



## ASX Announcement

Release date: 28 August 2025

### Smartgroup delivers strong 12% NPATA growth with solid operational momentum

**Smartgroup Corporation Ltd (ASX: SIQ)** (“Smartgroup” or “the Group”), a leading employee services and fleet solutions provider, today reported its half-year results for the six months ended 30 June 2025 (H1 2025).

#### H1 2025 Highlights

- Revenue of \$159.1m, up 7% on H1 2024 (pcp)
- Operating expenses of \$89.5m, up 4% on pcp
- Operating EBITDA of \$63.6m, up 13% on pcp; EBITDA margin at 40%, up 2ppt on pcp
- NPATA<sup>1</sup> of \$38.1m, up 12% on pcp, Statutory NPAT of \$38.1m, up 11% on pcp
- Novated leasing settlements 8% increase on pcp
- Electric Vehicles (EV) accounted for 48% of H1 2025 new car lease orders, including plug-in-hybrid EVs (PHEV) at 12%
- Internal Combustion Engine (ICE) new car lease orders increased 9% compared to pcp
- Continued strong Return on Equity (ROE) of 30.7%, up 1.9ppt on pcp
- Strong and flexible balance sheet with low net debt position at 0.3x EBITDA<sup>2</sup>
- Interim dividend declared of 19.5 cents per share (cps) fully franked<sup>3</sup>, an increase of 11% compared to pcp

Commenting on Smartgroup’s performance over the first half of 2025, Managing Director and CEO, Scott Wharton, said: “Smartgroup continued its track record of consistent delivery in the first half of 2025, achieving strong financial momentum across all key metrics. NPATA rose 12% to \$38.1 million. Return on equity reached 30.7%, an increase of 1.9 percentage points, reflecting our capital-light business model and robust cash flow conversion.

“We continue to grow customer numbers to record levels across salary packaging, novated leasing and fleet, highlighting the strength of our offering and the trust we continue to build with our clients.

“Our Strategic Priorities, announced in February 2024, are progressing to plan. We are well positioned within the industry to deliver profitable growth. During the first half of the year, we continued to enhance digital marketing and lead generation activities. We also launched our new digital salary packaging sign-up journey to improve customer onboarding and deliver scalable growth.”

<sup>1</sup> NPATA is net profit after tax, adjusted to exclude the non-cash tax-effected amortisation of intangibles and significant non-operating items.

<sup>2</sup> EBITDA for the 12 months to 30 June 2025.

<sup>3</sup> Record date 9 September 2025 and payment date 23 September 2025.

## Strong financial performance in H1 2025

Revenue for the half year was \$159.1m, up 7% on pcp, underpinned by higher novated leasing settlement volumes and salary packaging customer numbers. This was driven by ongoing efforts on demand-generating activities, including enhanced digital marketing and account management capability, as well as new client wins. A strengthened focus on customer service and experience also contributed to the strong performance.

Total expenses increased 4% to \$89.5m, as the Group continues to invest for growth while focusing on improving scalability and margin. Non-staff costs were largely driven by enhanced marketing and lead-generation activities, and partially offset by reductions in administrative and corporate expenses. Management remains focused on ensuring the Company operates efficiently while continuing to differentiate and improve its competitive position.

EBITDA of \$63.6m was up 13% on pcp, and EBITDA margin was 40% for the half-year.

Profit after tax, as measured by NPATA, was \$38.1m for the first half of 2025, up 12% on pcp.

Smartgroup has continued to generate a strong operating cash flow of \$52.5m, representing 138% of NPATA, impacted by favourable timing of working capital movements and tax payments. The Group maintains a flexible balance sheet with a modest net debt level of \$41.6m as at 30 June 2025, being 0.3x EBITDA.

The Group's strong cash flow conversion and low net debt position have enabled the Board of Directors to declare an interim fully franked dividend of 19.5 cps for the six months to 30 June 2025, representing a payout ratio of 69% of NPATA.

## Record salary packaging, novated leasing and fleet customer numbers

At 30 June 2025, Smartgroup had 484,000 active packaging customers, an increase of 82,000 versus pcp. In the last 12 months, Smartgroup provided salary packaging services to around 570,000 customers.

Strong leasing demand resulted in a 19% increase in new lease vehicle orders and an 8% increase in novated leasing settlements versus pcp. At the end of June, Smartgroup had 80,000 novated leasing customers, an increase of 15,400 versus pcp.

In the first half of 2025, EVs represented 48% of all new car novated orders, including PHEVs at 12% of all new car novated orders.

The Federal Government Electric Car Discount Policy ceased to apply for PHEVs after 31<sup>st</sup> March this year. As a result, PHEV demand accelerated in the first quarter of 2025 as customers sought to take advantage of the policy. Following the end of the Discount Policy for PHEVs, demand has reduced but was offset by increased interest in battery electric vehicles (BEV). Importantly, although no longer exempt from fringe benefits tax (FBT), PHEVs remain available for novated leasing.

ICE vehicles remain an important part of our business, and in the first half of 2025, ICE new vehicle orders increased 9% compared to the first half of 2024. This highlights the relevance of our offering for all types of cars.

The Electric Car Discount Policy remains available for BEVs, and novated leasing remains available for all vehicle types.

In the first half of 2025, leasing yield was relatively stable, down 1% compared to the first half of 2024.

## Strong progress on Smartgroup's Strategic Priorities

During the half-year, the Group achieved several milestones to further enhance customer and client experience and continued to focus on creating efficiencies through simplification.

In H1 2025, examples of achievements include:

- Launched new digital salary packaging sign-up journey, enhancing customer onboarding and operational efficiency;
- Applied AI to analyse sentiment across more than 128,000 customer calls, which is improving customer experience and efficiency; and
- Announced new strategic partnerships, including BMW Financial Services and Stratton Finance, which broaden the Group's distribution channels and support future growth.

### Outlook

Commenting on Smartgroup's outlook, Managing Director and CEO, Scott Wharton, said: "Some of the external short-term uncertainties have eased. Demand for our products and services remains strong, driven by solid operating momentum and ongoing enhancements in digital marketing and customer engagement.

"We are executing our Strategic Priorities to deliver profitable growth and improve efficiency while strengthening Smartgroup's market position. Based on current market conditions, we are targeting mid-forties EBITDA margin during 2027. With sustained investment, including automation and agentic capabilities, we see continued opportunities to further elevate business performance beyond 2027."

### H1 2025 investor briefing presentation

Smartgroup Managing Director and CEO, Scott Wharton and Chief Financial Officer, Jason King, will hold an audio briefing to discuss the results as follows:

Date: Thursday, 28 August 2025

Time: 9:00am (Sydney Time)

URL: <https://webcast.openbriefing.com/siq-hyr-2025/>

The audio briefing will be streamed live at the above URL. The briefing will also be available on the Smartgroup website investor section: <https://ir.smartgroup.com.au/Investors/> under the Financial Reports and Presentations tab.

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

For further information:

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