financial statements cover Smartgroup Corporation Ltd (referred to as the 'Company' or 'parent entity') and its subsidiaries (collectively referred to as the 'Group'). The consolidated financial statements are presented in Australian dollars, which is Smartgroup Corporation Ltd's functional and presentation currency.

Smartgroup Corporation Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 15, Darling Park Tower 2, 201 Sussex Street, Sydney, Australia, 2000.

A description of the nature of the Group's operations and its principal activities is included in the Directors' Report, which is not part of the financial statements.

The consolidated financial statements were authorised for issue, in accordance with a resolution of Directors, on 25 February 2026. The Directors have the power to amend and reissue the consolidated financial statements.

Statement of compliance

These general purpose consolidated financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. These consolidated financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Smartgroup Corporation Ltd is a for-profit entity for the purpose of preparing the consolidated financial statements.

Where relevant, certain comparative figures may be restated to conform with the current year financial statement presentation.

Historical cost convention

The financial statements have been prepared on the basis of historical cost, except for the revaluation of financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

Going concern basis of preparation

As at 31 December 2025, the Group had net current assets of $9,844,000 (2024: $6,909,000).

The Group has prepared projected cash flows for the 12 months from the date of the Directors' Declaration. These forecasts indicate that the Group is expected to generate sufficient levels of operating cash flows to enable it to pay its debts as when they fall due.

Further, the Group currently has undrawn debt facilities of $38,500,000 that may be drawn for operational liquidity purposes, with these facilities maturing on 28 September 2028. These factors support the Group's ability to continue as a going concern.

Rounding

These consolidated financial statements are presented in Australian dollars which is the Company's functional currency. The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Significant accounting estimates and judgements

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses.

Management bases its judgements, estimates and assumptions on historical experience and on other factors that management believes to be reasonable under the circumstances, including expectations of future events. The resulting accounting judgements and estimates will seldom equal the eventual actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Goodwill and other intangible assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired, in accordance with the accounting policy stated in note 7. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations.

These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Expected credit loss

Inputs used in assessing expected credit losses relating to trade receivables and other receivables are subject to uncertainty. Using the Group's own direct experience/ knowledge as well as forward looking information, obtained by reviewing external analyst reports and public forecasts, the inputs to these estimates were stress-tested, with the carrying values re-evaluated.

For more detailed information about key assumptions used in estimating expected credit losses, see note 9.

Operations provision

The Group exercises judgement in measuring and recognising provisions relating to its operations, including potential customer and supplier disputes. Judgement is necessary in assessing the likelihood that a claim will arise, and to quantify the possible range of financial settlements. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Results for the period

Note 1. Revenue

Consolidated	2025 $'000	2024[1] $'000
Sales revenue		
Products and services commissions	219,364	202,441
Administration and management fees	82,280	79,927
Performance fees and rebates	18,914	18,092
Revenue from contracts with customers	**320,558**	**300,460**
Leased fleet revenue[2]	7,303	5,283
Other income[3]	1,448	99
Statutory revenue	**329,309**	**305,842**
Timing of revenue recognition:		
At a point in time	228,912	210,465
Over time	100,397	95,377
Statutory revenue	**329,309**	**305,842**

[2] Fleet revenue includes motor vehicle rental income which meets the definition of a lease arrangement. Therefore, they fall outside the scope of AASB 15 and are accounted for in accordance with AASB 16 *Leases*.

[3] Gain on sale of Fleet leased motor vehicles.

Accounting policy for revenue recognition

The Group recognises revenue when it transfers control over a product or a service to a customer. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Nature of goods and services

The following is a description of the principal activities from which the Group generates its revenue.

For more detailed information about reportable segments, see note 2.

Products and services commissions

The Group earns upfront commissions from suppliers relating to the financing and sourcing of vehicles, and the sale of certain insurance products and auxiliary products. The revenue recognised for the performance of services is the agreed fee for the services, with revenue recognised upon delivery of the product or service to the customer. For revenue recognised at a point in time, such as vehicle sourcing services for customers, revenue is recognised when the customer gains control over the asset or product.

The customer is deemed to have control over the asset or product where the Group has a present right to payment for sourcing the asset or product, where the customer is exposed to the risks and rewards of ownership of the asset or product, and where the customer is deemed to have accepted the asset or product.

Administration and management fees

The Group generates revenue from arranging and administering outsourced salary packaging and fleet management services on behalf of employers. Administration fees for salary packaging are paid by the employers through amounts deducted from their employees' pre-tax salary. Revenue is recognised over the contracted period of administration and includes interest earned from restricted cash.

Fleet management fees are paid by employers in respect of fleet management services and revenue is recognised over the contracted period of administration.

The revenue recognised for the performance of services is the agreed fee for the services. For revenue recognised over time, such as salary packaging administration fees, the Group recognises revenue based on completion of the contracted term, with revenue recognised as the Group performs each obligation over time. There may be timing differences between the recognition of revenue and the receipt of cash. Where cash is received in advance of the revenue being recognised, a contract liability is recognised. Where revenue is recognised in advance of the receipt of cash, a contract asset is recognised within other receivables.

Performance fees and rebates

The Group earns performance fees and rebates from various suppliers relating to the maintenance of a vehicle finance book, the arrangement of certain insurance products, and the arrangement or provision of ancillary vehicle consumables. The Group also acts as a distributor of salary packaging debit cards for a major financial institution.

The revenue recognised for the performance of services is the agreed fee or rebate for the services. Performance revenue is recognised in accordance with AASB 15 *Revenue from Contracts with Customers*, either at the point in time at which services are performed, or over time where the related services are performed over time. The total consideration under the contracts is allocated to each unique performance obligation, with revenue recognised as the Group performs each obligation either at a point in time or over time.

[1] Comparative figures have been re-presented to conform to the current year's presentation.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Note 1. Revenue (continued)

Contract balances

Contract assets primarily relate to the Group's rights to consideration for products and services provided and not billed at the reporting date. Incremental costs and directly attributable costs to fulfil a contract with a term over one year which are recoverable, are capitalised in accordance with AASB 15, and included within contract rights in note 7. Receivable and contract asset balances at the reporting date are disclosed in note 9 as trade receivables and contract assets, respectively.

Contract liabilities primarily relate to consideration received in advance from customer contracts for which revenue is recognised on satisfaction of outstanding performance obligations. Contract liability balances are disclosed in note 12.

Significant changes in contract assets and liabilities during the period result from satisfaction of performance obligations.

Transaction price allocated to the remaining performance obligations

The Group applies the practical expedients available in AASB 15 and does not disclose information about its remaining performance obligations, the amount of the transaction price allocated to the remaining performance obligations, or an explanation of when the Group expects to recognise that amount as revenue.

Note 2. Operating segments

Identification of reportable operating segments

The Group has identified its segments based on the internal reports that are reviewed and used by the Chief Executive Officer and Chief Financial Officer, who are identified as the Chief Operating Decision Makers (CODM), in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Types of products and services

The principal products and services of each of these operating segments are as follows:

Employee benefits (EB)[1]	This part of the business provides outsourced salary packaging and novated leasing services.
Vehicle services (VS)	This part of the business provides end-to-end fleet management services.

[1] In prior periods, this operating segment was referred to as "outsourced administration." The Group updated the name of this operating segment to "employee benefits" in its internal reports during the current period to better reflect the purpose of the operating segment.

Intersegment transactions

Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest rates are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Note 2. Operating segments (continued)

Operating segment information

Consolidated - 2025	EB $'000	VS $'000	Corporate $'000	Intersegment eliminations	Total $'000
Revenue					
Products and services commissions	219,364	–	–	–	219,364
Administration and management fees	72,931	18,100	–	–	91,031
Performance fees and rebates	15,215	3,699	–	–	18,914
Intersegment sales	–	4,366	–	(4,366)	–
Total revenue	**307,510**	**26,165**	**–**	**(4,366)**	**329,309**
Total expenses	**(148,345)**	**(6,729)**	**(38,888)**	**–**	**(193,962)**
Segment results (EBITDA)	**159,165**	**19,436**	**(38,888)**	**(4,366)**	**135,347**
Depreciation					(7,584)
Amortisation					(7,518)
Finance income					1,655
Finance costs					(5,752)
Profit before income tax expense					**116,148**
Income tax expense					(36,704)
Profit after income tax expense					**79,444**
Total assets	**596,246**	**49,458**	**62,745**	**–**	**708,449**
Total liabilities	**349,255**	**11,899**	**70,230**	**–**	**431,384**
Property and equipment expenditure	–	10,614	2,982	–	13,596
Intangibles expenditure	9,934	569	2,057	–	12,560

Revenues of approximately $54.9 million (2024: $50.2 million) are derived from a single customer. These revenues are attributable to the Employee Benefits segment.

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Note 2. Operating segments (continued)

Operating segment information (continued)

Consolidated - 2024	EB $'000	VS $'000	Corporate $'000	Intersegment eliminations	Total $'000
Revenue					
Products and services commissions	202,441	–	–	–	202,441
Administration and management fees	70,972	14,337	–	–	85,309
Performance fees and rebates	14,455	3,637	–	–	18,092
Intersegment sales	–	3,891	–	(3,891)	–
Total revenue	**287,868**	**21,865**	**–**	**(3,891)**	**305,842**
Total expenses	**(140,762)**	**(6,022)**	**(40,839)**	**–**	**(187,623)**
Segment results (EBITDA)	**147,106**	**15,843**	**(40,839)**	**(3,891)**	**118,219**
Depreciation					(6,615)
Amortisation					(4,168)
Gain on sale of business					3,673
Finance income					1,997
Finance costs					(5,421)
Profit before income tax expense					**107,685**
Income tax expense					(32,086)
Profit after income tax expense					**75,599**
Total assets[1]	**551,969**	**53,775**	**47,613**	**–**	**653,357**
Total liabilities	**272,189**	**16,209**	**106,676**	**–**	**395,074**
Property and equipment expenditure	58	9,829	1,322	–	11,209
Intangibles expenditure	2,200	–	9,798	–	11,998

Accounting policy for operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the CODM. The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

[1] The prior period comparative balances have been adjusted to be consistent with the presentation adopted in the current year. In the current period, the Group refined its methodology for presenting segment assets to eliminate the impact of intercompany investments within the EB and Corporate segments. This change ensures that segment asset disclosures more accurately reflect the underlying operating performance of each segment. As a result, the 2025 segment asset balances have been updated, and the 2024 comparative information has been restated on the same basis.

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Note 3. Earnings per share

Consolidated	2025 $'000	2024 $'000
Profit after income tax attributable to the owners of Smartgroup Corporation Ltd	**79,444**	**75,599**

Consolidated	2025 Number	2024 Number
Weighted average ordinary shares used in calculating basic earnings per share	129,837,098	129,750,121
Basic earnings per share	**61.2**	**58.3**
Adjustments for calculation of diluted earnings per share:		
Effect of rights and shares granted under incentive and share plans	467,122	498,697
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	130,304,220	130,248,818
Diluted earnings per share	**61.0**	**58.0**

Accounting policy for earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Smartgroup Corporation Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding, excluding shares issued under the LFSP, during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares, including unvested restricted shares issued under the LFSP, that could be converted into ordinary shares. These unvested shares issued under LFSP are only included where the average market price of ordinary shares during the period exceeds the exercise price of the LFSP shares.

Note 4. Dividends

Dividends

Dividends paid during the financial year were as follows:

Consolidated	2025 $'000	2024 $'000
Final ordinary dividend for the year ended 31 December 2024 of 20.0 cents (2023: 16.0 cents) per ordinary share	26,671	21,171
Special dividend for the year ended 31 December 2024 of 11.0 cents (2023: 16.0 cents) per ordinary share	14,670	21,171
Interim ordinary dividend for the year ended 31 December 2025 of 19.5 cents (2024: 17.5 cents) per ordinary share	26,432	23,454
	67,773	**65,796**

On 25 February 2026, the Directors declared a fully franked dividend of 21.5 cents per ordinary share. The final dividend will be paid on 20 March 2026 to shareholders registered on 6 March 2026 with an expected total distribution of $29,155,000.

On 25 February 2026, the Directors also declared a fully franked special dividend of 12.0 cents per share, in respect of the year ended 31 December 2025. The special dividend will be paid on 20 March 2026 to shareholders registered on 6 March 2026 with an expected total distribution of $16,273,000.

The final ordinary and special dividends had not been declared at the reporting date and therefore are not reflected in the consolidated financial statements.

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Note 4. Dividends (continued)

Dividends are paid out from the parent entity which has retained earnings as at 31 December 2025 of $65,616,000.

As at 31 December 2025, the Group has retained losses of $19,210,000. The difference in retained earnings is primarily due to the amortisation of intangible assets recognised in the consolidated financial statements arising from historic business combinations.

Franking credits

Consolidated	2025 $'000	2024 $'000
Franking credits available at the reporting date based on a tax rate of 30%	22,823	22,450
Franking credits that will arise from the (receipt)/payment of the amount of the (receivable)/ provision for income tax at the reporting date based on a tax rate of 30%	7,451	(2,947)
Franking credits available for subsequent financial years based on a tax rate of 30%	**30,274**	**19,503**

The impact on the franking account of the dividend recommended by the Directors since 31 December 2025, but not recognised as a liability at the reporting date, will be a reduction in the franking account of $19,469,000 (2024: $17,731,000).

Accounting policy for dividends

Dividends are recognised as a liability in the period in which they are declared.

Note 5. Expenses

Consolidated	2025 $'000	2024 $'000
Depreciation		
Computer equipment	626	528
Furniture, fittings and equipment	52	45
Office equipment	108	72
Leasehold improvements	199	150
Leased motor vehicles	4,284	3,442
Right-of-use assets	2,315	2,378
Total depreciation	**7,584**	**6,615**
Amortisation		
Customer contracts	–	54
Contract rights	996	1,537
Internally developed software and websites	6,522	2,577
Total amortisation of contract rights and internally developed intangibles	**7,518**	**4,168**
Total depreciation and amortisation	**15,102**	**10,783**
Net finance costs		
Interest and finance charges paid/payable	5,260	4,923
Interest on lease liabilities	492	498
Finance income	(1,655)	(1,997)
Net finance costs	**4,097**	**3,424**
Superannuation expense		
Defined contribution superannuation expense	11,479	9,515
Share–based payments expense	4,722	2,823

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Note 5. Expenses (continued)

Net financing costs

Accounting for finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including interest on short-term and long-term borrowings.

Accounting for finance income

Interest income on corporate accounts is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Superannuation expense

The Group contributes to employee defined contribution superannuation plans. Contributions are recognised as an employee benefits expense as they are incurred.

Note 6. Events occurring after the reporting period

On 17 February 2026, Paul Rogan was appointed to the Board, effective 2 March 2026. This non-adjusting subsequent event has no impact on the financial statements.

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Operating assets and liabilities

Note 7. Intangible assets

Consolidated	Goodwill $'000	Customer contracts $'000	Contract rights $'000	Brand names and logos $'000	Internally developed software and websites $'000	Total $'000
Year ended 31 December 2024						
Opening net book amount	272,664	54	584	1,304	10,827	285,433
Additions[1]	–	–	4,860	–	11,998	16,858
Amortisation expense	–	(54)	(1,537)	–	(2,577)	(4,168)
Closing net book amount	**272,664**	**–**	**3,907**	**1,304**	**20,248**	**298,123**
As at 31 December 2024						
At cost	272,664	63,609	10,028	1,304	24,883	372,488
Accumulated amortisation	–	(63,609)	(6,121)	–	(4,635)	(74,365)
Net book amount	**272,664**	**–**	**3,907**	**1,304**	**20,248**	**298,123**
Year ended 31 December 2025						
Opening net book amount	272,664	–	3,907	1,304	20,248	298,123
Additions[1]	–	–	–	–	12,560	12,560
Amortisation expense	–	–	(996)	–	(6,522)	(7,518)
Closing net book amount	**272,664**	**–**	**2,911**	**1,304**	**26,286**	**303,165**
As at 31 December 2025						
At cost	272,664	63,609	10,028	1,304	37,443	385,048
Accumulated amortisation	–	(63,609)	(7,117)	–	(11,157)	(81,883)
Net book amount	**272,664**	**–**	**2,911**	**1,304**	**26,286**	**303,165**

1. $4,073,000 of research and development (as defined in AASB 138 *Intangible Assets*) was completed on internally developed software and websites and expensed in 2025 (2024: $1,442,000).

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Note 7. Intangible assets (continued)

Goodwill

Goodwill arises on the acquisition of a business, and is carried at cost less accumulated impairment losses.

Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Customer contracts

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being 5 to 6 years.

Contract rights

Contract rights consist of exclusive rights to distribute services to certain customers in accordance with AASB 138 *Intangible Assets*, as well as capitalised incremental costs and fulfilment costs arising from contractual obligations over a period greater than one year which are recoverable and generate revenue in accordance with AASB 15 *Revenue from Contracts with Customers*. Amortisation is on a straight-line basis over the period of their expected benefit, being the life of the contract, which is up to 5 years.

Brand names and logos

Brand names and logos acquired in a business combination are recognised separately to goodwill and included in other intangible assets. They have been assessed as having an indefinite useful life on the basis that the asset is allocated to businesses that are expected to continue into perpetuity.

Internally developed software and websites

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when they meet the definition of intangible assets and it is probable that the project will be a success considering its commercial and technical feasibility and ability to provide future economic benefit. Amortisation commences when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The software costs are amortised on a straight-line basis over the period of their expected benefit, being 2 to 5 years.

Accounting policy for intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the year in which the expenditure is incurred.

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Note 7. Intangible assets (continued)

Impairment testing

The Group monitors its business through cash-generating units (CGU), being Employee benefits (EB), Vehicle services (VS), Autopia, and Public Benevolent Institutions (PBI).

For the purpose of impairment testing, a probability-weighted scenario has been applied for each CGU to determine their recoverable amount. Goodwill acquired through business combinations has been allocated to the Group's CGUs as follows:

Goodwill	2025 $'000	2024 $'000
CGU 1: Employee Benefits	154,669	154,669
CGU 2: Vehicle Services	9,048	9,048
CGU 3: Autopia	31,856	31,856
CGU 4: PBI	77,091	77,091
Total goodwill	**272,664**	**272,664**

Brand names and logos have been allocated to the following CGUs:

Brand names and logos	2025 $'000	2024 $'000
CGU 1: Employee Benefits	1,289	1,289
CGU 2: Vehicle Services	15	15
Total brand names and logos	**1,304**	**1,304**

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections covering a five-year period based on a financial budget approved by the Board for the 2026 year and management forecasts for the financial years from 2027 to 2030. Cash flows beyond the five year period are extrapolated using the estimated growth rates stated below. These growth rates and the terminal growth rate do not exceed the long-term average growth rates for the industry in which each CGU operates.

In addition to testing the carrying amount of goodwill and intangible assets with an indefinite useful life against the recoverable amount of a CGU, internally developed software and websites, property and equipment, right-of-use assets, and working capital are also included in the carrying value tested.

The following key assumptions were used in the discounted cash flow model for different CGUs:

Pre-tax discount rates	2025	2024
CGU 1: Employee Benefits	13.9%	14.3%
CGU 2: Vehicle Services	14.5%	15.9%
CGU 3: Autopia	12.5%	13.7%
CGU 4: PBI	12.4%	13.4%

In performing the value-in-use calculations for each CGU, the Group has applied post-tax discount rates to discount the estimated future post-tax cash flows. The equivalent pre-tax discount rates are disclosed above. The recoverable amount of net assets in each CGU is greater than the carrying value of the assets and therefore, the intangible assets are not considered to be impaired.

The decrease in the pre-tax discount rates calculated between 2025 and 2024 is largely driven by a decrease in the risk-free rate.

A projected terminal growth rate of 3.0% (2024: 3.0%) to perpetuity has been used for all CGUs based on long-term growth forecasts.

Sensitivity analysis

Under the probability-weighted revenue and earnings scenario, no reasonably expected change in assumptions would cause the CGUs' carrying amounts to exceed their forecast recoverable amounts. Management does not expect any significant changes to salary packaging tax legislation or the Group's ability to sell add-on insurance products in the foreseeable future.

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For the year ended 31 December 2025

Note 7. Intangible assets (continued)

Accounting policy for impairment of goodwill and non-financial assets

Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 8. Property and equipment

Consolidated	Computer equipment $'000	Furniture, fittings and equipment $'000	Office equipment $'000	Leasehold improvements $'000	Leased motor vehicles $'000	Total $'000
Year ended 31 December 2024						
Opening net book amount	1,435	154	219	307	12,174	14,289
Additions	956	87	178	159	9,829	11,209
Disposals	–	–	–	–	(174)	(174)
Depreciation expense	(528)	(45)	(72)	(150)	(3,442)	(4,237)
Closing net book amount	**1,863**	**196**	**325**	**316**	**18,387**	**21,087**
As at 31 December 2024						
At cost	4,825	383	1,100	1,619	24,388	32,315
Accumulated depreciation	(2,962)	(187)	(775)	(1,303)	(6,001)	(11,228)
Net book amount	**1,863**	**196**	**325**	**316**	**18,387**	**21,087**
Year ended 31 December 2025						
Opening net book amount	1,863	196	325	316	18,387	21,087
Additions	632	67	327	1,956	10,614	13,596
Disposals	(8)	(47)	(76)	(153)	(1,861)	(2,145)
Depreciation expense	(626)	(52)	(108)	(199)	(4,284)	(5,269)
Closing net book amount	**1,861**	**164**	**468**	**1,920**	**22,856**	**27,269**
As at 31 December 2025						
At cost	5,449	403	1,351	3,129	31,861	42,193
Accumulated depreciation	(3,588)	(239)	(883)	(1,209)	(9,005)	(14,924)
Net book amount	**1,861**	**164**	**468**	**1,920**	**22,856**	**27,269**

Accounting policy for property and equipment

Property and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or lease term as follows:

- Computer equipment 2 – 5 years
- Furniture, fittings and equipment 3 – 7 years
- Office equipment 3 – 6 years
- Leasehold improvements Period of lease
- Leased motor vehicles Period of lease

The residual values, useful lives and depreciation methods are reviewed annually and adjusted if appropriate.

Property and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Note 9. Trade and other receivables

Consolidated	2025 $'000	2024 $'000
Trade receivables	8,532	12,564
Less: allowance for expected credit losses	(241)	(351)
Total trade receivables	**8,291**	**12,213**
Contract assets	10,935	11,375
Other receivables	13,589	6,940
Total other receivables	**24,524**	**18,315**
Total trade and other receivables	**32,815**	**30,528**

Age	2025 $'000	2024 $'000
Current	5,569	6,288
0 – 30 days	1,849	5,336
31 – 60 days	840	444
61 – 90 days	30	231
90+ days	244	265
Total	**8,532**	**12,564**

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement between 14 and 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. Trade receivables have been grouped based on shared credit risk characteristics and the days past due. Contract assets predominantly consist of revenue recognised in advance of the receipt of cash. These are unbilled transactions for commission-based revenue, with no associated credit loss as funds are held within the restricted cash accounts with a corresponding customer salary packaging liability balance.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses. Other receivables relate to floats for client salary packaging payments, and have been assessed as similar in nature to financier and supply chain partners risk.

Expected credit loss assessment for customers

The Group applies the simplified approach to the expected credit loss (ECL) calculation used for trade receivables, and measures the ECL allowance at an amount equal to lifetime ECL.

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default. Exposures within each credit risk grade are generally based on actual historical credit loss experience.

ECL rates are adjusted to reflect current and forward-looking information on macroeconomic factors that may affect the ability of the customers to settle the receivables, such as GDP rates. They are also adjusted to reflect historical and current debtor-based information impacting the probability that certain debtors will enter bankruptcy or financial reorganisation, or default on payments (more than 60 days overdue). Smartgroup obtains the updated credit scores from external sources to determine the average expected credit loss rate by customer group, and applies these rates to the receivables balances by customer group to calculate the ECL allowance. In addition, specific provisions totalling $240,000 (2024: $344,000) were raised for at-risk customer groups. There were no material write-offs for debtors in 2025 (2024: $nil).

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Note 9. Trade and other receivables (continued)

The Group has identified motor vehicle dealers, and small to medium corporates as the groups most at-risk of credit loss, with the expected credit loss allowance in 2025 totalling $1,000 (2024: -$7,000). The credit loss rates are based on a 3-year rolling average between 0.0% - 0.03% (2024: 0.0% - 0.2%) and derived using counterparty-specific information and historical data from previous recessions and economic projections.

The Group has additionally provided $224,000 (2024: $232,000) in relation to counterparty arrangements with motor vehicle dealerships. This provision is reflected in Operations Provision within Current Provisions in the Consolidated Statement of Financial Position.

The following table provides information about the exposure to credit risk and ECL for trade receivables as at 31 December 2025.

31 December 2025	Gross carrying amount $'000	Expected credit loss allowance $'000	Specific loss allowance $'000	Total loss allowance $'000	Weighted-average loss rate %
Financiers and supply chain partners	603	–	(89)	(89)	14.76%
Employer/Corporate	7,086	–	(91)	(91)	1.28%
Dealers	843	(1)	(60)	(61)	7.24%
Total expected credit loss exposure	**8,532**	**(1)**	**(240)**	**(241)**	

31 December 2024	Gross carrying amount $'000	Expected credit loss allowance $'000	Specific loss allowance $'000	Total loss allowance $'000	Weighted-average loss rate %
Financiers and supply chain partners	1,222	–	(114)	(114)	9.32%
Employer/Corporate	8,677	(6)	(112)	(118)	1.36%
Dealers	2,665	(1)	(118)	(119)	4.47%
Total expected credit loss exposure	**12,564**	**(7)**	**(344)**	**(351)**	

The amount of the loss allowance is the difference between the asset's carrying amount and the present value of management's estimate of future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The loss allowance for trade receivables as at 31 December 2025 reconciles to the opening loss allowance as follows:

Consolidated 31 December 2025	2025 $'000	2024 $'000
Movements:		
Opening balance	(351)	(359)
Bad debts written off	13	15
Additional provision (recognised)/derecognised	97	(7)
Closing balance	**(241)**	**(351)**

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Note 10. Trade and other payables

Consolidated	2025 $'000	2024 $'000
Current		
Trade payables	9,586	4,375
Accrued expenses	23,548	24,279
Other payables and accruals	4,253	10,996
Trade and other payables	**37,387**	**39,650**

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 11. Provisions

Consolidated	2025 $'000	2024 $'000
Current		
Employee benefits	8,445	9,024
Operations provision	8,851	8,453
Provisions – current	**17,296**	**17,477**
Non-current		
Employee benefits	1,297	1,019
Make good provision	455	530
Provisions – non-current	**1,752**	**1,549**
Total provisions	**19,048**	**19,026**

Employee benefits

The provision for employee benefits relates to the Group's liability for annual leave and long service leave.

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee obligations

The liability for long term employee benefits is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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Note 11. Provisions (continued)

Operations provision

The provision relates to negative employee salary packaging account balances that may be uncollectible, customer and supplier disputes as well as provisions relating to indirect tax obligations.

Make good provision

The provision represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms.

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances.

The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

Consolidated	2025 $'000	2024 $'000
Employee benefits obligation expected to be settled after 12 months	5,428	4,851

Movements in provisions

Movements in each class of provision (current and non-current) during the financial year, other than employee benefits, are set out below:

Consolidated 31 December 2025	Make good provision $'000	Operations provision $'000
Carrying amount at start of year	530	8,453
Additional provisions recognised	–	1,377
Amounts used or reversed	(75)	(979)
Carrying amount at end of year	**455**	**8,851**

Accounting policy for provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Note 12. Contract liabilities

Consolidated	2025 $'000	2024 $'000
Contract liabilities – current	7,004	6,668
Contract liabilities – non-current	6	304
Total contract liabilities	**7,010**	**6,972**

Consolidated 31 December 2025	2025 $'000	2024 $'000
Movements:		
Opening balance	6,972	9,422
Revenue received in advance	7,086	5,889
Revenue recognised on meeting performance obligations	(7,048)	(8,339)
Closing balance	**7,010**	**6,972**

Expected timing of revenue recognition from performance obligations that will be satisfied in future periods.

Consolidated 31 December 2025	1 year or less $'000	1 to 2 years $'000	2 to 5 years $'000	Over 5 years $'000	Total $'000
Contract liabilities	7,004	6	–	–	7,010

Contract liabilities primarily relate to income received in advance from customer contracts for which revenue is recognised on satisfaction of outstanding performance obligations. The revenue related to these contract liabilities are disclosed in note 1.

Refer to note 1 for the accounting policy for contract liabilities.

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Note 13. Leases

Amounts recognised in the balance sheet

As a lessee

The Consolidated Statement of Financial Position shows the following amounts relating to leases:

Consolidated	Property $'000	Equipment $'000	Total $'000
Right-of-use assets			
Balance at 1 January 2024	4,300	79	4,379
Depreciation charge for the year	(2,299)	(79)	(2,378)
Remeasurement of leases	352	–	352
Additions	–	127	127
Balance at 31 December 2024	**2,353**	**127**	**2,480**
Depreciation charge for the year	(2,285)	(30)	(2,315)
Remeasurement of leases	–	–	–
Additions	10,177	–	10,177
Balance at 31 December 2025	**10,245**	**97**	**10,342**

A reconciliation of the current and non-current portions of lease liabilities is outlined below:

Consolidated	2025 $'000	2024 $'000
Lease liabilities		
Balance at 1 January	2,052	5,561
Interest incurred	492	498
Interest paid on lease liabilities	(492)	(498)
Payments of lease liabilities	(3,529)	(3,988)
Remeasurement of leases	–	352
Additions	10,177	127
Balance at 31 December	**8,700**	**2,052**
Current	2,711	1,203
Non-current	5,989	849
Total lease liabilities	**8,700**	**2,052**

Maturity analysis – contractual undiscounted cashflows

31 December 2025	Contractual undiscounted cash flows $'000	1 year or less $'000	1 to 2 years $'000	2 to 3 years $'000	3 to 4 years $'000	4 to 5 years $'000	Over 5 years $'000
Lease payments	11,463	2,711	2,676	2,094	1,914	2,068	–

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Note 13. Leases (continued)

As a lessor

The following table shows a maturity analysis of undiscounted, contracted lease payments to be received under operating leases. This comprises Fleet motor vehicle rental receipts which meet the definition of a lease arrangement.

Maturity analysis – contractual undiscounted cashflows

31 December 2025	Contractual undiscounted cash flows $'000	1 year or less $'000	1 to 2 years $'000	2 to 3 years $'000	3 to 4 years $'000	4 to 5 years $'000	Over 5 years $'000
Lease receipts	10,538	5,235	3,096	1,562	507	138	–

Amounts recognised in the statement of profit or loss

As a lessee

The Consolidated Statement of Profit or Loss and Other Comprehensive Income shows the following amounts relating to leases:

Consolidated	2025 $'000	2024 $'000
Interest on lease liabilities (included in finance costs)	492	498

Amounts recognised in the statement of cash flows

As a lessee

The total cash outflow for leases in the year was $4,021,000 (2024: $4,486,000).

Accounting policy for leases

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Extension and termination options

Extension and termination options are included in a number of property leases. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. The extension and termination options held are exercisable only by the Group and not by the respective lessor. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control. No such event or changes in circumstances have occurred and the Group has not chosen to exercise any extension option.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

Information relating to the Group's accounting for revenue from operating leases is contained in note 1.

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Note 14. Other liabilities

Consolidated	2025 $'000	2024 $'000
Fleet vehicle borrowings – current	1,745	3,152

Refer to note 15 for further details of back-to-back leased fleet vehicles where the Group is the lessor.

Note 15. Other assets

Consolidated	2025 $'000	2024 $'000
Current		
Prepayments	5,779	5,000
Back-to-back leased fleet vehicles	1,446	1,900
Other	16	36
Other assets	**7,241**	**6,936**

A financial liability is secured against each back-to-back leased fleet vehicle and reflected in note 14. The lease liability is measured in accordance with AASB 16 *Leases*, extinguished on lease termination, and therefore, also on a term of less than 12 months.

Lease rental income and expense on motor vehicles is recognised in profit or loss on a straight-line basis over the lease term.

Note 16. Cash and cash equivalents

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, term deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Note 17. Restricted cash and associated liabilities

The Group administers restricted cash and this can take one of two forms:

- Restricted cash (pooled customer funds in Smartgroup's name)
- Cash held on behalf of customers, in segregated bank accounts in Smartgroup's name.

Cash held on behalf of customers recognised in the statement of financial position:

Consolidated	2025 $'000	2024 $'000
Restricted cash and cash equivalents	**269,320**	**245,067**
Customer salary packaging liability	**(269,320)**	**(245,067)**

The restricted cash in the Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows represents funds held by the Group on behalf of certain customers. The use of these funds is restricted to the making of salary packaging payments on behalf of those customers only and therefore not available for general use. The Group recognises a liability for all restricted cash balances to reflect the amounts owing to its customers.

The restricted cash accounts are held with Australia's major financial institutions. Depending on commercial arrangements, the Group may earn finance income from these accounts. For the year ended 31 December 2025, the Group has recognised within revenue, finance income of $7,525,000 (31 December 2024: $7,314,000) from restricted cash.

Refer to note 21 for interest rate sensitivity analysis on restricted cash balances.

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Note 17. Restricted cash and associated liabilities (continued)

Cash held on behalf of customers not recognised in the statement of financial position:

	2025		2024	
	Weighted average interest rate	Balance $'000	Weighted average interest rate	Balance $'000
Accounts established by customers directly	3.72%	78,755	4.20%	66,139

Cash held on behalf of salary packaging customers is deposited by customers into segregated bank accounts, owned and controlled by customers, to be used only to settle their employees' salary packaging obligations to suppliers. The Group cannot use these funds for any other purpose than as directed by its customers. Customers are liable to ensure adequate funds are kept in the segregated bank accounts for salary packaging payments. The Group has assessed that these assets are held in a fiduciary capacity rather than being assets of the Group and as such, have excluded them from the Consolidated Statement of Financial Position.

The segregated bank accounts used for cash held on behalf of customers are with Australia's major financial institutions.

Capital structure and financial risk management

Note 18. Borrowings

Consolidated	2025 $'000	2024 $'000
Bank loan	81,500	80,000
Borrowing costs and interest at amortised cost	(777)	(845)
Borrowings	**80,723**	**79,155**

Refer to note 21 for further information on financial instruments.

Secured liabilities

The total secured liabilities (current and non-current) are as follows:

Consolidated	2025 $'000	2024 $'000
Bank loan	**81,500**	**80,000**

Accounting policy for borrowings

Loans and borrowings are initially recognised at fair value less attributable transaction costs, and are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. If there is no evidence of a probable drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the terms of the facility to which it relates.

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Note 18. Borrowings (continued)

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

Consolidated	2025 $'000	2024 $'000
Total facilities		
Bank loan	120,000	120,000
Letter of credit facility	15,000	15,000
	135,000	**135,000**
Used at the reporting date		
Bank loan	81,500	80,000
Letter of credit facility	10,952	9,514
	92,452	**89,514**
Unused at the reporting date		
Bank loan	38,500	40,000
Letter of credit facility	4,048	5,486
	42,548	**45,486**

As at 31 December 2025, the following bank facilities were available to the Group:

- A revolving facility of $120,000,000 (31 December 2024: $120,000,000);
- A letter of credit facility of $15,000,000 (31 December 2024: $15,000,000); and
- Ancillary facilities of $1,000,000 (31 December 2024: $1,000,000)

The banking facilities are guaranteed and secured by the Company and certain of the Company's subsidiaries. The facilities are subject to a variable interest rate, which is based on the 3-month BBSY (Bank Bill Swap Bid Rate) plus a margin. The fair value of borrowings is approximate to carrying value as the debt is at BBSY margin.

Gross debt drawn down at 31 December 2025 is $81,500,000. The banking facilities mature on 28 September 2028.

The Group is subject to certain financing covenants and meeting these is given priority in all capital risk management decisions. These covenants include leverage and interest cover ratios with reference to adjusted earnings before interest, tax, depreciation and amortisation, and with distribution restrictions on dividends. These covenants relate to the revolving facility and the letter of credit facility. The carrying value of the revolving facility at 31 December 2025 is $80,723,000 (31 December 2024: $79,155,000). The Group is required to comply with the loan covenant requirements on a semi-annual basis, with the next compliance period in March 2026. There have been no events of default on the financing arrangement during the year (2024: nil).

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Note 19. Derivative financial instruments

Accounting policy for derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives that qualify for hedge accounting

Interest rate swaps

Group policy is to maintain at least 50% of its bank loan outstanding at fixed rate using floating-to-fixed interest rate swaps to achieve this. The fixed interest rates of the swaps range between 3.48% and 3.88% (2024: 3.60% and 3.90%) and the variable rates of the loans are the 3-month AUD BBSY rate, which at the end of the reporting period was 3.78% (2024: 4.47%), plus a margin. The swap contracts require settlement of net interest receivable or payable every three months. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The effects of the interest rate swaps on the group's financial position and performance are as follows:

Interest rate swaps	2025 $'000	2024 $'000
Carrying amount (non-current asset)	682	63
Notional amount	68,700	54,370
Maturity date	Sep 2028 – Sep 2031	Sep 2028 – Oct 2029
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments since 1 January	434	(109)
Change in value of hedged item used to determine hedge effectiveness	(434)	109
Weighted average hedge rate for the year	3.67%	3.74%

Refer to note 20 for further information on fair value measurement.

Cash flow hedges

Cash flow hedges are used to cover the Group's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedge reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, is exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, the amounts previously recognised in equity remain in equity until the forecast transaction occurs.

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For the year ended 31 December 2025

Note 20. Fair value measurement of financial instruments

Consolidated	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2025				
Financial assets				
Interest rate swap contracts – cash flow hedges	–	682	–	682
Total financial assets	**–**	**682**	**–**	**682**
2024				
Financial assets				
Interest rate swap contracts – cash flow hedges	–	63	–	63
Total financial assets	**–**	**63**	**–**	**63**

Accounting policy for fair value measurement

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Fair value is measured using the assumptions that market participants would use when pricing the asset, or liability, assuming they act in their economic best interests. Valuation techniques that are appropriate in the circumstances, and for which sufficient data is available are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and assumes that the transaction will take place either in the principal market or, in the absence of a principal market, in the most advantageous market.

For recurring and non-recurring fair value measurements, external valuers may be used either when internal expertise is not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Fair value hierarchy

The table above details the Group's assets and liabilities that are measured at fair value using the three-level fair value hierarchy, which are different valuation methods based on the inputs used:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within Level 2 and Level 3

Derivatives - interest rate swap contracts

Derivative financial instruments have been valued at the present value of cash flows using quoted market interest rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Note 21. Financial risk factors

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall financial risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group may use derivative financial instruments such as interest rate swap contracts to hedge certain risk exposures. Derivatives are exclusively used for risk management purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and rolling cash flow forecasts for analysis of liquidity risk.

Risk management is carried out centrally by the management team under oversight from the Board. These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. The management team identifies, evaluates and may hedge financial risks within the Group's operating units.

Market risk

Foreign exchange risk

The Group operates primarily in Australia and is not exposed to any significant foreign currency risk.

Interest rate risk

The Group's main interest rate risk arises from long-term borrowings, cash and cash equivalents, restricted cash and cash equivalents, and the provision of leases, which are subject to variable interest rates. The exposure to interest rate risk on long-term borrowings is managed through the use of interest rate swaps.

As at the reporting date, the Group had the following variable rate borrowings, cash and cash equivalents, restricted cash and cash equivalents and interest rate swap contracts outstanding:

	2025		2024	
Consolidated	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Bank loans	5.48%	(81,500)	5.95%	(80,000)
Interest rate swaps (notional principal amount)	3.67%	68,700	3.74%	54,370
Cash and cash equivalents	3.72%	43,382	4.20%	34,648
Restricted cash	3.72%	269,320	4.20%	245,067
Net exposure to cash flow interest rate risk		**299,902**		**254,085**

Sensitivity analysis – interest rate risk

An increase/(decrease) in interest rates of 100 basis points (2024: increase 100/decrease 100) on the above exposures would have a favourable/(adverse) effect on profit before tax, and equity, of $4,498,000 / $(6,160,000) (2024: $2,779,000 / $(5,240,000)).

Derivatives interest rate swap

The Group has entered into interest rate swap contracts with notional/principal value as at 31 December 2025 of $68,700,000 (2024: $54,370,000). The interest rate contracts hedge the Group's risk against an increase in variable interest rates.

The weighted average fixed rate is 3.67% (2024: 3.74%).

Profit or loss is sensitive to higher/lower interest income and expense from cash and cash equivalents, and bank loans, as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges of borrowings.

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Note 21. Financial risk factors (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has procedures in place to monitor credit risk, which include obtaining references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date is the carrying amount, net of any provisions for impairment of trade and other receivables,as disclosed in note 9. The Group does not hold any collateral, and nor does the Group utilise supplier financing.

Sensitivity analysis

An increase of 100 basis points to the average expected credit loss by customer group would result in an increase of $44,000 (2024: $77,000) to the expected credit loss allowance.

Financing arrangements

The Group had access to undrawn borrowing facilities at the reporting date. Refer to note 18 for the breakdown.

Liquidity risk

Prudent liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturities for its financial instrument liabilities. The tables reflect the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the consolidated statement of financial position.

	Carrying amount $'000	Contractual cash flows $'000	1 year or less $'000	1 to 2 years $'000	2 to 5 years $'000	Over 5 years $'000
At 31 December 2025						
Non-derivative						
Trade payables (including GST)	(9,586)	(9,586)	(9,586)	–	–	–
Customer salary packaging liability	(269,320)	(269,320)	(269,320)	–	–	–
Bank loans	(80,723)	(93,336)	(4,291)	(4,303)	(84,742)	–
Lease liabilities	(8,700)	(11,463)	(2,711)	(2,676)	(6,076)	–
Fleet vehicle borrowings	(1,745)	(1,745)	(1,745)	–	–	–
Derivative						
Interest rate derivatives – net inflows	682	1,035	375	376	284	–
Financial liabilities	**(369,392)**	**(384,415)**	**(287,278)**	**(6,603)**	**(90,534)**	**–**
At 31 December 2024						
Non-derivative						
Trade payables (including GST)	(4,375)	(4,375)	(4,375)	–	–	–
Customer salary packaging liability	(245,067)	(245,067)	(245,067)	–	–	–
Bank loans	(79,155)	(97,900)	(4,750)	(4,776)	(88,374)	–
Lease liabilities	(2,052)	(2,524)	(1,203)	(745)	(576)	–
Fleet vehicle borrowings	(3,152)	(3,152)	(3,152)	–	–	–
Derivative						
Interest rate derivatives – net inflows	63	1,235	328	328	579	–
Financial liabilities	**(333,738)**	**(351,783)**	**(258,219)**	**(5,193)**	**(88,371)**	**–**

The cash flows in the maturity analysis above are not expected to occur significantly earlier than disclosed above.

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For the year ended 31 December 2025

Note 21. Financial risk factors (continued)

Accounting policy for financial instruments

Recognition and measurement

All financial assets and financial liabilities, except for trade receivables, are initially recognised when the Group becomes a party to the contractual provisions of the instrument. Trade receivables are initially recognised when they are originated.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at:

- Amortised cost;
- Fair value through profit or loss (FVTPL); or
- Fair value through other comprehensive income (FVOCI)

Financial assets are not subsequently reclassified unless the Group changes its business model for managing financial assets. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI, as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets classified as FVTPL are measured at fair value and changes therein are recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is held-for-trading, is a derivative, or is designated as such on initial recognition. Financial liabilities classified as FVTPL are measured at fair value and net gains and losses including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

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Note 22. Issued capital

	2025 Shares	2024 Shares	2025 $'000	2024 $'000
Ordinary shares — issued and fully paid	135,605,546	133,878,152	311,309	297,149
Other equity shares: treasury shares associated with the loan funded share plan (LFSP)	(5,753,909)	(4,118,012)	(46,440)	(33,043)
	129,851,637	**129,760,140**	**264,869**	**264,106**

Accounting policy for issued capital

Ordinary shares are classified as equity. Issued capital represents the amount of consideration received for shares issued by the Company. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

22A. Movements in ordinary share capital

Details	Number of shares	Total $'000
Opening balance at 1 January 2024	132,836,669	284,692
Exercise of performance rights during the year	64,333	688
Shares issued for LFSP during the year	1,724,455	16,514
Cancellation of forfeited LFSP shares	(747,305)	(4,745)
Balance at 31 December 2024	**133,878,152**	**297,149**
Exercise of performance rights during the year	91,497	763
Shares issued for LFSP during the year	2,392,757	18,952
Cancellation of forfeited LFSP shares	(756,860)	(5,555)
Balance at 31 December 2025	**135,605,546**	**311,309**

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands, every member present at a meeting in person or by proxy shall have one vote; and upon a poll, each share shall have one vote.

Share buy-back

There is no current on-market share buy-back of the Company's shares.

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings excluding prepaid borrowing costs less cash and cash equivalents, and excludes restricted cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment or to reduce debt.

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Note 22. Issued capital (continued)

22B. Movements in the loan funded share plan

Treasury shares

Treasury shares are shares in the Company that are held in escrow until the end of the vesting period affixed to the shares. As the shares are held on behalf of the eligible employees, the employees are entitled to the dividends and capital distributions. Derivative financial instruments have been valued at the present value of cash flows using quoted market interest rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Movements in other equity shares

Details	Shares	Total $'000
Opening balance at 1 January 2024	3,140,862	21,274
Exercise of performance rights during the year	–	–
Shares issued for LFSP during the year	1,724,455	16,514
Cancellation of forfeited LFSP shares during the year	(747,305)	(4,745)
Balance at 31 December 2024	**4,118,012**	**33,043**
Exercise of performance rights during the year	–	–
Shares issued for LFSP during the year	2,392,757	18,952
Cancellation of forfeited LFSP shares during the year	(756,860)	(5,555)
Balance at 31 December 2025	**5,753,909**	**46,440**

22C. Share-based payments

Loan funded share plan (LFSP)

Shares granted as part of the LFSP are eligible for dividends and are held by the participant until they vest or are forfeited. Should the Company pay dividends or make capital distributions in the future, any dividends paid, or distributions made to the participant will be applied to repay the loan and to meet the tax liability on those dividends or distributions.The vesting of the shares is subject to two performance hurdles, being an earnings growth hurdle and a total shareholder return hurdle, and a continuous employment condition. The shares can only be exercised after the participant has repaid the loan.

The issue price is calculated based on the 20-day volume weighted average price of shares trading on the ASX up to and including grant date. Shares vest over a 3-year period subject to two vesting conditions, the “EPS Performance Hurdle” and the “TSR Performance Hurdle”.

Shares issued under the LFSP are accounted for as options. The unvested shares have been treated as contingently issuable as the vesting conditions have not been satisfied at balance date and are therefore excluded from basic earnings per share.

LFSP shares forfeited

For the year ended 31 December 2025, 756,860 shares issued under the LFSP were bought back as vesting conditions on the shares had not been met and the shares were forfeited, resulting in a $5,555,000 reduction in ordinary share capital.

Performance Rights (PR)

Performance rights have a nil exercise price and the number of shares are determined based on the 10-day volume weighted average price of shares traded on the ASX up to and including the grant date. PR vest over a 1-year period, being 1 January to 31 December.

PR granted do not include voting rights nor attract dividends, and are subject to vesting conditions, being performance hurdles relating to the annual Key Performance Indicators (KPIs). PR cannot be transferred and are not quoted on the ASX.

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Note 22. Issued capital (continued)

Loan Funded Share Plan (LFSP) and Performance Rights (PR)

The LFSP is a long-term incentive plan for the senior management team. The LFSP shares are legally held by the employees, however, they cannot trade in the shares until the vesting conditions are satisfied and the loan is fully repaid.

The performance rights are a short-term incentive plan (STIP) for the executive management team. The performance rights are subject to vesting conditions, cannot be transferred and are not quoted on the ASX.

The share-based payments have been treated as options in accordance with AASB 2 *Share-based Payment*.

The number and weighted average fair value of loan funded shares granted under the Company's LFSP are as follows:

Details	Weighted average price per share 2025	Weighted average price per share 2024	Number of shares 2025	Number of shares 2024
Opening balance	$7.98	$6.82	3,492,782	2,559,330
Granted during the year	$6.54	$9.58	2,392,757	1,724,455
Exercised during the year[1]	$7.48	$7.00	(59,730)	(137,470)
Forfeited during the year	$7.83	$7.92	(269,098)	(653,533)
Balance at the end of the year	**$7.37**	**$7.98**	**5,556,711**	**3,492,782**
Vested and exercisable at the end of the year	$6.59	$7.56	1,753,735	176,150

[1] The weighted average share price at the date of exercise of options exercised during the year ended 31 December 2025 was $7.83 (2024: $10.03)

Loan funded shares outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	Loan funded shares 2025	Loan funded shares 2024
8 March 2021	31 December 2026	$7.00	9,000	18,000
12 May 2021	31 December 2026	$6.97	32,374	32,374
8 March 2022	31 December 2027	$7.57	52,269	102,999
11 May 2022	31 December 2027	$8.78	22,777	22,777
8 March 2023	31 December 2028	$5.98	700,637	753,433
10 May 2023	31 December 2028	$6.92	936,679	936,679
22 March 2024	31 December 2029	$9.79	635,073	704,777
8 May 2024	31 December 2029	$9.48	632,433	632,433
16 May 2024	31 December 2029	$9.48	95,796	146,667
20 May 2024	31 December 2029	$9.48	82,958	82,958
19 August 2024	31 December 2029	$8.10	59,685	59,685
6 March 2025	31 December 2030	$6.56	1,405,143	–
14 May 2025	31 December 2030	$6.47	834,189	–
8 September 2025	31 December 2030	$7.22	57,698	–
Total			5,556,711	3,492,782

The loan funded shares have an expiry date of 5 years from the date of issue and their weighted average remaining contractual life outstanding at the end of the financial year was 3.4 years (2024: 3.6 years).

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Note 22. Issued capital (continued)

The number and weighted average fair value of performance rights granted under the Company's STIP are as follows. Performance rights have a nil exercise price.

Details	Number of rights 2025	2024
Opening balance	91,497	64,333
Granted during the year	186,608	113,727
Exercised during the year[1]	(91,497)	(64,333)
Forfeited during the year	(60,262)	(22,230)
Balance at the end of the year	**126,346**	**91,497**
Vested and exercisable at the end of the year	126,346	91,497

[1] The weighted average share price at the date of exercise of options exercised during the year ended 31 December 2025 was $8.33 (2024: $10.70)

The performance rights have an expiry date 1 year after the financial year end of the year of issue and their weighted average remaining contractual life outstanding at the end of the financial year was 1.0 years (2024: 1.0 year).

Employee share plan

Smartgroup full-time employees are eligible to participate in an employee share scheme. Under the scheme, eligible employees may acquire Smartgroup shares through a Salary Sacrifice Offer and receive additional shares under a Matching Offer.

Employees who accept the offer purchase $500 worth of Smartgroup shares using pre-tax salary, and Smartgroup provides up to $500 worth of matching shares at no cost, resulting in a combined allocation of approximately $1,000 worth of shares. Salary sacrifice deductions are made over two months following acceptance of the offer.

Shares allocated under both the Salary Sacrifice Offer and the Matching Offer are subject to a three-year holding lock, during which they cannot be sold or transferred (except in limited circumstances such as cessation of employment). Participants receive dividends and voting rights equivalent to other shareholders.

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Note 22. Issued capital (continued)

Accounting policy for share-based payments

Equity-settled share-based compensation benefits are provided to employees. Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. The cost of equity-settled transactions is measured at fair value on grant date for the Loan Funded Share Plan.

Fair value is independently determined using Black-Scholes- Merton (in respect of EPS hurdles) and Monte Carlo (in respect of TSR hurdles) simulations that take into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with performance conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

Shares are contingently issued on grant date in the employees' name and recognised in equity initially as share capital, with an offset in treasury shares. The cost of equity- settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date, less amounts already recognised in previous periods. Treasury share capital is converted to ordinary share capital at such time as the employee exercises share options or performance rights vest. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised over the remaining vesting period for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the performance condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled they are treated as if they have vested on the date of cancellation, and any remaining expense is recognised immediately. If new awards are substituted for the cancelled awards, the cancelled and new awards are treated as if they were a modification.

The fair value of the shares used for grant allocation purposes was calculated using Black-Scholes-Merton simulations in respect of EPS hurdles and Monte Carlo simulations in respect of TSR hurdles.

Assumptions made in determining the fair value of loan funded shares granted under the LFSP are:

Grant date	Vesting date	Share price at grant date	Exercise price	Expected volatility of Smartgroup shares	Dividend yield	Risk-free interest rate	Fair value at grant date
6 March 2025	31 December 2027	$7.98	$6.56	30.00%	6.08%	4.00%	$1.67
14 May 2025	31 December 2027	$7.73	$6.47	30.00%	6.28%	3.76%	$1.49
8 September 2025	31 December 2027	$8.70	$7.22	27.50%	5.43%	3.33%	$1.74

The fair value of performance rights granted under the STIP has been calculated based on the 10-day volume weighted average share price up to and including the grant date as follows:

Grant date	Vesting date	Share price at grant date	Fair value at grant date
14 March 2025	31 December 2025	$6.96	$7.88
16 May 2025	31 December 2025	$7.68	$7.88
10 September 2025	31 December 2025	$8.37	$8.71

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Taxation

Note 23. Income tax

Recognised in profit or loss

Consolidated	2025 $'000	2024[1] $'000
Current tax	37,918	28,250
Adjustments for prior years	1,753	—
Current tax	**39,671**	**28,250**
Adjustments for prior years	(1,349)	—
Origination/(reversal) of temporary differences	(1,618)	3,836
Deferred tax	**(2,967)**	**3,836**
Income tax expense in profit or loss	**36,704**	**32,086**

Reconciliation of profit before tax to income tax recognised in profit or loss

Consolidated	2025 $'000	2024 $'000
Profit before income tax expense	**116,148**	**107,685**
Tax at the statutory tax rate of 30%	34,844	32,306
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non–deductible expenses	38	20
Share–based payments	1,417	847
Share of profits – joint venture	–	(59)
Gain on sale of business	–	(1,028)
	36,299	**32,086**
Over provision of tax in respect of prior years	405	–
Income tax expense	**36,704**	**32,086**

Amounts recognised directly in equity

Consolidated	2025 $'000	2024 $'000
Amounts charged/(credited) directly to equity:		
Deferred tax assets	232	(19)

Accounting policy for income tax

The income tax expense for the year is the tax payable on the current period's taxable income based on the applicable corporate tax rate of 30%, adjusted for changes in deferred tax assets and liabilities arising from temporary differences, unused tax losses and adjustments recognised in relation to prior periods, where applicable. Current tax liabilities are measured at the amount expected to be paid to/recovered from taxation authorities at the tax rates and tax laws enacted or substantively enacted at the reporting date.

[1] Comparative figures have been re-presented to conform to the current year's presentation.

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Note 23. Income tax (continued)

Tax consolidation

Smartgroup Corporation Ltd is the head of the tax consolidated group which includes its wholly owned Australian resident subsidiaries. As a consequence, all members of the tax consolidated group are taxed as a single entity. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

Members of the tax consolidated group have entered into a tax sharing agreement and a tax funding arrangement.

This arrangement requires that in addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities/assets and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from/payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability/ benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Note 24. Deferred tax

	Assets		Liabilities		Net	
Consolidated ($'000)	**2025**	**2024**	**2025**	**2024**	**2025**	**2024[1]**
Trade and other receivables	–	–	(683)	(190)	(683)	(190)
Intangible assets	2,636	179	–	–	2,636	179
Property and equipment	–	–	(1,487)	(1,706)	(1,487)	(1,706)
Other assets	–	–	(491)	(626)	(491)	(626)
Trade and other payables	4,533	3,874	–	–	4,533	3,874
Provisions	7,642	6,870	–	–	7,642	6,870
Contract liabilities	2,103	2,079	–	–	2,103	2,079
Right-of-use assets	–	–	(3,103)	(744)	(3,103)	(744)
Lease liabilities	2,746	616	–	–	2,746	616
Derivative financial instruments	–	–	–	–	–	–
Other liabilities	523	946	–	–	523	946
Acquisition costs	–	154	–	–	–	154
Reserves	–	26	(186)	–	(186)	26
Tax assets/(liabilities)	**20,183**	**14,744**	**(5,950)**	**(3,266)**	**14,233**	**11,478**

Consolidated	**2025 $'000**	**2024 $'000**
Movement in temporary differences:		
Opening balance	11,478	15,287
Credited/(charged) to profit or loss	2,967	(3,836)
(Charged)/credited to other comprehensive income	(212)	27
Closing balance	**14,233**	**11,478**

[1] Comparative figures have been re-presented to conform to the current year's presentation.

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Note 24. Deferred tax (continued)

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences which arise when accounting income is not the same as taxable income, based on tax rates that are enacted or substantively enacted and expected to apply when the assets are recovered or liabilities are settled. Deferred tax is not recognised for the following temporary differences:

- initial recognition of goodwill;
- the initial recognition of assets or liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences; and
- differences relating to investments in subsidiaries to the extent that they are unlikely to reverse in the foreseeable future

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets is reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and deferred tax expense for the year

Current and deferred tax expense is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Group structure

Note 25. Controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described throughout the consolidated financial statements:

Name	Principal place of business/country of incorporation	2025 %	2024 %
ABM Corporation Pty Limited	Australia	100	100
AccessPay Pty Ltd	Australia	100	100
Australian Vehicle Consultants Pty Ltd	Australia	100	100
Autopia Group Pty Limited	Australia	100	100
Autopia Management Pty Limited	Australia	100	100
Fleet West Pty Ltd	Australia	100	100
Pay-Plan Pty Ltd	Australia	100	100
PBI Benefit Solutions Pty Limited	Australia	100	100
Salary Packaging Solutions Pty Ltd	Australia	100	100
Salary Solutions Australia Pty Ltd	Australia	100	100
Selectus Pty Ltd	Australia	100	100
SET Leasing Pty Ltd	Australia	100	100
Smartfleet Management Pty Ltd	Australia	100	100
Smartgroup Benefits Pty Ltd	Australia	100	100
Smartsalary Pty Limited	Australia	100	100
Smartsalary Software Solutions Pty Ltd	Australia	100	100

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Note 26. Deed of cross guarantee

The following entities are parties to a deed of cross guarantee under which each company guarantees the debts of the others:

Smartgroup Corporation Ltd	Salary Solutions Australia Pty Ltd
AccessPay Pty Ltd	Selectus Pty Ltd
Autopia Group Pty Limited	Smartfleet Management Pty Ltd
Autopia Management Pty Limited	Smartgroup Benefits Pty Ltd
Salary Packaging Solutions Pty Ltd	Smartsalary Pty Limited

By entering into the deed, the wholly-owned entities have been relieved from the requirements for preparation, audit and lodgement of financial reports and Directors' reports, subject to certain conditions set out therein, under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Smartgroup Corporation Ltd, they also represent the 'Extended Closed Group'.

Set out below is a consolidated statement of profit or loss and other comprehensive income and statement of financial position of the 'Closed Group'.

Consolidated statement of profit or loss and other comprehensive income and summary of movements in consolidated retained earnings

Closed Group	2025 $'000	2024 $'000
Consolidated Statement of Profit or Loss and Other Comprehensive Income		
Revenue	328,809	304,350
Product costs	(11,300)	(13,938)
Employee benefits expense	(125,482)	(120,880)
Administration and corporate expenses	(40,954)	(35,467)
Occupancy expenses	(1,832)	(1,599)
Advertising and marketing expenses	(11,210)	(8,183)
Depreciation expense	(7,584)	(6,579)
Amortisation of acquired intangibles	–	(1)
Amortisation of contract rights and internally developed intangibles	(7,476)	(4,183)
Other expenses	(1,811)	(2,802)
Operating profit before income tax expense	**121,160**	**110,718**
Finance income	1,629	1,977
Finance costs	(5,752)	(5,421)
Gain on sale of business	–	3,673
Profit before income tax expense	**117,037**	**110,947**
Income tax expense	(36,704)	(33,165)
Profit after income tax expense	**80,333**	**77,782**
Other comprehensive income		
Net change in the fair value of cash flow hedges taken to equity, net of tax	434	(108)
Total comprehensive income for the year	**80,767**	**77,674**

Closed Group	2025 $'000	2024 $'000
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	**(24,152)**	**(36,138)**
Profit after income tax expense	80,333	77,782
Dividends paid	(67,773)	(65,796)
Transfer to profits reserve	(7,700)	–
Retained earnings at the end of the financial year	**(19,292)**	**(24,152)**

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Note 26. Deed of cross guarantee (continued)

Consolidated Statement of Financial Position

Closed Group	2025 $'000	2024 $'000
Current assets		
Cash and cash equivalents	42,594	33,883
Restricted cash and cash equivalents	269,320	245,067
Trade and other receivables	38,362	34,139
Income tax receivable	–	1,721
Other current assets	7,175	6,738
Total current assets	**357,451**	**321,548**
Non-current assets		
Deferred tax assets	13,530	11,263
Intangible assets	273,474	268,622
Property and equipment	27,269	21,087
Right-of-use assets	10,342	2,480
Derivative financial instruments	682	63
Investments in subsidiaries	27,507	27,507
Total-non-current assets	**352,804**	**331,022**
Total assets	**710,255**	**652,570**
Current liabilities		
Trade and other payables	38,940	40,026
Customer salary packaging liability	269,320	245,067
Provisions	17,296	17,477
Contract liabilities	6,876	6,477
Income tax payable	7,914	–
Lease liabilities	2,421	1,203
Other liabilities	1,745	3,152
Total current liabilities	**344,512**	**313,402**
Non-current liabilities		
Provisions	1,752	1,548
Contract liabilities	6	304
Lease liabilities	6,279	849
Borrowings	80,723	79,155
Total non-current liabilities	**88,760**	**81,856**
Total liabilities	**433,272**	**395,258**
Net assets	**276,983**	**257,312**
Equity		
Issued capital	264,869	264,106
Reserves	31,406	17,358
Retained earnings	(19,292)	(24,152)
Total equity	**276,983**	**257,312**

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Note 27. Parent entity disclosures

Summary financial information

Set out below is the supplementary information about the parent entity.

Statement of Profit or Loss and Other Comprehensive Income

Smartgroup Corporation Ltd	2025 $'000	2024 $'000
Profit after income tax expense	91,877	94,538
Other comprehensive income	434	(108)
Total comprehensive income	**92,311**	**94,430**

Statement of Financial Position

Smartgroup Corporation Ltd	2025 $'000	2024 $'000
Current assets	418,207	338,775
Total assets	**490,052**	**428,176**
Current liabilities	48,068	18,630
Total liabilities	**128,161**	**97,500**
Issued capital	264,869	264,106
Reserves		
Hedging reserve – cash flow hedges	328	(106)
Share-based payments reserve	22,084	16,170
Other reserves	8,994	1,294
Retained earnings	65,616	49,212
Total equity	**361,891**	**330,676**

Guarantees entered into by the parent entity

The parent entity and certain of its subsidiaries are party to an ASIC deed of cross guarantee under which each company guarantees the debts of the others. No deficiencies of assets exist in any of these subsidiaries. Refer to note 26 for further details.

The parent entity has also provided guarantees in respect of banking facilities provided to the Group.

Contingent liabilities of the parent entity

The parent entity has given bank guarantees as at 31 December 2025 of $8,982,000 (2024: $5,624,000).

Capital commitments – property and equipment

The parent entity had no capital commitments for property and equipment as at 31 December 2025 and 31 December 2024.

Material accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in the basis of preparation and note 33, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity.

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Other items

Note 28. Notes to the consolidated statement of cash flows

Reconciliation of profit after income tax to net cash inflow from operating activities

Consolidated	2025 $'000	2024 $'000
Profit for the year	79,444	75,599
Adjustments for:		
Share of profits – joint ventures	–	(196)
Share-based payments	4,722	2,823
Fair value change to derivative financial instruments	–	101
Interest received – disclosed under investing activities	(1,655)	(1,358)
Amortisation of interest and borrowing costs	68	273
(Gain)/loss on sale of non-current assets	(1,448)	(99)
Depreciation	7,584	6,615
Amortisation	7,518	4,168
Gain on sale of business	–	(3,216)
Change in operating assets and liabilities:		
(Increase) in trade and other receivables	(2,287)	(15,990)
(Increase)/decrease in net deferred tax assets	(3,154)	4,724
(Increase) in other current assets	(305)	(1,412)
(Decrease)/increase in trade and other payables	(2,313)	10,525
Increase/(decrease) in provision for income tax	10,398	(4,902)
(Decrease) in provisions and other liabilities	(799)	(112)
Net cash from operating activities	**97,773**	**77,543**

Changes in liabilities arising from financing activities

This section sets out an analysis of net debt and the movements in net debt for each of the years presented.

Consolidated	Borrowings $'000
Balance as at 1 January 2024	64,693
Proceeds from borrowings	15,000
Borrowing costs	(647)
Amortisation of borrowing costs (non-cash)	109
Balance as at 31 December 2024	79,155
Proceeds from borrowings	16,500
Repayment of borrowings	(15,000)
Borrowing costs	(46)
Amortisation of borrowing costs (non-cash)	114
Balance as at 31 December 2025	**80,723**

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Note 29. Contingent liabilities

The Group had contingent liabilities at 31 December 2025 of $4,724,000 (2024: $4,064,000) which primarily relate to guarantees on property leases against the contractual payment of rent. The Group has given guarantees for performance of contracts to its customers as at 31 December 2025 of $6,228,000 (2024: $5,450,000).

Note 30. Related party disclosures

Parent entity

Smartgroup Corporation Ltd is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 25.

Key management personnel compensation

Disclosures relating to key management personnel are set out in note 31 and the Remuneration Report included in the Directors' Report.

Transactions with other related parties

$10,395 in cost reimbursements were paid to key management personnel in 2025 (2024: $11,432).

Receivable from/payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to/from related parties at the current and previous reporting date, except for the LFSP (refer to note 22).

Note 31. Key management personnel disclosures

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

Consolidated	2025 $	2024 $
Short-term employee benefits	2,857,711	3,149,974
Post-employment benefits	181,252	187,724
Long-term benefits	415	26,409
Share-based payments	2,198,320	1,703,540
	5,237,698	**5,067,647**

Note 32. Auditor's remuneration

During the year the following fees were paid or payable for services provided by KPMG, the auditor of the Company.

Consolidated	2025 $	2024 $
Audit and review of financial statements	737,445	668,800
Non-audit services	–	–
Total	**737,445**	**668,800**

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Note 33. Material accounting policies

(a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Smartgroup Corporation Ltd as at 31 December 2025 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the resulting non-controlling interest is recognised directly in equity attributable to the parent.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained, together with any gain or loss in profit or loss.

(b) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; an unconditional right does not exist to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(c) Reserves

Cash flow hedges

The hedging reserve is used to record the effective portion of the gains or losses on derivatives which qualify as cash flow hedge instruments and are recognised in other comprehensive income. Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

Share-based payments

The reserve is used to recognise the value of equity benefits provided to executive KMP and other senior management as part of their remuneration.

Other

Other reserves are used to record increments and decrements to the valuation of non-current assets, and preserve current profits for the purpose of paying dividends in future years.

(d) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority

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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

Note 34. Adoption of new and amended accounting standards

The principal accounting policies adopted in the preparation of the financial statements are set out below and in the respective notes. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period with the following standards and amendments applied for the annual reporting period commencing 1 January 2025:

- Amendments to AASB 2023-5 *Lack of Exchangeability*.

The adoption of these Accounting Standards and Interpretations did not have any material impact on the financial performance or position of the Group.

New standards and interpretations not yet adopted

The following accounting standards have been issued but are not yet in effect for the current reporting period. The Group has not elected to early adopt any accounting standards during the year.

AASB 18 Presentation and Disclosure in Financial Statements

AASB 18 *Presentation and Disclosure in Financial Statements* replaces AASB 101 *Presentation of Financial Statements*. AASB 18 requires changes to the presentation of the statement of profit or loss to classify income and expenses into operating, investing and financing categories, with the introduction of defined subtotals, operating profit and profit before financing and income taxes. AASB 18 also enhances guidance around aggregation principles within the primary financial statements and information disclosed in the notes, and requires management-defined performance measures used in public communications that are subtotals of income and expense to be reconciled to the subtotals required by AASBs. The standard is effective for annual periods beginning on or after 1 January 2027. The Group expects AASB 18 to lead to changes in the way information is presented in the primary financial statements in the financial report for the year ended 31 December 2027, however at this time does not anticipate any other impacts.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting years and on foreseeable future transactions.

AASB 2024-2 Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments

On 29 July 2024, the AASB issued targeted amendments to AASB 9 and AASB 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The standard is effective for annual periods beginning on or after 1 January 2026. The Group has not yet completed its assessment of the impact of AASB 2024-2 but does not expect it to have a material impact on its operations or financial statements.

AASB S2 *Climate-related disclosures*

AASB S2 *Climate-related Disclosures* requires the reporting of climate-related risks and opportunities that could reasonably be expected to affect the Group's cash flows, its access to finance or cost of capital over the short, medium or long term. The standard is effective for annual periods beginning on or after 1 January 2026. The Group expects the primary impacts of the standards to be:

- An increase to climate-related risk and opportunity disclosures and their potential financial impact, and
- A requirement to disclose forward-looking financial sensitivities based on climate scenarios and the Group's response to those scenarios.

Smartgroup will adopt AASB S2 as required in FY27.

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Consolidated Entity Disclosure Statement of Smartgroup Corporation Ltd

Set out below is the disclosure statement required under the *Corporations Act 2001* (Cth), which requires Australian public companies to disclose information about their consolidated subsidiaries. For each consolidated subsidiary that is part of the consolidated entity at the end of the financial year, Smartgroup Corporation Ltd must disclose the following details:

- The name and type of the entity (i.e. body corporate, partnership or trust); For a body corporate, the place of incorporation and percentage of issued share capital held by Smartgroup Corporation Ltd;
- Whether the entity is a trustee of a trust, a partner in a partnership, or a participant in a joint venture. This is only required where that trust, partnership or joint venture is also consolidated;
- If the entity was an Australian resident or a foreign resident at the end of the financial year; and
- If the entity was a foreign resident, each jurisdiction in which the entity was a resident.

Entity Registered Name	Body corporate, partnership or trust	Place formed or incorporated	Percentage of share capital held	Australian or foreign tax resident	Jurisdiction for foreign tax resident
ABM Corporation Pty Limited	Body corporate	Australia	100%	Australia	N/A
AccessPay Pty Ltd	Body corporate	Australia	100%	Australia	N/A
Australian Vehicle Consultants Pty Ltd	Body corporate	Australia	100%	Australia	N/A
Autopia Group Pty Limited	Body corporate	Australia	100%	Australia	N/A
Autopia Management Pty Limited	Body corporate	Australia	100%	Australia	N/A
Fleet West Pty Ltd	Body corporate	Australia	100%	Australia	N/A
Pay-Plan Pty Ltd	Body corporate	Australia	100%	Australia	N/A
PBI Benefit Solutions Pty Limited	Body corporate	Australia	100%	Australia	N/A
Salary Packaging Solutions Pty Ltd	Body corporate	Australia	100%	Australia	N/A
Salary Solutions Australia Pty Ltd	Body corporate	Australia	100%	Australia	N/A
Selectus Pty Ltd	Body corporate	Australia	100%	Australia	N/A
SET Leasing Pty Ltd	Body corporate	Australia	100%	Australia	N/A
Smartfleet Management Pty Ltd	Body corporate	Australia	100%	Australia	N/A
Smartgroup Benefits Pty Ltd	Body corporate	Australia	100%	Australia	N/A
Smartgroup Corporation Ltd	Body corporate	Australia	N/A	Australia	N/A
Smartsalary Pty Limited	Body corporate	Australia	100%	Australia	N/A
Smartsalary Software Solutions Pty Ltd	Body corporate	Australia	100%	Australia	N/A

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Directors' Declaration

For the year ended 31 December 2025

In the Directors' opinion:

(a) The financial statements and notes set out on pages 70 to 115 are in accordance with the *Corporations Act 2001* (Cth), including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

  (ii) complying with International Financial Reporting Standards as issued by the International Accounting Standards Board, and

  (iii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2025 and of its performance for the financial year ended on that date.

(b) In the opinion of the Directors of Smartgroup Corporation Ltd, the consolidated entity disclosure statement as at 31 December 2025 set out on page 116 is true and correct.

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

(d) At the date of this declaration, there are reasonable grounds to believe that the members of the extended closed Group identified in note 26 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 26.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* (Cth).

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001* (Cth).

On behalf of the Directors



John Prendiville
Chairman
25 February 2026
Sydney

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Independent Auditor's Report

To the shareholders of Smartgroup Corporation Ltd

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Smartgroup Corporation Ltd (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the ***Group***'s financial position as at 31 December 2025 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001,* in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated Statement of financial position as at 31 December 2025;
- Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity, and Consolidated Statement of Cash Flows for the year then ended;
- Notes, including material accounting policies;
- Consolidated Entity Disclosure Statement and accompanying basis of preparation as at 31 December 2025; and
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (the Code) that are relevant to audits of the financial report of public interest entities in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Revenue recognition ($320.6m)

Refer to Note 1 to the Financial Report

The key audit matter	How the matter was addressed in our audit

The majority of the Group's revenue relates to the provision of fleet management and salary packaging including novated leasing, and their related services.
 	
Revenue recognition is key audit matter due to the financial significance of revenue to the Group's financial statements and the high volume of transactions across key revenue streams, increasing our audit effort thereon.
	Our procedures included:
	• We obtained an understanding of the nature of the Group's key revenue streams and the related revenue recording processes, systems and controls;
	• We assessed the appropriateness of the Group's revenue recognition accounting policies, against the requirements of the accounting standards and our understanding of the business and industry practice;
	• We tested, on a sample basis, revenue transactions recorded throughout the year. This included assessing:
	  • Existence of an underlying arrangement with the customer;
	  • The amounts invoiced to customers in accordance with the signed customer contracts;
	  • The timing of revenue recognition based on completed performance obligations and the Group's revenue recognition policy.
	• For point in time revenue transactions, we used data analytic routines to compare invoices raised to cash receipts; and
	• We evaluated the adequacy of disclosures in the financial report using our understanding obtained from our testing and against the requirements of Australian Accounting Standards.

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Other Information

Other Information is financial and non-financial information in Smartgroup Corporation Ltd's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our respective assurance conclusion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Smartgroup Corporation Ltd for the year ended 31 December 2025, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 50 to 66 of the Directors' report for the year ended 31 December 2025.

Our responsibility is to express an opinion as to whether the Remuneration Report complies in all material respects with *Section 300A* of the *Corporations Act 2001*, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Karen Hopkins

Partner

Sydney

25 February 2026

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Additional information

This section contains the additional information required by ASX Listing Rule 4.10 which is not disclosed anywhere else in this report. The information in this section is current as at 30 January 2026.

Number of holders of each class of equity securities

As at 30 January 2026, there were:

- 135,605,546 ordinary shares on issue held by 8,821 holders; and
- 186,608 performance rights held by 9 holders. The performance rights are not quoted. All performance rights were issued under an employee incentive scheme.

Voting rights attaching to each class of equity securities

The voting rights attached to ordinary shares are set out in the article 9.15 of the Company's Constitution. Under article 9.15:

- on a show of hands each member present in person and each other person present as a proxy, attorney or representative of a member has one vote; and
- on a poll each person present as proxy, attorney or representative of a member has one vote for each fully paid share held by the member that the person represents.

No voting rights attach to the performance rights.

Distribution of ordinary shareholders

Size of holding	Number of holders	Total shares held	% of total shares
1 – 1,000	4,400	1,789,083	1.32
1,001 – 5,000	3,173	7,989,671	5.89
5,001 – 10,000	736	5,405,225	3.99
10,001 – 100,000	467	10,834,834	7.99
100,001 and over	45	109,586,733	80.81
Total	**8,821**	**135,605,546**	**100.00**

Distribution of performance rights holders

Size of holding	Number of holders	Total shares held	% of total shares
1 – 1,000	–	–	–
1,001 – 5,000	–	–	–
5,001 – 10,000	1	5,815	3.12
10,001 – 100,000	8	180,793	96.88
100,001 and over	–	–	–
Total	**9**	**186,608**	**100.00**

Holders of ordinary shares holding less than a marketable parcel

As at 30 January 2026, there were no holders of ordinary shares with less than a marketable parcel based on the closing market price on that date.

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Twenty largest shareholders of ordinary shares

Name	Number of ordinary shares	Percentage of ordinary shares
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	35,869,515	26.45
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	23,710,217	17.48
CITICORP NOMINEES PTY LIMITED	22,620,665	16.68
BNP PARIBAS NOMS PTY LTD	4,407,141	3.25
BNP PARIBAS NOMINEES PTY LTD	3,630,228	2.68
SCOTT WHARTON[1]	2,403,301	1.77
WHSP HOLDINGS PTY LIMITED	2,263,112	1.67
BKI INVESTMENT COMPANY LIMITED	1,913,429	1.41
BNP PARIBAS NOMINEES PTY LTD	1,495,177	1.10
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,227,709	0.91
GENTILLY HOLDINGS 2 PTY LIMITED	807,500	0.60
UBS NOMINEES PTY LTD	699,418	0.52
POINT CAPITAL PTY LTD	625,000	0.46
GENTILLY HOLDINGS PTY LTD	562,876	0.42
GENTILLY INVESTMENTS PTY LTD	500,769	0.37
ANTHONY DIJANOSIC[1]	474,281	0.35
ALFONZO VENTURI[1]	437,174	0.32
PACIFIC CUSTODIANS PTY LIMITED	429,721	0.32
SOPHIE MACINTOSH[1]	422,202	0.31
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	381,000	0.28
	104,880,435	**77.35**

1. Includes unvested shares that are subject to future performance hurdles.

Substantial shareholders

The names of the substantial holders in the Company and the number of equity securities in which each substantial holder and their associates have a relevant interest, as disclosed in substantial holding notices lodged with ASX are as follows:

Name of substantial holder	Number of shares	Voting power
Challenger Limited and associates	8,235,465	6.07%
Vanguard Group, Inc and controlled entities	7,325,241	5.40%
State Street Corporation and subsidiaries	6,938,953	5.12%

Restricted securities or securities subject to voluntary escrow

There are no restricted securities or securities subject to voluntary escrow. In accordance with the ASX Listing Rules, securities issued under the Company's LTIP that have restrictions on their transfer are not taken to be subject to voluntary escrow for these purposes.

Other matters

There is no current on-market buy-back. There are no issues of securities approved for the purposes of item 7 of section 611 of the Corporations Act which have not yet been completed. No securities were purchased on market during the reporting period for any of the purposes specified in ASX Listing Rule 4.10.22.

Five year summary

Index	2025	2024	2023	2022	2021
Income statement ($m)					
Revenue	329.3	305.8	251.6	224.7	221.8
EBITDA	135.3	118.7	100.3	93.4	103.0
NPAT (statutory)	79.4	75.6	61.9	58.8	58.8
NPATA	80.2	72.4	63.2	61.2	69.5
Statement of financial position ($m)					
Assets	708.4	653.4	417.5	405.8	408.3
Liabilities	431.3	395.1	173.7	165.5	142.1
Net assets	277.1	258.3	243.8	240.3	266.2
Net cash/(debt)	(38.1)	(45.4)	(32.2)	(27.2)	3.6
Share information					
Ordinary shares (million shares)	135.6	133.9	132.8	133.7	133.5
Dividends per share (cents per share)					
Interim	19.5	17.5	15.5	17.0	17.5
Final	21.5	20.0	16.0	15.0	19.0
Special[1]	12.0	11.0	16.0	14.0	35.5
Total dividends	**53.0**	**48.5**	**47.5**	**46.0**	**72.0**
Share price at 31 December ($)	9.14	7.77	8.72	5.10	7.75
NPATA/ordinary shares (cents per share)	59.1	54.1	47.6	45.8	52.1
Ratios					
Ordinary dividend payout ratio	69%	69%	66%	70%	70%
Total dividend payout ratio	90%	90%	100%	100%	138%
Operating cashflow[2]/NPATA	122%	108%	103%	117%	113%
Net debt/EBITDA	0.3	0.4	0.3	0.3	N/A
Operational metrics					
Workforce	909	870	835	743	685
Packages	491,000	445,000	396,000	379,000	377,500
Novated leases under management	85,300	74,300	61,100	57,700	64,700

1. 2023 special dividend is an interim dividend in respect of the 2024 financial year.
2. Operating cashflow excluding significant, non-operating items.

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Glossary of terms

AASB	Australian Accounting Standards Board
AGM	The annual general meeting of the Company
ANCAP	Australasian New Car Assessment Program
ARC	Audit and Risk Committee
ASRS	Australian Sustainability Reporting Standards
Board	Board of Directors
Company	Smartgroup Corporation Ltd ABN 48 126 266 831
CAGR	Compound annual growth rate
CEO	Managing Director and Chief Executive Officer
CFO	Chief Financial Officer
CGS	Corporate Governance Statement. Available on the website at https://ir.smartgroup.com.au/Investors/?page=Corporate-Governance
CIO	Chief Information Officer
CLO	Chief Legal Officer
Customer	Employer clients' employees
Director	Director means a director of the Company
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation adjusted for significant non-operating items
EPS	Earnings per share
ESG	Environmental, Social and Governance
EV	Electric vehicle
Executive	The CEO and each of his direct reports
Executive KMP	The KMP, excluding the Non-Executive Directors
FAR	Fixed annual remuneration
FBT	Fringe Benefits Tax
Greenfleet	An environmental not-for-profit organisation whose mission is to protect the climate by restoring forests
GRI	The Global Reporting Initiative is an international independent standards organisation that developed the GRI Standards and helps businesses, governments and other organisations understand and communicate their impacts on issues such as climate change, human rights and corruption.
Group	The consolidated entity, comprising Smartgroup Corporation Ltd and its controlled entities
GST	Goods and Services Tax
HRRC	Human Resources and Remuneration Committee
ITIC	IT and Innovation Committee
KMP	Key management personnel, being those employees who had authority and responsibility for planning, directing and controlling the activities of the Group and includes the Directors
KPI	Key performance indicator
LFS	Loan funded shares
LTIP	Long-term incentive plan
NALSPA	National Automotive Leasing and Salary Packaging Association
Net debt	Cash and cash equivalents less corporate borrowings adjusted to exclude capitalised borrowing costs and fleet borrowings
Non-Executive Director	Director who is not an executive
NPAT	Net Profit After Tax
NPATA	Net Profit After Tax adjusted to exclude the non-cash tax-effected acquired amortisation of intangibles and significant non-operating items
NPS	Net Promoter Score – a measure of how likely a customer is to provide a word-of-mouth referral measured on a scale of -100 to +100
PBI	Public benevolent institution
PBT	Profit before tax
RAP	Reconciliation Action Plan
ROE	Return on equity
Smartgroup	Smartgroup Corporation Ltd ABN 48 126 266 831
STIP	Short-term incentive plan
TSR	Total shareholder return
VWAP	Volume-weighted average price
WGEA	Workplace Gender Equality Agency
Website	smartgroup.com.au
ZLEV	Zero or Low Emission Vehicles

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Corporate directory

Directors

John Prendiville
Carolyn Colley
Deborah Homewood
Anne McDonald
Mark Rigotti
Ian Watt
Scott Wharton

Company secretaries

Sophie MacIntosh
Jonathan Swain

Registered office and principal place of business

Smartgroup Corporation Ltd
Level 15, Darling Park Tower 2
201 Sussex Street
Sydney NSW Australia 2000
Tel: 1300 665 855

Share register

MUFG Corporate Markets
(AU) Limited
Level 41, 161 Castlereagh Street
Sydney NSW Australia 2000
Tel: 1300 554 474

Auditor

KPMG
Level 38, Tower 3
300 Barangaroo Avenue
Sydney NSW Australia 2000

Bankers

Westpac Group
275 Kent Street
Sydney NSW Australia 2000

Australia and New Zealand Banking Group Limited
242 Pitt Street
Sydney NSW Australia 2000

Securities Exchange listing

Smartgroup Corporation Limited shares are listed on the Australian Securities Exchange (ASX code: SIQ)

Website

smartgroup.com.au

Corporate Governance Statement

The Corporate Governance Statement, which was approved at the same time as the Annual Report, can be found at: Corporate Governance Statement

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Building a Smarter Tomorrow

smartgroup.com.au

Smartgroup Corporation Ltd
National Head Office
Level 15, Darling Park Tower 2, 201 Sussex Street
Sydney NSW 2000

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