30 June 2026

Appendix 4D and Consolidated Interim Financial Report

Half year ended 30 June 2026

Smart Group

Market Release

Release date: 27 August 2026

27 August 2026

ASX Market Announcements Office
ASX Limited
39 Martin Place
Sydney NSW Australia 2000

Smartgroup Corporation Ltd - Results for announcement to the market

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

1. Appendix 4D, and
2. Smartgroup Interim Financial Report for the period ended 30 June 2026.

Smartgroup Corporation Ltd will conduct a briefing on the results at 9:00 am (Sydney time) on 27 August 2026.

Jason King

Jason King
Chief Financial Officer
1300 665 855

Sophie MacIntosh

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

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

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Appendix 4D

For the half year ended 30 June 2026

1. Company details

Name of entity:	Smartgroup Corporation Ltd
ABN:	48 126 266 831
Reporting period:	For the half year ended 30 June 2026
Previous corresponding period:	For the half year ended 30 June 2025

2. Results for announcement to the market

		$'000			$'000
Revenues from ordinary activities	up	20,357	12.8%	to	179,485
Profit from ordinary activities after tax attributable to the owners of Smartgroup Corporation Ltd	up	4,272	11.2%	to	42,355
Profit for the period attributable to the owners of Smartgroup Corporation Ltd	up	4,272	11.2%	to	42,355

Dividends

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

The interim dividend had not been declared at the reporting date and therefore is not reflected in the consolidated financial statements. There is no dividend reinvestment plan in place.

3. Net tangible assets

	30 June 2026	31 December 2025
Net tangible assets per ordinary security	(34.44) cents	(37.37) 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.

Independent auditor's review

This report is based on the Smartgroup Interim Financial Report 2026 which has been reviewed by KPMG.

The remainder of information requiring disclosure to comply with ASX Listing Rule 4.3A is contained in the Smartgroup Interim Financial Report 2026.

Directors' Report

Review of operations

For the half year ended 30 June 2026

$'000	30 June 2026	30 June 2025	Movement
Revenue	**179,485**	**159,128**	**13%**
Product costs	(5,084)	(6,000)	(15%)
Net revenue	**174,401**	**153,128**	**14%**
Expenses			
Employee benefits expense	(70,887)	(64,339)	10%
Administration and corporate expenses	(21,918)	(17,845)	23%
Occupancy expenses	(1,091)	(994)	10%
Advertising and marketing expenses	(5,893)	(5,444)	8%
Other expenses	(801)	(867)	(8%)
Operating EBITDA[1]	**73,811**	**63,639**	**16%**
One-off costs	–	–	n/a
Segment EBITDA[2]	**73,811**	**63,639**	**16%**
Finance income	1,122	1,308	(14%)
Finance costs	(2,810)	(2,915)	(4%)
Depreciation expense	(4,596)	(3,680)	25%
Amortisation of contract rights and internally developed intangibles	(6,322)	(2,965)	113%
Profit before income tax for the half year	**61,205**	**55,387**	**11%**
Income tax expense	(18,850)	(17,304)	9%
Net profit after income tax for the half year	**42,355**	**38,083**	**11%**
Addback: cash tax benefit on deductible amortisation	26	26	–%
NPATA[3]	**42,381**	**38,109**	**11%**
EBITDA margin	41%	40%	+1ppt
NPATA margin	24%	24%	0ppt
Net operating cash inflow[4]	50,761	52,470	(3%)
Net operating cash inflow as a percentage of NPATA	120%	138%	-18ppt

	Cents	Cents	Movement
NPATA per share[5]	30.7	28.1	9%
Dividends declared per share[5]	21.5	19.5	10%

1. Operating EBITDA is the earnings before interest, tax, depreciation and amortisation adjusted for significant non-operating items.
2. Segment EBITDA is the earnings before interest, tax, depreciation and amortisation.
3. NPATA is the net profit after tax, adjusted to exclude the non-cash tax-effected amortisation of acquired intangibles, and significant non-operating items.
4. Net cash inflow from operating activities has been adjusted to exclude receipts and payments related to customer salary packaging bank accounts.
5. NPATA per share and dividends declared per share at 30 June 2026 are based on 138,151,642 shares (30 June 2025: 135,694,446 shares), which includes the 8,173,659 shares held by the Company under the Loan Funded Share Plan (LFSP) (30 June 2025: 5,842,809 shares).

Financial performance

The 2026 Interim Financial Report for Smartgroup Corporation Ltd and its controlled entities ('Smartgroup' or 'the Group') reflects the positive momentum that the Group has experienced, driven by continued growth in novated leasing and salary packaging, disciplined execution and the increasing scalability of our platform. These developments are translating into solid revenue and earnings growth.

Revenue increased to $179.5 million, 13% higher than the prior corresponding period (pcp) and 5% higher than the six months to 31 December 2025, driven by strong novated leasing demand.

The Group continues to invest for growth and the execution of its Strategic Priorities. As a result, total operating expenses increased 12% compared to pcp and 8% compared to the six months ended 31 December 2025. This increase reflects targeted investment in growth initiatives, marketing and digital capability to support strong leasing demand and capitalise on favourable market conditions, while delivering transformation initiatives and strategic projects.

Smartgroup reported Operating EBITDA (Earnings Before Interest, Tax, Depreciation, and Amortisation adjusted for significant non-operating items) of $73.8 million, up 16% compared to pcp, and a 3% increase on the six months to 31 December 2025. EBITDA margin for the six months to 30 June 2026 was 41%. The Group continues to enhance operating leverage by improving productivity and increasing the scalability of its platform, while executing its Strategic Priorities. Investments in digital capability, process simplification, automation and AI are enabling the Group to support growth in customer volumes while driving operational efficiency.

Interim 2026 statutory Net Profit After Tax (NPAT) was $42.4 million, an increase of 11% over pcp and 2% increase compared to the six months to 31 December 2025. Interim Net Profit After Tax Adjusted (NPATA) was also $42.4 million.

Salary packaging

Smartgroup has continued to increase the penetration of salary packaging in its target markets. The Group is the market leader in salary packaging, with a strong competitive position supported by recurring revenues and long-standing client relationships.

The number of active salary packaging customers increased by 7% compared to 30 June 2025 to 518,000 at the end of June 2026, driven by the onboarding of new clients and organic package growth from existing clients.

In the first half of 2026, Smartgroup continued to enhance its digital customer experience, including the rollout of the new Smart App. The app provides customers with a simpler and more convenient way to manage their salary packaging and novated leasing benefits, supporting stronger engagement, improved self-service capability and a more scalable operating model.

Novated leasing

Novated leasing is a particular area of focus for Smartgroup as we are experiencing higher demand driven by favourable market dynamics, including elevated fuel prices, broader range of electric vehicles (EV) and supportive government policy settings.

In the six months to 30 June 2026, new vehicle orders increased 34% compared to pcp. Total novated leasing settlements, which include purchases and refinances, increased 17% when compared to pcp.

Novated leases under management grew by 15% year-on-year to 91,600 at the end of June 2026, driven by strong leasing demand, particularly for battery-electric vehicles (BEV).

In May 2026, the Australian Government reaffirmed its commitment to the Electric Car Discount policy, providing greater certainty for consumers and industry participants. The policy has supported broader access to EVs by improving affordability and reducing the cost of ownership for eligible Australians.

Uptake of BEVs continued to increase during the period, supported by a broader range of vehicle models, improvements in charging infrastructure, and growing consumer awareness of the cost benefits available through novated leasing. Elevated fuel prices and volatility in global energy markets further enhanced the relative attractiveness of EVs. As a result, in the six months to June 2026, BEVs accounted for 68% of all new novated leasing orders, while plug-in-hybrid EVs (PHEV) and internal combustion engine vehicles (ICE) represented 5% and 27%, respectively.

Fleet

Fleet vehicles under management grew by 12% compared to 30 June 2025 to 36,200 vehicles. Smartgroup continues to invest in fleet capabilities, including expanding its funding solutions through the onboarding of a third-party funding provider. This initiative broadens the Group's fleet proposition, supports a wider range of client requirements and provides an additional platform for growth in vehicles under management.

In 2025, the Group established a fleet funding partnership with Volkswagen Financial Services Australia and subsequently, in May 2026, agreed to sell the majority of its self-funded fleet portfolio. This transaction reinforces Smartgroup's capital-light operating model, improves capital efficiency and further strengthens the funding capabilities available to our fleet clients.

Investment

For the six months to 30 June 2026, $6.9 million in IT development costs were capitalised as part of delivering our Strategic Priorities.

Cash flow and net debt

Net operating cash flow from operations for the six months to 30 June 2026 was 120% of NPATA, compared to 138% for the six months to 30 June 2025.

The Group's net debt position at 30 June 2026 was $35.4 million, compared to $38.1 million on 31 December 2025. Leverage, measured as net corporate debt / last 12 months EBITDA, was 0.2x, compared to 0.3x at 31 December 2025.

The Directors present their report, together with the Interim Financial Report, on the consolidated entity (the 'Group') consisting of Smartgroup Corporation Ltd (the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half year ended 30 June 2026.

Directors

The Directors of the Company at any time during or since the end of the half year (collectively referred to as the Directors) were:

John Prendiville
Carolyn Colley
Deborah Homewood
Anne McDonald
Mark Rigotti
Ian Watt
Paul Rogan (appointed 2 March 2026)
Scott Wharton

Principal activities

During the reporting period, 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 half year ended 30 June 2026 were as follows:

	30 June 2026 $'000	30 June 2025 $'000
Final ordinary dividend for the year ended 31 December 2025 of 21.5 cents (2024: 20.0 cents) per ordinary share	29,182	26,671
Special dividend for the year ended 31 December 2025 of 12.0 cents (2024: 11.0 cents) per ordinary share	16,288	14,670

On 26 August 2026, the Directors declared a fully franked dividend of 21.5 cents per ordinary share. The record date is 9 September 2026 and the dividend will be paid on 23 September 2026. This dividend has not been included as a liability in these half year financial statements. The total estimated dividend to be paid is $29,703,000 and represents 70% of half year NPATA, in line with the Group's stated policy.

Review of operations

The profit after tax for the Group is $42,355,000 (30 June 2025: $38,083,000). Refer to the Review of Operations for further commentary on the results.

Environmental regulation

The Group is not affected by any significant environmental regulation under Australian Commonwealth or State law in respect of its operations.

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 5.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183, and in accordance with that instrument, amounts in the Directors' Report and the Interim Financial Report have been rounded to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of Directors.

On behalf of the Directors

John Prendiville
Chairman
26 August 2026
Sydney

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

To the Directors of Smartgroup Corporation Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Smartgroup Corporation Limited for the half-year ended 30 June 2026 there have been:

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

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

KPMG

KPMG

Hopkins

Karen Hopkins

Partner

Sydney

26 August 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 30 June 2026

Consolidated	Note	30 June 2026 $'000	30 June 2025 $'000
Revenue	1	179,485	159,128
Expenses			
Product costs		(5,084)	(6,000)
Employee benefits expense		(70,887)	(64,339)
Administration and corporate expenses		(21,918)	(17,845)
Occupancy expenses		(1,091)	(994)
Advertising and marketing expenses		(5,893)	(5,444)
Depreciation expense		(4,596)	(3,680)
Amortisation of contract rights and internally developed intangibles		(6,322)	(2,965)
Other expenses		(801)	(867)
Operating profit		**62,893**	**56,994**
Finance income		1,122	1,308
Finance costs		(2,810)	(2,915)
Profit before income tax expense		**61,205**	**55,387**
Income tax expense		(18,850)	(17,304)
Profit after income tax expense attributed to the ordinary equity holders		**42,355**	**38,083**
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		105	(125)
Other comprehensive income, net of tax attributed to the ordinary equity holders		**105**	**(125)**
Total comprehensive income attributed to the ordinary equity holders		**42,460**	**37,958**

		Cents	Cents
Basic earnings per share	3	32.6	29.3
Diluted earnings per share	3	32.3	29.3

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

Consolidated Statement of Financial Position

As at 30 June 2026

Consolidated	Note	30 June 2026 $'000	31 December 2025 $'000
ASSETS			
Current assets			
Cash and cash equivalents		46,077	43,382
Restricted cash and cash equivalents	9	247,303	269,320
Trade and other receivables	8	38,821	32,815
Other assets		6,569	7,241
Non-current assets held for sale	10	12,822	–
Total current assets		**351,592**	**352,758**
Non–current assets			
Deferred tax assets		16,760	14,233
Intangible assets	6	303,764	303,165
Property and equipment	7	12,799	27,269
Right–of–use assets		9,172	10,342
Derivative financial instruments	12	844	682
Total non–current assets		**343,339**	**355,691**
Total assets		**694,931**	**708,449**
LIABILITIES			
Current liabilities			
Trade and other payables		40,582	37,387
Customer salary packaging liability	9	247,303	269,320
Provisions		17,405	17,296
Contract liabilities		6,461	7,004
Income tax payable		8,802	7,451
Lease liabilities		2,694	2,711
Other liabilities		1,778	1,745
Total current liabilities		**325,025**	**342,914**
Non–current liabilities			
Provisions		1,871	1,752
Contract liabilities		–	6
Lease liabilities		5,126	5,989
Borrowings	11	80,786	80,723
Total non–current liabilities		**87,783**	**88,470**
Total liabilities		**412,808**	**431,384**
Net assets		**282,123**	**277,065**
EQUITY			
Issued capital	13	266,004	264,869
Reserves		45,944	31,406
Accumulated losses		(29,825)	(19,210)
Equity attributable to the owners of Smartgroup Corporation Ltd		**282,123**	**277,065**
Total equity		**282,123**	**277,065**

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

Consolidated Statement of Changes in Equity

For the half year ended 30 June 2026

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 period	–	–	–	–	38,083	38,083
Other comprehensive income, net of tax	–	–	(125)	–	–	(125)
Total comprehensive income for the period	**–**	**–**	**(125)**	**–**	**38,083**	**37,958**
Transactions with owners in their capacity as owners:						
Dividends provided for or paid	–	–	–	–	(41,341)	(41,341)
Share–based payments expense	–	3,365	–	–	–	3,365
Securities vested under share plan	763	(763)	–	–	–	–
Transfer to profits reserve	–	–	–	7,700	(7,700)	–
Balance at 30 June 2025	**264,869**	**18,772**	**(231)**	**8,994**	**(34,139)**	**258,265**

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 2026	**264,869**	**22,084**	**328**	**8,994**	**(19,210)**	**277,065**
Profit for the period	–	–	–	–	42,355	42,355
Other comprehensive income, net of tax	–	–	105	–	–	105
Total comprehensive income for the period	**–**	**–**	**105**	**–**	**42,355**	**42,460**
Transactions with owners in their capacity as owners:						
Dividends provided for or paid	–	–	–	–	(45,470)	(45,470)
Share–based payments expense	–	8,068	–	–	–	8,068
Securities vested under share plan	1,135	(1,135)	–	–	–	–
Transfer to profits reserve	–	–	–	7,500	(7,500)	–
Balance at 30 June 2026	**266,004**	**29,017**	**433**	**16,494**	**(29,825)**	**282,123**

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

Consolidated Statement of Cash Flows

For the half year ended 30 June 2026

Consolidated	Note	30 June 2026 $'000	30 June 2025 $'000
Cash flows from operating activities			
Receipts from customers (including GST)		210,531	192,928
Payments to suppliers and employees (including GST)		(141,637)	(124,653)
Interest received from restricted cash		4,560	3,645
Interest and transaction costs paid on borrowings		(2,250)	(2,586)
Interest paid on lease liabilities		(371)	(133)
Income taxes paid		(20,072)	(16,731)
Net cash inflow from operating activities		**50,761**	**52,470**
Net cash outflow in restricted cash from salary packaging receipts and payments		**(22,017)**	**(38,844)**
Cash flows from investing activities			
Proceeds from disposal of property and equipment		1,533	–
Payments for internally developed software and websites	6	(6,921)	(4,486)
Payments for property and equipment	7	(2,414)	(2,969)
Interest received		1,122	996
Net cash outflow from investing activities		**(6,680)**	**(6,459)**
Cash flows from financing activities			
Proceeds from borrowings	11	–	16,500
Dividends paid	4	(45,470)	(41,341)
Proceeds from long term incentive plan		5,501	1,118
Principal repayments on lease liabilities		(1,417)	(2,033)
Net cash outflow from financing activities		**(41,386)**	**(25,756)**
Net increase in cash and cash equivalents		**2,695**	**20,255**
Cash and cash equivalents at the beginning of the period		43,382	34,648
Cash and cash equivalents at the end of the period		**46,077**	**54,903**
Restricted cash and cash equivalents at the beginning of the period		269,320	245,067
Net decrease in restricted cash and cash equivalents		**(22,017)**	**(38,844)**
Restricted cash and cash equivalents at the end of the period		**247,303**	**206,223**

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

Notes to the Consolidated Financial Statements

For the half year ended 30 June 2026

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 26 August 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 Standard AASB 134 *Interim Financial Reporting* 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 period 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 30 June 2026, the Group had net current assets of $26,567,000 (31 December 2025: $9,844,000).

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 (31 December 2025: $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 2026/183 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, except for the adoption of new and amended standards described in note 14, 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 6. 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 8.

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.

Notes to the Consolidated Financial Statements

For the half year ended 30 June 2026

Results for the period

Note 1. Revenue

Consolidated	30 June 2026 $'000	30 June 2025 $'000
Sales revenue		
Products and services commissions	120,782	107,241
Administration and management fees	43,531	39,174
Performance fees and rebates	10,653	8,226
Revenue from contracts with customers	**174,966**	**154,641**
Leased fleet revenue[1]	4,161	3,350
Other income[2]	358	1,137
Statutory revenue	**179,485**	**159,128**
Timing of revenue recognition:		
At a point in time	126,857	110,918
Over time	52,628	48,210
Statutory revenue	**179,485**	**159,128**

[1] 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*.

[2] 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.

Notes to the Consolidated Financial Statements

For the half year ended 30 June 2026

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, which are recoverable, are capitalised in accordance with AASB 15, and included within contract rights in note 6. Receivable and contract asset balances at the reporting date are disclosed in note 8 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.

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 interim 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.

Notes to the Consolidated Financial Statements

For the half year ended 30 June 2026

Note 2. Operating segments (continued)

Operating segment information

Consolidated - half year ended 30 June 2026	EB $'000	VS $'000	Corporate $'000	Intersegment eliminations	Total $'000
Revenue					
Products and services commissions	120,782	–	–	–	120,782
Administration and management fees	39,212	8,838	–	–	48,050
Performance fees and rebates	8,593	2,060	–	–	10,653
Intersegment sales	–	2,275	–	(2,275)	–
Total revenue	**168,587**	**13,173**	**–**	**(2,275)**	**179,485**
Total expenses	**(77,828)**	**(3,981)**	**(23,865)**	**–**	**(105,674)**
Segment results (EBITDA)	**90,759**	**9,192**	**(23,865)**	**(2,275)**	**73,811**
Depreciation					(4,596)
Amortisation					(6,322)
Finance income					1,122
Finance costs					(2,810)
Profit before income tax expense					**61,205**
Income tax expense					(18,850)
Profit after income tax expense					**42,355**
Total assets	**554,897**	**52,238**	**87,796**	**–**	**694,931**
Total liabilities	**349,215**	**11,702**	**51,891**	**–**	**412,808**

Revenues of approximately $27.4 million (30 June 2025: $25.9 million) are derived from a single customer. These revenues are attributable to the Employee Benefits segment.

Notes to the Consolidated Financial Statements

For the half year ended 30 June 2026

Note 2. Operating segments (continued)

Operating segment information (continued)

Consolidated - half year ended 30 June 2025	EB $'000	VS $'000	Corporate $'000	Intersegment eliminations	Total $'000
Revenue					
Products and services commissions	107,241	–	–	–	107,241
Administration and management fees	35,260	8,401	–	–	43,661
Performance fees and rebates	6,587	1,639	–	–	8,226
Intersegment sales	–	2,156	–	(2,156)	–
Total revenue	**149,088**	**12,196**	**–**	**(2,156)**	**159,128**
Total expenses	**(73,049)**	**(3,327)**	**(19,113)**	**–**	**(95,489)**
Segment results (EBITDA)	**76,039**	**8,869**	**(19,113)**	**(2,156)**	**63,639**
Depreciation					(3,680)
Amortisation					(2,965)
Finance income					1,308
Finance costs					(2,915)
Profit before income tax expense					**55,387**
Income tax expense					(17,304)
Profit after income tax expense					**38,083**
Total assets[1]	**516,254**	**51,880**	**72,123**	**–**	**640,257**
Total liabilities[1]	**319,087**	**12,709**	**50,196**	**–**	**381,992**

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 prior year. In the prior year, the Group refined its methodology for presenting segment assets and liabilities to eliminate the impact of intercompany investments and loans within the EB and Corporate segments. This change ensures that segment asset and liability disclosures more accurately reflect the underlying operating performance of each segment. As a result, the 2025 comparative information has been restated on the same basis.

Notes to the Consolidated Financial Statements

For the half year ended 30 June 2026

Note 3. Earnings per share

Consolidated	30 June 2026 $'000	30 June 2025 $'000
Profit after income tax attributable to the owners of Smartgroup Corporation Ltd	**42,355**	**38,083**

Consolidated	Number	Number
Weighted average ordinary shares used in calculating basic earnings per share	129,934,704	129,822,318
Basic earnings per share (cents)	**32.6**	**29.3**
Adjustments for calculation of diluted earnings per share:		
Effect of rights and shares granted under incentive and share plans	1,241,153	204,121
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	131,175,857	130,026,439
Diluted earnings per share (cents)	**32.3**	**29.3**

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 period.

(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 paid during the financial period were as follows:

	30 June 2026 $'000	30 June 2025 $'000
Final ordinary dividend for the year ended 31 December 2025 of 21.5 cents (2024: 20.0 cents) per ordinary share	29,182	26,671
Special dividend for the year ended 31 December 2025 of 12.0 cents (2024: 11.0 cents) per ordinary share	16,288	14,670
	45,470	**41,341**

On 26 August 2026, the Directors declared a fully franked interim dividend of 21.5 cents per ordinary share. The interim dividend will be paid on 23 September 2026 to shareholders registered on 9 September 2026 with an expected total distribution of $29,703,000.

The interim ordinary dividend had not been declared at the reporting date and therefore is not reflected in the consolidated financial statements.

Dividends are paid out from the parent entity which has retained earnings as at 30 June 2026 of $34,216,000.

As at 30 June 2026, the Group has accumulated losses of $29,825,000. 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.

Accounting policy for dividends

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

Notes to the Consolidated Financial Statements

For the half year ended 30 June 2026

Note 5. Events occurring after the reporting period

On 31 July 2026, the Group completed the sale of the majority of its self-funded fleet portfolio to Volkswagen Financial Services Australia for approximately $14.5 million. The gain on sale of these assets net of selling costs was $1.4 million. At 30 June 2026, the carrying value or fair value less costs of sale, whichever is lower, of the leased motor vehicles that are subject to this sale, is recognised in non-current assets held for sale (refer to note 10).

On 7 August 2026, Elizabeth Minogue was appointed to the Board, effective 1 September 2026.

Other than disclosed in this note or elsewhere in this report, no transaction or event of a material or unusual nature has arisen in the interval between the end of the current reporting period and the date of this report, that in the opinion of the Directors, is highly probable to significantly affect the operations, the results of operations, or the state of affairs of the Group in future periods.

Operating assets and liabilities

Note 6. 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 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**
Half year ended 30 June 2026						
Opening net book amount	272,664	–	2,911	1,304	26,286	303,165
Additions[1]	–	–	–	–	6,921	6,921
Amortisation expense	–	–	(493)	–	(5,829)	(6,322)
Closing net book amount	**272,664**	**–**	**2,418**	**1,304**	**27,378**	**303,764**
As at 30 June 2026						
At cost	272,664	63,609	10,028	1,304	44,364	391,969
Accumulated amortisation	–	(63,609)	(7,610)	–	(16,986)	(88,205)
Net book amount	**272,664**	**–**	**2,418**	**1,304**	**27,378**	**303,764**

1. $3,436,000 of research and development (as defined in AASB 138 *Intangible Assets*) was completed on internally developed software and websites and expensed in the half-year to 30 June 2026 (year to 31 December 2025: $4,073,000).

Notes to the Consolidated Financial Statements

For the half year ended 30 June 2026

Note 6. 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, 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 period in which the expenditure is incurred.

Notes to the Consolidated Financial Statements

For the half year ended 30 June 2026

Note 7. 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 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**
Half year ended 30 June 2026						
Opening net book amount	1,861	164	468	1,920	22,856	27,269
Additions	114	–	1	–	2,299	2,414
Disposals	–	–	–	–	(1,175)	(1,175)
Transfer to assets held for sale	–	–	–	–	(12,822)	(12,822)
Depreciation expense	(355)	(26)	(73)	(221)	(2,212)	(2,887)
Closing net book amount	**1,620**	**138**	**396**	**1,699**	**8,946**	**12,799**
As at 30 June 2026						
At cost	5,563	403	1,352	3,129	15,355	25,802
Accumulated depreciation	(3,943)	(265)	(956)	(1,430)	(6,409)	(13,003)
Net book amount	**1,620**	**138**	**396**	**1,699**	**8,946**	**12,799**

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.

Notes to the Consolidated Financial Statements

For the half year ended 30 June 2026

Note 8. Trade and other receivables

Consolidated	30 June 2026 $'000	31 December 2025 $'000
Trade receivables	10,144	8,532
Less: allowance for expected credit losses	(443)	(241)
Total trade receivables	**9,701**	**8,291**
Contract assets	16,972	10,935
Other receivables	12,148	13,589
Total other receivables	**29,120**	**24,524**
Total trade and other receivables	**38,821**	**32,815**

Age	30 June 2026 $'000	31 December 2025 $'000
Current	5,169	5,569
0 – 30 days	2,044	1,849
31 – 60 days	2,089	840
61 – 90 days	174	30
90+ days	668	244
Total	**10,144**	**8,532**

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 $442,000 (31 December 2025: $240,000) were raised for at-risk customer groups.

Notes to the Consolidated Financial Statements

For the half year ended 30 June 2026

Note 8. 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. The credit loss rates are based on a 3-year rolling average between 0.0% - 0.03% (31 December 2025: 0.0% - 0.03%) and derived using counterparty-specific information and historical data from previous recessions and economic projections.

The Group has additionally provided $216,000 (31 December 2025: $224,000) 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 30 June 2026.

30 June 2026	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	1,722	–	(21)	(21)	1.22%
Employer/Corporate	6,074	–	(100)	(100)	1.65%
Dealers	2,348	(1)	(321)	(322)	13.71%
Total expected credit loss exposure	**10,144**	**(1)**	**(442)**	**(443)**	

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)**	

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 30 June 2026 reconciles to the opening loss allowance as follows:

Consolidated 30 June 2026	30 June 2026 $'000	31 December 2025 $'000
Movements:		
Opening balance	(241)	(351)
Bad debts written off	55	13
Additional provision (recognised)/derecognised	(257)	97
Closing balance	**(443)**	**(241)**

Notes to the Consolidated Financial Statements

For the half year ended 30 June 2026

Note 9. 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	30 June 2026 $'000	31 December 2025 $'000
Restricted cash and cash equivalents	**247,303**	**269,320**
Customer salary packaging liability	**(247,303)**	**(269,320)**

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 half year ended 30 June 2026, the Group has recognised within revenue, finance income of $4,560,000 (30 June 2025: $3,645,000) from restricted cash.

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

	30 June 2026		31 December 2025	
	Weighted average interest rate	Balance $'000	Weighted average interest rate	Balance $'000
Accounts established by customers directly	4.15%	66,776	3.72%	78,755

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.

Note 10. Non-current assets held for sale

Consolidated	30 June 2026 $'000	31 December 2025 $'000
Leased motor vehicles	12,822	–
Non-current assets held for sale	**12,822**	**–**

In line with the Group's strategy to fund Fleet leased motor vehicles from external sources, the above vehicles were held for sale at 30 June 2026. Volkswagen Financial Services Australia has agreed to purchase the majority of the Group's self-funded Fleet portfolio under a fleet-funding partnership that was established during the period.

Property and equipment are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Leased motor vehicles held for sale are measured at the lower of carrying value and fair value less costs of sale.

The transaction completed on 31 July 2026 (refer to note 5).

Notes to the Consolidated Financial Statements

For the half year ended 30 June 2026

Capital structure and financial risk management

Note 11. Borrowings

Consolidated	30 June 2026 $'000	31 December 2025 $'000
Bank loan	81,500	81,500
Borrowing costs and interest at amortised cost	(714)	(777)
Borrowings	**80,786**	**80,723**

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.

Financing arrangements

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

Consolidated	30 June 2026 $'000	31 December 2025 $'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	81,500
Letter of credit facility	10,952	10,952
	92,452	**92,452**
Unused at the reporting date		
Bank loan	38,500	38,500
Letter of credit facility	4,048	4,048
	42,548	**42,548**

In addition to the above, ancillary facilities of $1,000,000 (31 December 2025: $1,000,000) were also available to the Group at 30 June 2026.

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 30 June 2026 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 30 June 2026 is $80,786,000 (31 December 2025: $80,723,000). The Group is required to comply with the loan covenant requirements on a semi-annual basis, with the next compliance period in September 2026. There have been no events of default on the financing arrangement during the period (31 December 2025: nil).

Notes to the Consolidated Financial Statements

For the half year ended 30 June 2026

Note 12. Fair value measurement of financial instruments

Consolidated	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
30 June 2026				
Financial assets				
Interest rate swap contracts – cash flow hedges	–	844	–	844
Total financial assets	**–**	**844**	**–**	**844**
31 December 2025				
Financial assets				
Interest rate swap contracts – cash flow hedges	–	682	–	682
Total financial assets	**–**	**682**	**–**	**682**

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 period.

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.

Notes to the Consolidated Financial Statements

For the half year ended 30 June 2026

Note 13. Issued capital

	30 June 2026 Shares	31 December 2025 Shares	30 June 2026 $'000	31 December 2025 $'000
Ordinary shares — issued and fully paid	138,151,642	135,605,546	333,968	311,309
Other equity shares: treasury shares associated with the loan funded share plan (LFSP)	(8,173,659)	(5,753,909)	(67,964)	(46,440)
	129,977,983	**129,851,637**	**266,004**	**264,869**

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.

13A. Movements in ordinary share capital

Details	Number of shares	Total $'000
Opening balance at 1 January 2025	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**
Exercise of performance rights during the period	126,346	1,135
Shares issued for LFSP during the period	2,419,750	21,524
Balance at 30 June 2026	**138,151,642**	**333,968**

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

In May 2026, the Company announced it was targeting an on-market share buyback of up to $20 million of ordinary shares. The Company may, at its discretion, vary the size of the buyback, including by purchasing a lesser value of shares than $20 million or no shares at all. There is no current on-market share buyback of the Company's shares as at the date of this report.

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.

Notes to the Consolidated Financial Statements

For the half year ended 30 June 2026

Note 13. Issued capital (continued)

13B. 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.

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.

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 3-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.

Notes to the Consolidated Financial Statements

For the half year ended 30 June 2026

Note 14. 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 periods 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 2026:

- AASB 2024-2 *Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments*
- AASB 2024-3 *Amendments to Australian Accounting Standards – Annual Improvements Volume 11*
- AASB 2026-1 *Amendments to Australian Accounting Standards – Disclosures about Uncertainties in the Financial Statements*

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 period.

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 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.

As a Group 2 entity, Smartgroup will adopt AASB S2 as required in FY27.

Directors' Declaration

For the half year ended 30 June 2026

In the Directors' opinion:

(a) The attached financial statements and notes set out on pages 6 to 26 are in accordance with the *Corporations Act 2001* (Cth), including:

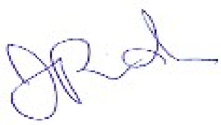
   (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

   (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2026 and of its performance for the financial half year ended on that date.

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

Signed in accordance with a resolution of Directors.

On behalf of the Directors



John Prendiville
Chairman
26 August 2026
Sydney

Independent Auditor's Review Report

To the shareholders of Smartgroup Corporation Limited

Conclusion

We have reviewed the accompanying ***Interim Financial Report*** of Smartgroup Corporation Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Smartgroup Corporation Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2026 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

- Consolidated statement of financial position as at 30 June 2026;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the half-year ended on that date;
- Notes 1 to 14 including selected explanatory notes; and
- The Directors' Declaration.

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

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the 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 our audits of annual financial reports of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2026 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

KPMG

Karen Hopkins

Partner

Sydney

26 August 2026

Corporate Directory

Directors

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

Company secretaries

Sophie MacIntosh
Jonathan Swain

Registered office and principal place of business

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Level 15, Darling Park Tower 2
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Sydney NSW Australia 2000
Tel: 1300 665 855

Share register

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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 Ltd shares are listed on the Australian Securities Exchange (ASX code: SIQ)

Website

smartgroup.com.au

Building a Smarter Tomorrow

smartgroup.com.au

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