FleetPartners

Annual Report 2023

Acknowledgement of Country

FleetPartners acknowledges the Traditional Custodians of the lands on which we operate and pay our respects to Elders past and present.

Kia ora tātou (Hello Everyone)

FleetPartners aspires to having a better understanding of Te Ao Māori (the Māori World) and creating a meaningful impact on Te Ao Hurihuri (the ever-changing world around us).

Contents

Chair & Chief Executive Officer's letter

FleetPartners Group Limited (ASX:FPR) delivered strong financial performance in FY23, with new business writings (NBW) of $762 million, Net Profit After Tax excluding Amortisation (NPATA) of $88 million, and a continued strong platform primed for growth.

On behalf of your Board and Executive team, it is with great pleasure that we present our Annual Report for the financial year ended 30 September 2023 (FY23).

GAIL PEMBERTON CHAIR
DAMIEN BERRELL CHIEF EXECUTIVE OFFICER

Dear Shareholders,

As we reflect on another transitional year in the history of our company, we are pleased to present the 2023 Annual Report for FleetPartners Group Limited (**FleetPartners** or **Group**). In a year marked by new challenges, FleetPartners' defensive business model has again ensured continued financial and strategic momentum in FY23. Our ability to navigate through the current environment and uphold our commitment to exceptional service has been pivotal to our success and positions us with a strong outlook going into FY24.

One of the most significant milestones of the year was our transition from Eclipx Group to FleetPartners Group. This strategic rebranding effort will bring all our businesses under a single, powerful brand, signifying a new era for our organisation. Our new purpose, "Empowering tomorrow's destination, today," serves as our guiding star. It underlines our commitment to empower our customers, partners, and communities with innovative, sustainable, and forward-thinking solutions.

This rebranding is not merely a change of name, but a representation of our commitment to providing holistic solutions that empower tomorrow's destinations today. This signifies our dedication to staying ahead of the curve and leading in the ever-evolving mobility and vehicle solutions industry.

A notable challenge that we confronted during this fiscal year was the persistent impact of new car supply constraints, particularly in key vehicle segments. These constraints were primarily due to logistic delays related to shipping and port operations, which disrupted the global supply chain. The consequences of these disruptions were felt by us and the wider industry, however the Group's NBW remained strong.

The accelerated increase in electric vehicle (**EV**) adoption has been a key driver of growing New Business Writings (**NBW**). This was no more evident than in our Novated business, for example in 4Q23, where new EV leases represented approximately half of all new leases.

We remain steadfast in our commitment to delivering strong shareholder value and fostering sustainable growth through multiple earnings per share growth drivers. We are proud of FleetPartners' FY23 performance and its position as a highly cash-generative business that maintains a robust balance sheet, reinforced by our disciplined financial management practices.

Financial Performance

We are very pleased with the performance of the Group in FY23, highlighted by the results in NBW and Assets Under Management or Financed (**AUMOF**), both growing at 7%.

Notwithstanding the expected normalisation of COVID-19 related tailwinds, the Group delivered a strong NPATA result of $88 million, demonstrating our strong financial performance in the face of supply chain disruption during the year.

Cash conversion remained high in FY23 at 123% reflecting the strong return profile of our business, which enabled the continued strengthening of our balance sheet. The Group's financial position is as strong as it has ever been, finishing FY23 in a net cash position of $23 million.

Accelerate

Our major business transformation program, Accelerate, is well underway and is making significant progress. Wave one of this transformative initiative has been successfully completed, including the effective transition of FleetPlus into FleetPartners in New Zealand and the launch of our new FleetPartners website.

The consolidation of brands, systems and processes through Accelerate is expected to deliver an annualised operating expense saving of $6 million by mid-FY25 along with increased benefits for internal stakeholders and a superior customer experience.

Our commitment to innovation, operational excellence, and customer satisfaction remains unwavering. Our Net Promoter Score from customers remains robust at 44, indicating the sound level of satisfaction our customers continue to experience. As we move forward, we are well-positioned to capitalise on emerging opportunities and further strengthen our market presence.

Capital Management

FleetPartners remains focused on effective capital management to optimise shareholder value. As the Group continues to benefit from the Australian Federal Budget's temporary full expensing policy, it lacks distributable franking credits and is not anticipated to accumulate franking credits until at least FY26. As part of our commitment to returning capital to shareholders, the Group continued its on-market share buy-back program recognising it as the best form of distribution due to the lack of available franking credits and the inability to pay a fully franked dividend. This year alone, we repurchased shares worth $75 million. Since the inception of the program in May 2021, the Group has successfully purchased and cancelled 23% of the shares on issue. This proactive approach reflects our dedication to enhancing shareholder returns and capital efficiency.

ESG

FleetPartners is passionate about our contribution to a more inclusive world and more sustainable planet, in which people and ecosystems can thrive. Our commitment to environmental, social, and governance (**ESG**) principles extends beyond environmental initiatives. We are actively engaged in fostering social responsibility within our organisation and the broader community. By investing in our employees, supporting local communities, and championing diversity and inclusion, we are building a corporate culture with its foundations in empathy, respect, and equality.

We are pleased to announce our continued commitment to achieving net zero emissions, a testament to our focus on environmental stewardship. In Australia, we have retained our Climate Active certification, reaffirming our status as a net zero company in the country.

In addition to our efforts in Australia, we are pleased to share that FleetPartners has attained the prestigious Toitū net carbonzero certification in New Zealand. This certification reflects our comprehensive approach to carbon reduction, offsetting, and sustainable business practices.

FleetPartners is proud of our dedication to fostering diversity and inclusivity which has been acknowledged by Work180, who have recognised and endorsed us as an 'Employer for All Women.' This recognition echoes our status as an Employer of Choice for Gender Equality as awarded by the Workplace Gender Equality Agency (**WGEA**). We have made significant strides in reducing the gender pay gap and achieving strong female representation on our Board, creating an inclusive workplace where everyone can thrive.

Furthermore, we are proud to announce the launch of our inaugural 'Reflect' Reconciliation Action Plan, a testament to our commitment to reconciliation and fostering stronger relationships with Indigenous communities.

Further details of our ESG progress and commitments can be found in our FleetPartners Sustainability Report.

Team and Wellbeing

The rebrand to FleetPartners has had a profound positive impact on our team members. We are delighted to report an average employee engagement score of 74, reflecting our team's enthusiasm and commitment to our shared vision.

We remain committed to ensuring the safety and wellbeing of our team at the Group. FY23 saw the continuation of our program headlined by initiatives including five additional annual leave days, two 'CARE' leave days, along with the enhancement in FY23 of FleetPartners' parental leave offering to support miscarriage, stillbirth, fertility support and pre-natal appointments for both parents.

Outlook

As we step into the next fiscal year, FleetPartners is poised for a period of exciting growth and strategic advancement. We remain committed to service innovation and digital transformation. Our ongoing Strategic Pathways program, now in its third year, is driving expansion into new and existing Corporate, Small Fleet, and Novated lease markets.

Our major business and technology transformation initiative, Accelerate, is progressing in line with schedule and within budget. By streamlining processes, enhancing operational efficiency, and embracing leading technology, we aim to provide our customers with a seamless and superior service experience. This transformation will not only drive customer satisfaction but also strengthen our position as an industry leader.

With our Strategic Pathways, digital transformation initiatives, and focus on enhancing customer experience, FleetPartners is well-positioned for continued sustainable growth and success.

On behalf of the Group's Board and Executive team, we would like to thank all the members of our team for their efforts, and our customers and shareholders for their ongoing support. As we look to the future, we remain committed to our purpose, our values, and our mission to empower tomorrow's destination today, driving innovation, promoting sustainability, and delivering superior value to both our customers and our shareholders.

Gail Pemberton AO
Chair

Damien Berrell
Chief Executive Officer and Managing Director

30 September 2023

FY23 results

676,774
FY23 REVENUE ($'000)

81,021
FY23 PROFIT ($'000)

87,976
FY23 NPATA ($'000)

33.3
FY23 CASH EARNINGS PER SHARE (CENTS)

2.74
END OF FY23 SHARE PRICE ($)

138,457
FY23 EBITDA ($'000)

Business overview

FleetPartners Group Limited is a leading provider of vehicle leasing, fleet management, heavy commercial vehicles, salary packaging and novated leasing, operating across Australia and New Zealand. Formerly Eclipx Group Limited (ASX:ECX), in FY23 we commenced the consolidation of the operating entities FleetPlus and FleetChoice under FleetPartners. The first phase of this consolidation was completed in March 2023. With decades of experience, FleetPartners manages over 88,000 vehicles on behalf of customers. We help businesses of all sizes access funds and acquire, commission and effectively manage their company vehicles. We also help everyday Australians maximise their salary through salary packaging benefits and administer novated leasing.

OUR PURPOSE

In FY23, we redefined the purpose of FleetPartners.

Empowering tomorrow's destination, today

'Empowering' demonstrates our desire to support our customers to be in the lead and moving forward with momentum with FleetPartners, as their partner, by their side helping them to progress. We empower our customers with our expertise, service and advice.

'Tomorrow' reflects our focus on the future and preparing ourselves and our customers to anticipate the needs of the future, as well as our optimism about a bright future ahead. We understand the challenges of tomorrow are unique as the world navigates the climate transition and we are here to help our customers be ready for tomorrow.

'Destination' captures our aspiration, the goals and objectives of our customers and ourselves - and our desire and determination to do more and be more. It also reflects our customers' needs to be mobile and connected and our role in helping them get to their destination, both day-to-day and over the long-term.

'Today' is about taking action now, not waiting until tomorrow and in doing so, bringing forward the future and supporting our customers to achieve their goals faster.

CARE

OUR VALUES

The way in which we achieve our purpose is through the values we uphold. Collaboration, Accountability, Reimagine and Excellence – otherwise known as CARE – are the values that are truly embedded in everything we do.

CARE is our internal compass which informs our decision-making, defines our way of working and helps us to attract and retain great team members, plus so much more.

COLLABORATION

Our team is always greater than the sum of its parts

ACCOUNTABILITY

Ownership, accountability and pride in everything we do

REIMAGINE

Dream big, ask why and seek out positive change

EXCELLENCE

Deliver beyond expectations, every day

Financial report

Directors' report

DIRECTORS' REPORT

The Directors present their report on the consolidated entity (referred to hereafter as Group or FleetPartners) consisting of FleetPartners Group Limited (**Company**) and the entities it controlled at the end of, or during, the year ended 30 September 2023.

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

1. DIRECTORS

The following persons were Directors of the Company during the financial year and up to the date of this report, unless otherwise noted:

GAIL PEMBERTON MA (UTS), FAICD, GCERT FIN

Chair since 6 May 2021, Independent Non-Executive Director since 26 March 2015.

Gail Pemberton's executive roles have included Chief Operating Officer UK at BNP Paribas Securities Services and CEO and Managing Director, BNP Paribas Securities Services, Australia and New Zealand. Gail joined BNP Paribas after a highly successful 20-year career at Macquarie Bank, where she worked for 20 years, holding the role of Group CIO for 12 years and subsequently as COO of the Financial Services Group in her last three years at Macquarie.

In addition to FleetPartners Group, Gail's current board roles are independent non-executive director of Symbio Group (ASX: SYM) from September 2020 and Chair of Prospa (ASX:PGL) where she was a director from May 2018 and the Chair from February 2019.

Gail was awarded the Order of Australia (AO) in the 2018 Australia Day Honours list for distinguished service to the finance and banking industry, to business through a range of roles, as an advocate for technology, and as a mentor to women.

TREVOR ALLEN BCOM (HONS) (UNSW) CA, FAICD

Independent Non-Executive Director since 26 March 2015.

Trevor Allen has over 40 years' corporate and commercial experience, primarily as a corporate and financial adviser to Australian and international corporates.

He is a non-executive Director of Peet Limited (ASX:PPC) from April 2012 and Topco Investments Pte Ltd, the holding company of Real Pet Food Company Limited.

Prior to undertaking non-executive roles in 2012, Trevor held senior executive positions as an Executive Director - Corporate Finance at SBC Warburg and its predecessors for eight years and as a Corporate Finance Partner at KPMG for nearly 12 years. At the time of his retirement from KPMG in 2011, he was the Lead Partner in its National Mergers and Acquisitions Group.

Trevor was Director - Business Development for Cellarmaster Wines from 1997 to 2000, having responsibility for the acquisition, integration, and performance of a number of acquisitions made outside Australia in that period.

During the last three years Trevor also served as a Director of Noumi Limited (ASX: NOU) (previously Freedom Foods Group Limited), retiring from that position in January 2021 after serving as a non-executive director on its board from July 2013.

RUSSELL SHIELDS FAICD

Independent Non-Executive Director since 26 March 2015.

Russell Shields has more than 35 years' experience in financial services, including six years as Chair of ANZ Bank, Queensland and Northern Territory.

Prior to joining ANZ, Russell held senior executive roles with HSBC, including Managing Director Asia Pacific - Transport, Construction and Infrastructure and State Manager Queensland, HSBC Bank Australia.

Russell resigned as Chair of Aquis Entertainment Ltd (ASX:AQS) in May 2023, he was a director since April 2015.

FIONA TRAFFORD-WALKER BEc (HONS) (JCUNQ), MFIN (RMIT), GAICD

Independent Non-Executive Director since 27 July 2021.

Fiona is currently an independent non-executive director of Link Administration Holdings (ASX:LNK) from September 2015, Perpetual Limited (ASX:PPT) from December 2015, Prospa (ASX:PGL) from March 2018 and the Victorian Funds Management Corporation (VFMC). Fiona is also a member of the Investment Committee for the Walter and Eliza Hall Institute.

Fiona was previously an Investment Director at Frontier Advisors, where she was a member of the firm's Investment Committee and Governance Advisory team. She was the inaugural Managing Director at Frontier Advisors and played a critical role in growing the firm.

Fiona has more than 30 years' experience advising institutional asset owners and investors on investment and governance-related issues. In 2013, Fiona was awarded inaugural Woman of the Year in the Money Management/Super Review of Women in Financial Services Awards and was ranked one of the top 10 global Asset Consultants from 2013 to 2016, and again in 2019. In 2016, Fiona was announced as a winner in The Australian Financial Review and Westpac 100 Women of Influence Awards in the Board/ Management category.

CATHY YUNCKEN BCOM/LLB (UNSW), GAICD

Independent Non-Executive Director since 27 July 2021.

Cathy is a non-executive director of State Super (SAS Trustee Corporation), and Managing Director of See Y Pty Ltd, a commercial and financial advisory consultancy that provides advisory services to government and business clients.

Cathy has over 30 years commercial and executive leadership experience in the financial services industry, including corporate finance and investment banking roles at Bank of America and Barclays Capital, and executive leadership roles at GE Capital, Commonwealth Bank's Institutional Bank, and most recently at Westpac Group, where Cathy's roles included executive leadership of the Group's multi-brand commercial, SME banking and private wealth businesses.

DAMIEN BERRELL BEc (Macq), CA, GAICD

Chief Executive Officer and Managing Director since 31 January 2023.

He has over 20 years' experience in the domestic and international non-bank financial institutional space, with the majority of this time in senior leadership roles at successful fleet leasing businesses. Damien joined FleetPartners in 2020 as Chief Financial Officer (CFO), where he was responsible for all aspects of Finance as well as Strategy, M&A, Legal, Investor Relations and Company Secretarial.

Prior to this, Damien served as CFO at Custom Fleet. Here, Damien played a lead role in the sale of the business by General Electric (GE) and repositioning the business in Australia and New Zealand. Damien has also held senior finance positions at GE in Australia, New Zealand, Japan, China and in the US. Damien holds a Bachelor of Economics, Accounting from Macquarie University and is a qualified Chartered Accountant.

LINDA JENKINSON BBS (Massey), MBA (Wharton)

Independent Non-Executive Director retired 31 August 2023.

Linda has 30 years of executive management, strategic consulting and governance experience. She was the Co-founder and CEO of two technology-enabled companies, DMSC and LesConcierges. She is an experienced growth CEO who was the first women CEO/Co-founder to take her company public on the NASDAQ. She sold her second company to the Accor Hotel Group in 2017. Prior to DMSC Linda was a Partner at A.T. Kearney where she helped build their global Financial Institutions Practice.

In addition to her role at FleetPartners Group, Linda is Chair of Medadvisor (ASX:MDR) since 2022, PureProfile (ASX:PPL) since May 2023, Jaxsta (ASX:JXT) since 2018 and Guild Trustee Services since 2016 and a non-executive director of Harbour Asset Management since 2018. Linda served on the Board of Air New Zealand (AIR:NZE) from 2014 to 2021.

Linda has won numerous awards including E&Y Master Entrepreneur of the Year, Westpac NZ Women of Influence Business/Commercial and World Class New Zealander.

2. COMPANY SECRETARY

Lauren Osbich (BA (Hons), LLB) was appointed Company Secretary on 1 February 2023. Lauren is admitted as a practising Solicitor of the Supreme Court of NSW, holds a Bachelor of Arts/Law with Honours in English and a Graduate Diploma of Legal Practice.

The Company Secretary function is responsible for ensuring the Company complies with its statutory duties and maintains proper documentation, registers and records. The role provides advice to the Directors and officers about corporate governance and legal matters.

Mr Damien Berrell (BEc Macq, CA, GAICD) resigned as Company Secretary on 1 February 2023.

3. DIRECTORS' MEETINGS

The table below sets out the number of meetings held during the 2023 financial year and the number of meetings attended by each Director. During the year a total of 10 Board meetings, 5 Audit and Risk Committee meetings and 5 People, Culture, Remuneration and Nomination Committee meetings were held.

	Board		Audit and Risk Committee		People, Culture, Remuneration and Nomination Committee	
DIRECTOR	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED
Gail Pemberton	10	10	5	5	5	5
Trevor Allen	10	7	3	3	5	4
Russell Shields	10	10	5	5	3	3
Fiona Trafford-Walker	10	10	5	5	5	5
Cathy Yuncken	10	10	5	5	5	5
Damien Berrell	7	7	-	-	-	-
Linda Jenkinson	9	8	3	3	3	3

4. PRINCIPAL ACTIVITIES

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

5. GROUP FINANCIAL PERFORMANCE

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

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

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

$m	2023	2022
Net operating income	223.5	250.2
Bad and doubtful debts	(0.6)	1.5
Operating expenses	(84.5)	(80.3)
EBITDA	**138.4**	**171.4**
Depreciation	(3.2)	(3.8)
Share based payments	(3.4)	(3.0)
Operating finance costs	(7.0)	(6.1)
Tax	(36.8)	(47.7)
NPATA	**88.0**	**110.8**
Reconciling items to statutory profits		
Amortisation and impairment of acquired intangibles (post-tax)	(2.1)	(3.2)
Amortisation and impairment of software (post-tax)	(4.7)	(3.9)
Non-recurring items (post-tax)	(0.2)	(0.4)
Statutory Profit	**81.0**	**103.3**

Net operating income (NOI)

NOI decreased by $26.7 million compared to the 2022 financial year. The NOI decrease was largely as a result of:

- Decrease in end-of-lease profit of $18.6 million as a result of lower average profit per sold motor vehicle and a lower number of vehicles sold as more customers extended their leases whilst awaiting replacement vehicles due to vehicle supply constraints.
- Lower maintenance profit from the normalisation of vehicle utilisation by clients and an increase in maintenance costs. The 2022 financial year included $1.0 million of deferred revenue provision released to the statement of profit or loss. The provision was previously recognised for the decreased utilisation of vehicles during the pandemic.
- Decrease in funding commissions of $2.1 million as more assets are funded through the securitisation warehouse, where income is recognised over the lease term as opposed to being recognised upfront.
- Partially offset by higher net interest income, driven by an increase in the value of funded assets, and an increase in management fees.

Bad and doubtful debts

Bad and doubtful debts increased by $2.1 million compared to the 2022 financial year. $2.5 million of the increase was due to the reversal in the 2022 financial year of management's provision overlay in response to COVID-19. Excluding this release there was an improvement in bad and doubtful debts of $0.4 million compared to the 2022 financial year. This overlay was first recorded during the half-year ended 31 March 2020 ($1.3 million) in response to the economic uncertainty created by the COVID-19 pandemic. The overlay was increased in subsequent periods and at 30 September 2021, the Group held an overlay of $2.5 million.

Operating expenses

Operating expenses increased by $4.2 million compared to the 2022 financial year. The increase was mostly driven by higher wages.

Reconciling items to statutory profit

The major reconciling items between NPATA and statutory profit include:

Amortisation and impairment of acquired intangibles (post-tax)

The amortisation of other intangibles (post-tax) represents the amortisation of customer relationships. For the 2022 financial year the Group wrote off the FleetPlus brand name, recognising an impairment of $1.5 million.

Amortisation and impairment of software (post-tax)

The amortisation and impairment of software (post-tax) represents the amortisation and impairment of purchased and in-house developed software. For the 2023 financial year the Group recognised a post-tax impairment of $0.8 million for software, this related to software which was no longer being used where new software was implemented. For the 2022 financial year, the Group recognised a post-tax impairment of $0.5 million.

Non-recurring items

Non-recurring items for the 2023 and 2022 financial year primarily relate to costs associated with redundancy payments to employees as part of restructures.

Segment performance

Australia Commercial

$m	2023	2022
Net operating income (NOI)	**146.8**	167.6
Bad and doubtful debts	**(0.4)**	0.6
Operating expenses	**(57.6)**	(55.4)
EBITDA	**88.8**	112.8

The Australia Commercial segment specialises in fleet leasing and management. It currently operates under the trading names of FleetPlus and FleetPartners. The Group intends to retire the FleetPlus brand as part of the Accelerate program.

NOI decreased by $20.8 million compared to the 2022 financial year largely as a result of:

- → Decrease in end-of-lease profit of $15.8 million as a result of lower average profit per sold motor vehicle and a lower number of vehicles sold as more customers extended their leases whilst awaiting replacement vehicles due to vehicle supply constraints; and
- → Lower maintenance profit from the normalisation of vehicle utilisation by clients and an increase in maintenance costs. The 2022 financial year included $0.6 million of deferred revenue provision released to the profit or loss. The provision was previously recognised for the decreased utilisation of vehicles during the pandemic.

Bad and doubtful debts for the financial year 2022 included a reversal of $1.9 million for management's provision overlay in response to COVID-19. Excluding this release there was an improvement in bad and doubtful debts of $0.9 million compared to the 2022 financial year.

Operating expenses increased by $2.2 million mostly driven by higher wage costs.

EBITDA within the Australia Commercial segment was $88.8 million and decreased by $24.0 million compared to the 2022 financial year as a result of the above factors.

Novated

$m	2023	2022
Net operating income (NOI)	**21.5**	21.3
Bad and doubtful debts	**(0.3)**	-
Operating expenses	**(12.1)**	(12.4)
EBITDA	**9.1**	8.9

The Novated segment specialises in novated leasing and salary packaging. It operates in Australia under the trading names of FleetPlus and FleetPartners. The Group intends to retire the FleetPlus brand as part of the Accelerate program and the brand FleetChoice was retired in 2023 as part of the Accelerate program.

NOI increased by $0.2 million as a result of:

- → Higher net interest income driven by an increase in finance leases due to an increase in New Business Writings (**NBW**). The increase in NBW was largely driven by the increase in demand and supply of electric vehicles where eligible electric cars are exempt from Fringe Benefits Tax (**FBT**). The FBT exemption was effective from 1 July 2022 and will cease for plug-in hybrid electric vehicles from 1 April 2025 and will be reviewed by the Federal Government by mid-2027 for battery electric vehicles in light of their take-up.
- → A higher proportion of NBW was funded using the Group's warehouse funding structure, rather than through principal and agency funding arrangements. The move to fund novated leases through the warehouse will enhance the customer experience by improving credit approval timeframes and enhance returns for FleetPartners in the longer term. However, funding novated leases through the warehouse funding structure impacted revenue by spreading the revenue over the life of the lease as net interest margin, rather than receiving the revenue at the start of the lease as funding commissions.

EBITDA within the Novated segment was $9.1 million and increased by $0.2 million compared to the 2022 financial year.

New Zealand Commercial

$m	2023	2022
Net operating income (NOI)	**55.2**	61.3
Bad and doubtful debts	**0.1**	0.9
Operating expenses	**(14.8)**	(12.5)
EBITDA	**40.5**	49.7

The New Zealand Commercial segment specialises in fleet leasing and management. It operates under the trading name of FleetPartners. The Group retired the FleetPlus brand in 2023 as part of the Accelerate program.

NOI decreased by $6.1 million largely as a result of:

- → Decrease in end-of-lease profit of $2.6 million as a result of lower average profit per sold motor vehicle and a lower number of vehicles sold as more customers extended their leases whilst awaiting replacement vehicles due to vehicle supply constraints.
- → Lower maintenance profit from the normalisation of vehicle utilisation by clients and an increase in maintenance costs. The financial year 2022 also included $0.4 million of deferred revenue provision released to the profit or loss. The provision was previously recognised for the decreased utilisation of vehicles during the pandemic.

Bad and doubtful debts for the financial year 2022 included a reversal of $0.6 million for management's provision overlay in response to COVID-19. Excluding this release there was an increase in bad and doubtful debts charge of $0.2 million compared to the 2022 financial year.

Operating expenses increased by $2.3 million mostly driven by higher wages.

EBITDA within the New Zealand Commercial segment was $40.5 million and decreased by $9.2 million compared to the 2022 financial year.

6. FINANCIAL POSITION

Inventory

Inventory was $18.0 million as at 30 September 2023 which is an increase of $3.9 million compared to 30 September 2022. Inventory levels have increased as more vehicles were returned towards the end of the 2023 financial year as new vehicle supply started to improve.

Finance leases

Finance leases were $392.2 million as at 30 September 2023, which was an increase of $66.3 million compared to 30 September 2022. The increase was driven by an increase in the Novated segment's NBW because of the increase in demand and supply of electric vehicles. The increase was also driven by the Group's strategy of funding a higher portion of leases through its securitisation warehouses.

Operating leases reported as property, plant and equipment

Operating leases were $996.5 million as at 30 September 2023, which was an increase of $122.2 million compared to 30 September 2022. The increase was driven by growth in New Zealand Commercial NBW and the Group's strategy of funding a higher portion of leases through its securitisation warehouses.

Borrowings and funding

As at 30 September 2023, gross borrowings include an amount of $65.0 million drawn against the corporate debt facilities. This represents a $10.0 million reduction to the 30 September 2022 balance. After deducting cash and cash equivalents, the corporate net cash as at 30 September 2023 was $22.6 million representing a $3.9 million reduction to the corporate net cash balance at 30 September 2022.

The remaining borrowings of $1,314.8 million relate to funding directly associated with finance and operating leases that the Group provides to its customers, along with the inventory of vehicles in the process of being sold. This funding is provided by a combination of warehouse and asset-backed securitisation funding structures.

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

The Group aims to optimise its funding facilities with committed funding facilities to cater for expected business growth. At 30 September 2023, the Group had undrawn corporate debt facilities of $84.0 million.

	As at		
TOTAL GROUP ASSETS AND LIABILITIES ($M)	30 SEPTEMBER 2023	30 SEPTEMBER 2022	% CHANGE
Inventory	**18.0**	14.1	28%
Finance leases	**392.2**	325.9	20%
Operating leases	**996.5**	874.3	14%
	1,406.7	1,214.3	16%
Other assets	**840.5**	812.6	3%
Total assets	**2,247.2**	2,026.9	11%
Borrowings	**1,379.8**	1,191.6	16%
Other liabilities	**231.7**	214.7	8%
Total liabilities	**1,611.5**	1,406.3	15%

Cash flow

The Group's cash and cash equivalents, including restricted cash, increased by $8.9 million during the 2023 financial year. The increase was driven by EBITDA which is elevated by end of lease income, and a tax shield in Australia from the Temporary Full Expensing measure introduced by the Federal Government. These factors were partially offset by a $10.0 million repayment of the corporate debt and $75.3 million share buy-back.

As at 30 September 2023, the Group held $87.6 million of unrestricted cash and $159.5 million of restricted cash.

Assets Under Management or Financed (AUMOF)

The Group's AUMOF increased 7% during the 2023 financial year. The increase was driven by a 7% increase in NBW during the year.

Vehicles Under Management or Financed (**VUMOF**) decreased by 2.5% due to a reduction in the number of managed only vehicles.

7. GOING CONCERN

This financial report has been prepared on the basis that the Group is a going concern.

The Group has considered its ability to continue as a going concern using projected cash flow forecasts and other Group metrics and information for at least the next 12 months from the approval of these financial statements. This assessment assumes the Group will be able to continue trading and realise assets and discharge liabilities in the ordinary course of business beyond this period.

At 30 September 2023, the Group held unrestricted cash reserves of $87.6 million and undrawn capacity under its corporate debt facilities of $84.0 million.

8. BUSINESS STRATEGIC OBJECTIVES

Strategic Pathways is FleetPartners' go-to-market strategy. It is designed to build a competitive advantage and grow market share in our three target markets of corporate fleets, small fleets and novated leasing; across Australia and New Zealand. Since the implementation of this strategy, FleetPartners has built strong foundations which are already driving growth in NBW and AUMOF.

The Group commenced the next phase of its strategy, being the Accelerate program, during the 2023 financial year. The objective of the program is to consolidate multiple operating systems, thereby removing duplication of brands, systems and processes to enhance the profitability benefits currently being delivered by Strategic Pathways. The program is expected to deliver an annualised operating expense saving of $6 million by mid-FY25, at an estimated total capitalised cost of $25 million.

9. KEY RISKS

The following risks represent those where the Board and the Executive Leadership Team are focusing their efforts.

KEY RISK	MITIGATING FACTORS
The Group may inaccurately set and forecast vehicle residual values or there may be unexpected falls in used vehicle prices	→ The Group performs a monthly portfolio revaluation using market information on all assets where the Group is exposed to residual value risk and any impairment identified is immediately recognised. This market information is based upon pre-COVID-19 second-hand motor vehicle prices. → The Group has multiple disposal channels for vehicles returned at the end of the lease, allowing the Group to minimise any losses on vehicles where the residual value is above the market value. → Residual values are reviewed regularly by the pricing and risk team and adjusted based on market and actual performance. → The model and process has been subjected to independent review which found the model fit for purpose and identified no high-risk findings with respect to the process and the internal controls. → With respect to battery electric vehicle residual values, the Group utilises data from both vehicle auctioneers and 3rd party residual valuation providers as part of its quarterly review process.

The Group may not be able to obtain funding from banks and/or capital markets and/or be exposed to increased funding costs due to changes in market conditions	→ The Group has a diversified funding structure which includes access to securitisation capital markets, bank loan markets and bank principal and agency funding lines via a number of different funding partners. The Group has the ability to shift funding to the extent other sources are constrained. → The Group has a well-developed risk appetite framework which monitors various Group risk metrics including access to liquidity. → Funding margins are negotiated and agreed on an annual basis for the securitisation warehouse facilities, while margins for the asset-backed securitisation and corporate debt facilities are fixed for their respective terms. → The Group has the ability to charge any margin increase onto NBW. → The Group mitigates interest rate risk by hedging the portfolio at point of origination and funding is provided based on the contractual maturity of the lease. The securitisation and principal and agency receivables funding structures contain no bullet maturity risks.
The Group is exposed to credit risk	→ The Group has a dedicated credit team that assesses risk, drawing on more than 35 years of operating experience, a wealth of proprietary data (including customer credit performance, arrears management, loss rates, and recovery rates), and external credit reporting data from local credit bureaus.
Reduction in the number of new passenger vehicles sold	→ The Group's NBW is comprised of leases from a diverse mix of vehicles in addition to passenger vehicles including light commercial and heavy commercial vehicles. This mitigates exposure to one vehicle segment. → A reduction in vehicles sold due to supply constraints is likely to have counterbalancing impacts such as increased extensions and higher end of lease income. This has been the Group's experience during the 2022 and 2023 financial years as a result of supply shortages.
Maintaining a high-quality team	→ The Group has processes in place to identify, develop and retain key talent. Key team members are incentivised through short-term and long-term incentive plans. Incentive plans have been refreshed to reward individuals for achievements and align with shareholder outcomes. → The Group has a "Work Health, Saftey and Wellbeing Policy" where there is a commitment to provide as far as reasonably practical a risk-free environment to all employees.
Exposure to cyber-attacks	The Group undertakes key actions to detect, contain, monitor and secure internal and external facing systems. Some of these actions include: → Improved layers of monitoring that includes the use of a 3rd party supplier that specialises in cyber-defence against ransomware, cloud and SaaS attacks. → Penetration testing on critical systems. → Education program to ensure increased vigilance of team members with respect to various forms of cyber-attacks. → Program of continued upgrading of systems.
Environmental and climate risk	→ The Group was awarded "Climate Active" status on 16 July 2021 in Australia. → The Group was also awarded "net carbonzero" certification on 29 September 2023 by Toitū Envirocare in New Zealand. → The Group has a structured program to support customers to transition to electric vehicles.

The Group is exposed to changes in the regulatory environment in which it operates.	→ The Group is actively involved with industry bodies where changes to the regulatory environment are discussed, reviewed and actioned by the industry and its members as appropriate. → The Group has governance structures in place to identify risks and opportunities, with the appropriate actions required and with oversight from the Audit and Risk Committee. → The Group has external relationships with experts in their field who proactively advise the Group of changes to the regulatory environment.
Operational and compliance risk	→ The Group's Non-Financial Risk framework allows for the identification, assessment, management, monitoring and reporting of operational risks and compliance obligations. → The framework sets out how to assess the Group's operational risk profile and helps establish and define policies, processes, procedures and controls used to manage and mitigate operational risks.
Ongoing new vehicle supply chain disruption	→ The Group is working with its customers to order replacement vehicles up to twelve months in advance of lease end dates in order to allow for longer delivery times. → The Group is proactively extending existing lease end dates in order to align them with expected delivery dates of replacement vehicles.

10. SUBSEQUENT EVENTS

Subsequent to the year ended 30 September 2023, the Group received a statement of claim relating to a shareholder class action filed in the Victorian Supreme Court. The claim was expressed to be made on behalf of shareholders who acquired an interest in the Group, then named Eclipx Group Limited, during the period between 8 November 2017 and 20 March 2019. The claim alleges during this period, the Group made statements regarding its financial performance in the 2017 and 2018 financial years, and provided guidance to its future earnings for the 2018 and 2019 financial years, and subsequently withdrew, revised or restated this information, and that this involved misleading representations and non-compliance with continuous disclosure obligations. The Group intends to defend the claim. The financial effect of this claim cannot be estimated as at the date of this financial report.

Except for the matters disclosed above, no other matter or circumstance has occurred since the end of the reporting period that may materially affect the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

11. CHANGES IN STATE OF AFFAIRS

During the financial year, there was no significant change to the state of affairs of the Group other than that referred to in the Directors' report, financial statements or notes thereto.

12. ENVIRONMENTAL FACTORS

The Group is not subject to any significant environmental regulation under Australian Commonwealth, State or Territory law. The Group recognises its obligations to its stakeholders being customers, shareholders, employees, and the community, to operate in a way that lowers the impact both it, and its customers, have on the environment.

13. DIVIDENDS AND SHARE BUYBACKS

No dividends were declared for the year ended 30 September 2023 (2022: nil). Further details regarding dividends are outlined in Note 4.7 in the financial report.

During the year ended 30 September 2023, the Group executed a $75.3 million share buy-back program. The shares bought back were subsequently cancelled.

14. SHARE OPTIONS

All options were granted in previous financial years. At the date of this report options details are as follows:

EXPIRY DATE	EXERCISE PRICE	NUMBER OF OPTIONS
27-Nov-24	**$1.63**	6,645,222

These options do not entitle the holder to participate in any share issue of the Group. The Group will settle the options using shares held in the employee share trust.

15. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Directors and Officers of the Group are indemnified against liabilities pursuant to agreements with the Group. The Group has entered into insurance contracts with third party insurance providers, in accordance with normal commercial practices. Under the terms of the insurance contracts, the nature of the liabilities insured against, and the amount of premiums paid, are confidential.

16. NON-AUDIT SERVICES

KPMG, the external auditor of the Group provided no non-audit services during the 2023 financial year. The role of the external auditor is to provide an independent opinion that the financial reports are true and fair and that they comply with applicable regulations. The Audit and Risk Committee has implemented processes and procedures to review the independence of the external auditors and to ensure that they may only provide services that are not conflicting with their role of external auditor.

The fees paid or payable to KPMG were as follows:

	2023 $m	2022 $m
Audit and assurance services		
Audit and review of financial statements	**1.09**	1.01
Total remuneration for KPMG	**1.09**	1.01

A copy of the auditor's independence declaration is set out on page 14 of this financial report, and forms part of the Directors Report.

17. ROUNDING OF AMOUNTS

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

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

Gail Pemberton AO
Chair

Sydney

Damien Berrell
Chief Executive Officer and Managing Director

Sydney

KPMG

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

To the Directors of FleetPartners Group Limited (previously Eclipx Group Limited)

I declare that, to the best of my knowledge and belief, in relation to the audit of FleetPartners Group Limited for the financial year ended 30 September 2023 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

Peter Zabaks
Partner

Sydney
12 November 2023

Remuneration report

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the FleetPartners Remuneration Report for the year ended 30 September 2023.

Whilst the 2023 financial year saw continued challenges in the fleet industry and broader economic environment, FleetPartners delivered a solid financial performance for the year; executing strongly on its customer-focused Strategic Pathways growth strategy, the Accelerate business transformation program and seamlessly implementing the Group's corporate re-branding from Eclipx to FleetPartners.

The FleetPartners Board is committed to supporting management's focus on driving the Group's strategic objectives and financial performance, whilst recognising the critical importance of ensuring a strong workplace culture and superior employee experience for team members. The Board is proud of the hard work and dedication of our leaders and team members throughout FY23. We thank all of our people for their commitment and contribution to FleetPartners over a year that has seen a change in brand and a CEO transition.

EXECUTIVE CHANGES IN FY23

Leadership capability, succession planning and talent management are key priorities of FleetPartners' people and culture agenda. The Board announced in November 2022 that as of 1 February 2023, Julian Russell would step down as CEO of the Group, and the Group's CFO, Damien Berrell, would be appointed our new CEO. Damien was also appointed to the Board as Managing Director of the Group. The Board was delighted to appoint an internal candidate of Damien's calibre as our new CEO. A seamless transition occurred as planned, and Julian was retained by the Group until 30 September 2023 to support the new CEO and the Board of Directors.

The other key appointment made at this time was the appointment of Chief Strategy Officer James Owens to the CFO role, effective 1 February 2023.

EXECUTIVE REMUNERATION FRAMEWORK FOR FY23

The Group's Executive Remuneration Framework, which was comprehensively reviewed and updated in the prior financial year, comprises Fixed Remuneration, Short-Term Incentive (STI) and Long-Term Incentive (LTI) components, and is designed to ensure executives have a proportion of remuneration at risk; payable on the delivery of positive outcomes for shareholders. STI and LTI awards are both delivered 100% in Performance Rights. The framework was enhanced in FY23 by adjusting the prevailing EPS growth LTI measure to neutralize the impact of the share buy-back program on calculation of this metric, and by introducing a second LTI measure aligned to benefits targeted for realisation from FY25 by the Accelerate business transformation program.

REMUNERATION OUTCOMES FOR FY23

In light of FleetPartners' FY23 performance, the Board approved the following remuneration outcomes for our Executive KMP:

→ STI awarded for FY23 was 90% of target STI for both CEO Damien Berrell, and CFO James Owens. Former CEO Julian Russell did not receive an STI award for the FY23 year.

→ Performance against LTI hurdles over the period 1 October 2019 to 30 September 2022 exceeded target performance and as a result 100% of the FY20 LTI vested in FY23 for Julian Russell and Damien Berrell, in their respective roles as CEO and CFO.

Both Damien Berrell and James Owens were awarded fixed remuneration increases upon their appointments as CEO and CFO. The details of their remuneration packages from the date of their appointments as of 1 February 2023 are set out in Section 2 of our Remuneration Report.

Also vesting in FY23 was an LTI sign-on grant issued to Damien Berrell as performance rights in November 2019, upon the commencement of his employment at the Group in the CFO role.

As at 30 September 2023 all Executive and Non Executive KMP either met or were on track to meet their minimum shareholding requirement, further supporting alignment between KMP and investor interests.

EXECUTIVE KMP REMUNERATION CHANGES FOR FY24

The Board conducts regular reviews of the Executive Remuneration Framework to ensure it remains market competitive, aligns to Group performance and shareholder outcomes, and is fit for purpose.

Whilst no change to the Executive Remuneration Framework is proposed for FY24, the Board has introduced a new 25%-weighted measure to the FY24 LTI Plan, to replace the Accelerate project-related Return on Invested Capital (ROIC) metric in the FY23 LTI Plan; a one-off milestone metric. The new measure applicable to the FY24-26 performance period is a Return on Assets (ROA) metric. This will measure the business' efficiency by reference to return on assets under management, and it links to the Group's strategy of growing fee-based revenues and managing operating margin on a sustained basis, for enhanced shareholder value.

Further detail regarding the FY24 executive remuneration changes can be found in Section 5.

LOOKING AHEAD

The Board is committed to continuing our practice of annually reviewing the Executive Remuneration Framework to ensure it strongly supports delivery of the Group's strategy, whilst rewarding executive performance in line with the creation of long-term value for shareholders.

I invite you to read the FY23 Remuneration Report and welcome your feedback and support of the Board in its endeavours to attract, retain and motivate our talented executives.

CATHY YUNCKEN

CHAIR OF THE PEOPLE, CULTURE, REMUNERATION & NOMINATION COMMITTEE

1 REMUNERATION REPORT

1.1 Who is covered by this Report?

This Report details remuneration outcomes for the Group's key management personnel (KMP), who are the team responsible for determining and implementing the Group's strategy. For the year ended 30 September 2023, the KMP were:

NAME	POSITION	TERM AS KMP
EXECUTIVE KMP		
Damien Berrell	Chief Executive Officer and Managing Director (CEO & MD)	– CFO until 31 January 2023 – CEO & MD from 1 February 2023
James Owens	Chief Financial Officer	KMP from 1 February 2023
Julian Russell	Chief Executive Officer	Ceased being KMP from 1 February 2023 and retired from the Group 30 September 2023
NON–EXECUTIVE DIRECTORS		
Gail Pemberton	Independent Chair	Full Year
Trevor Allen	Independent Non–Executive Director	Full Year
Russell Shields	Independent Non–Executive Director	Full Year
Linda Jenkinson	Independent Non–Executive Director	Until 31 August 2023
Fiona Trafford–Walker	Independent Non–Executive Director	Full Year
Cathy Yuncken	Independent Non–Executive Director	Full Year

2. FY23 AT A GLANCE – REMUNERATION OUTCOMES

2.1 Fixed remuneration

The Group's fixed remuneration strategy is designed to offer market competitive rates to attract and retain top talent in our Executive Team and across the Group. Remuneration levels are set based upon role responsibility, complexity, and leadership accountability. This is benchmarked externally using the Mercer salary data and ASX external peer data for relevant roles.

During FY23 the Group underwent a Chief Executive Officer transition with Julian Russell stepping down as CEO on 31 January 2023, and former CFO Damien Berrell being appointed CEO and Managing Director from 1 February 2023. James Owens was appointed CFO effective 1 February 2023.

There was no change to the fixed remuneration of Julian Russell in FY23 who retired from the Group on 30 September 2023.

On his appointment as CEO and MD, Damien Berrell's fixed remuneration was increased to $720,531, inclusive of superannuation contributions.

James Owens' fixed remuneration was increased to $427,500, inclusive of superannuation contributions, upon his appointment as CFO.

2.2 FY23 STI balanced scorecard assessment

Following the introduction of Short–Term Incentives (STI) into the Group's remuneration framework in FY22, an Executive KMP balanced scorecard was introduced to assess the accomplishment of Executive KMPs' annual performance objectives, and inform determination of their overall STI award for the performance year. At the outset of FY23, the Board considered and approved the financial and non–financial Key Performance Indicators (KPIs) set out in the table below. At the end of the financial year the performance and behaviours of each Executive KMP considered for an STI award were appraised in accordance with these KPIs.

The Executive KMP considered for an STI award for FY23 by the Board were the new CEO Damien Berrell and the new CFO James Owens. The former CEO Julian Russell was not considered for an FY23 STI award. Details of Julian Russell's FY23 remuneration and entitlements on departure from the Group set out in Section 2.5 of this report.

In the context of their performance for FY23 the Board undertook a comprehensive year–end performance review of the Executive KMP to be considered for an FY23 STI award and determined that:

→ the risk gateway requirements for FY23 were met; and

→ there were no material breaches to company policy or risk appetite statement in the course of FY23.

As a result, Damien Berrell and James Owens were deemed eligible for an STI award for their performance.

Individual STI outcomes reflect business performance against the STI scorecard, individual contribution to these results, ways of working, and core values. The target STI award for each Executive KMP is their maximum STI opportunity. All measures and targets are reviewed annually so that STI continues to drive the right outcomes each year.

The table below provides a summary of Executive KMP financial and non-financial objectives, performance outcomes relative to targets set at the start of FY23 for each KPI.

GOAL	OBJECTIVE	OUTCOME VS TARGET
FINANCIAL (60%)		
Achievement of: Group financial target	Group New Business Writings Target FY23 outcome was up 7% on PCP	BELOW TARGET ABOVE
	Group NPATA Target FY23 outcome was down 21% on PCP	BELOW TARGET ABOVE
Project Accelerate	On time and budget for year	BELOW TARGET ABOVE
NON FINANCIAL (40%)		
People	Drive employee engagement, talent management and cultural initiatives FY23 outcome was up 6% on PCP	BELOW TARGET ABOVE
Customer	Net Promoter Score FY23 outcome was down 22% on PCP	BELOW TARGET ABOVE
ESG	Publish inaugural report and set baseline targets Maintain: Toitu EnviroCare reduction certification Climate Active certification	BELOW TARGET ABOVE
Overall	The final result considers the attainment of the Key Performance Indicators (KPIs) established at the beginning of FY23, as assessed by the Board at the conclusion of FY23	Overall STI outcome 90% of target

The Board's performance review considered the balanced scorecard outcomes and concluded that these scorecard outcomes, in the context of the market environment, and the outstanding leadership and commitment demonstrated by both the CEO and CFO in transitioning into their new roles, supported awarding the CEO and CFO 90% of their target STI for FY23.

In calculating their STI awards, the Board noted that both Damien Berrell and James Owens stepped up to their new CEO and CFO roles from November 2022, contributing strongly in these roles through the three month transition period to their formal appointments as CEO and CFO in February 2023. As such the Board took the decision to pro-rata the calculation of their STI payments on their new fixed remuneration for the 11 month period to September 30 2023, thereby recognising the higher duties they assumed for the three months prior to their formal appointments to the CEO and CFO roles.

The STI awards will be granted entirely in Performance Rights, following disclosure of the FY23 results in November 2023. In accordance with the Group's Plan rules the vesting of these awards will be deferred until the conclusion of FY24.

2.3 FY23 STI awards

EXECUTIVE KMP	TARGET STI OPPORTUNITY	AMOUNT AWARDED	EQUITY	DEFERRAL AMOUNT	DEFERRAL DURATION
Damien Berrell	100% of FR	90%	100%	100%	12 months
James Owens	45% of FR	90%	100%	100%	12 months

2.4 LTI and other equity awards which vested during FY23

Under the terms of the FY20 Long–Term Incentive (LTI) plan, Julian Russell and Damien Berrell were issued options for the three–year performance period FY20–FY22. Absolute Cash EPS growth was chosen as the key performance metric, in alignment with the Group's strategic objective of delivering EPS growth to shareholders. Over the performance period the cash EPS CAGR was 43% which significantly exceeded the target cash EPS growth hurdle of 5%. As a result 100% of the FY20 LTI award vested in FY23.

Also vesting during FY23 was Damien Berrell's sign–on incentive, agreed upon his joining the Group as CFO in FY20. Granted in the form of options, with a nominal dollar value equivalent to the total fair value of $250,000, this award acknowledged Damien Berrell's decision to forego incentives from his previous employer. The Board deemed it appropriate to offer this grant as a means of attracting to the Group an executive of Damien Berrell's exceptional calibre and experience in the fleet industry.

2.5 CEO transition

In conjunction with the FY22 results announcement, the Group announced in November 2022 that Julian Russell would step down as CEO on 31 January 2023, and that Damien Berrell would succeed him as FleetPartners' CEO, effective 1 February 2023.

Damien Berrell's remuneration package as CEO is comprised of:

→ Fixed annual remuneration of $720,531 including salary and superannuation contributions

→ An annual discretionary Short Term Incentive award, 100% equity based, with a maximum opportunity of 100% of fixed remuneration; and

→ Eligibility to participate in the Executive KMP Long Term Incentive Plan, with a maximum opportunity of 100% of fixed remuneration awarded in equity based compensation, subject to performance against the Group based hurdles over a three year performance period.

Julian Russell ceased to be CEO and Executive KMP on 1 February 2023, following which he was retained to 30 September 2023 to provide services and support to the CEO and the Board. The Board is grateful for the material contribution and services provided by Julian Russell over this period. Julian Russell's entitlements for FY23 and upon departure from the Group are outlined below:

→ Fixed annual remuneration of $720,531 ongoing to his departure on 30 September 2023

→ Short–Term Incentive (STI) award for the FY22 performance year, granted in the form of Performance Rights with a one–year vesting period

→ A pro–rated portion, specifically two–thirds, of the FY22 Long–Term Incentive (LTI) award that was granted in November 2021 for the FY22–FY24 performance period; a decision made by the Board to recognise Julian Russell's performance and contribution over the pro–rated performance period (two years). Vesting of this award will be subject to the FY22 LTI Plan performance measures being met over the performance period.

No separate termination payment was made to Julian Russell beyond statutory requirements and other contractual entitlements.

A breakdown of the KMP remuneration mix can be found in Section 3.3.

3. EXECUTIVE REMUNERATION FRAMEWORK OVERVIEW

3.1 Link between business strategy and remuneration framework

Our remuneration strategy

The remuneration strategy of the Group aims to attract, retain, and motivate key talent, fostering business performance that delivers sustainable long–term value creation.

Strategic Pathways

Significant progress was made with Strategic Pathways in FY23, the Group's strategy designed to expand market share in our target markets of Corporate, Small Fleets and Novated. The strategy has focused on developing sales and distribution capabilities in order to drive further penetration into these markets.

The Group is three years into implementation of this strategy, which is now firmly embedded in the business, with growing evidence of positive strategic momentum.

An integral component of Strategic Pathways is the Accelerate program, which anticipates delivering an annualised reduction of $6 million in operating expenses from FY25. This reduction is set to be achieved through the elimination of duplications in brand, systems and processes.

Our Purpose: to deliver growth and sustainable financial returns for our shareholders while transforming our target markets, product and overall customer experience.

The objectives for each target market are summarised in the graphic below.

Our remuneration principles

ALIGNMENT TO PERFORMANCE
Support the business strategy and shareholder alignment

MARKET COMPETITIVE
Attract, motivate and retain highly capable executives

SIMPLE AND TRANSPARENT
A remuneration framework that is easy to communicate

EQUITABLE
Balanced approach with a significant portion of remuneration at risk and provided in equity

CULTURE
Drive a culture of rewarding high performance and engagement

RISK MANAGEMENT
Clear practices in place to minimise potential conflicts of interest and enable effective decision making

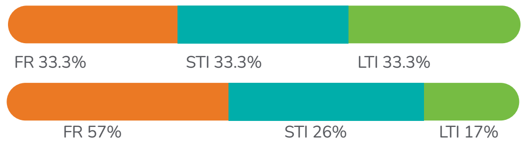
3.2 Executive remuneration features

	FIXED REMUNERATION	SHORT–TERM INCENTIVE	LONG–TERM INCENTIVE	MINIMUM SHAREHOLDING REQUIREMENT
What is it?	Base salary, non–monetary benefits and superannuation	Performance Rights tested at the end of the financial year (100% of the award is deferred for twelve months)	Performance Rights allocated using a face value methodology	Executive KMP are required to hold equity / shares equivalent in value to fixed remuneration as follows: → CEO: 100% of FR → CFO: 50% of FR KMP have five years from the implementation of MSR (or appointment of the KMP) to meet the requirement
Purpose	Attract and retain key talent based on capability and experience to deliver strategy	Motivate, retain and reward key employees, focusing on near term actions designed to deliver sustainable long–term performance and strategic goals	Motivate, retain and reward key employees focusing on sustainable long–term performance, and providing participants with exposure to the Group's shares	Retain and align executives with shareholder interest
Link to performance	Set based on the individual's experience, capability and the value they bring to the Group	Performance assessed using balanced scorecard (refer to Section two)	Will only deliver value to participant where shareholder value is created as assessed by reference to LTI metrics	
Alignment with business strategy	Attract and retain based on comparable roles in companies with similar market capitalisation	Linked to company's strategic goals	Rewards individuals for delivering business performance that creates shareholder value	Aligning the long–term interests of executives with those of shareholders

3.3 Remuneration mix

The remuneration components for each Executive KMP are expressed as a percentage of their total 'face value' remuneration opportunity, which is illustrated in the below graphic.

	FIXED REMUNERATION	STI POTENTIAL	LTI POTENTIAL	TOTAL
Damien Berrell	$720,531	$720,531	$720,531	$2,161,593
James Owens	$427,500	$192,375	$128,250	$748,125



4. FY23 EXECUTIVE KMP REMUNERATION FRAMEWORK

4.1 FY23 STI plan

Key terms of the FY23 STI plan are outlined in the following table:

ELEMENTS	HOW THE STI WORKS
Purpose	To reward the achievement of annual performance targets aligned with FleetPartners' business strategy and objectives which deliver sustainable stakeholder outcomes.
Performance period	12–months ended 30 September.
Gateway	A risk gateway must be satisfied for any STI award to be made. The risk gateway is based on compliance with the Group's Risk Appetite Statement, ensuring that appropriate governance and risk tolerance levels are met, and no material breaches occured during the performance period.
Maximum STI opportunity	The maximum STI opportunity for the CEO is 100% of fixed remuneration, and for the Chief Financial Officer is 45% of fixed remuneration.
Group scorecard	Group performance is measured against a scorecard comprising financial (60%) and non–financial measures (40%). The performance measures used in the FY23 STI Group scorecard are outlined below.

PERFORMANCE CATEGORY	MEASURE	RATIONALE
Financial (60%)	New business writings NPATA (pre EOL) Accelerate program progress	Critical to driving the Group's earnings
Non-financial (40%)	People – Employee engagement Customer - Net promotor score Strategy – delivery of strategic objectives including diversity and sustainability	Critical to retaining talent and customers to drive sustainable growth

Refer to section 2.2 for details regarding performance against the STI scorecard for FY23.

ELEMENTS	HOW THE STI WORKS
Performance assessment	Performance against the Group STI scorecard for Executive KMP is assessed by the People, Culture, Remuneration & Nomination Committee and approved by the Board. The Board takes a robust approach to determining executive remuneration outcomes, using judgement and oversight, and considers a range of factors both qualitative and quantitative when making decisions.
Instrument	100% of the FY23 STI award will be delivered in the form of Performance Rights to acquire Group shares (at no cost to the participant), which will vest 12 months after grant, subject to the Executive KMP's continued employment with the Group. The number of Performance Rights granted is based on a percentage of the Executive KMP's fixed remuneration and the face value of a Performance Right (calculated as the VWAP for the five trading days following announcement of the Group's FY23 full–year results). The FY23 STI Performance Rights will be satisfied using shares already purchased on market and held as part of the ESOP trust.
Malus	In the event of fraud, dishonest conduct or breach of duty or obligation owed to the Group by the participant, the Board has the discretion to cancel all Performance Rights.

4.2 FY23 LTI

Key terms of the FY23 LTI plan are outlined in the following table:

ELEMENTS	HOW THE LTI WORKS
Overview	Awards granted under the FY23 LTI plan will vest at the end of the three–year performance period subject to achievement of hurdles relating to EPS growth and ROIC of the Accelerate program.
Instrument	The FY23 LTI grant was provided in the form of Performance Rights to acquire Group shares (at no cost to the participant), subject to the achievement of the performance hurdles based on growth in EPS over a three–year performance period and ROIC of the Accelerate program. The Rights are also subject to the Executive KMP's continued employment with the Group. The number of FY23 Performance Rights granted was determined by the Board based on a percentage of the Executive KMP's fixed remuneration and the face value of a Right (calculated as the VWAP for the five trading days following announcement of the Group's FY22 full–year results).
Maximum LTI opportunity	CEO – 100% of fixed remuneration CFO – 30% of fixed remuneration
Performance period	1 October 2022 – 1 October 2025
LTI Measure 1 EPS Growth 75% weighting	The following table sets out the EPS growth targets for the FY23 LTI grant. Targets have been set to adjust for elevated end of lease income.

CASH EPS CAGR (FROM FY22 TO FY25)	% OF FY2023 LTI THAT VESTS
Below 5.0%	Nil
At 5.0%	50%
Between 5.0% and 6.5%	Straight line pro-rata vesting between 50% and 100%
At or above 6.5%	100%

ELEMENTS	HOW THE LTI WORKS
Return on invested capital (ROIC) 25% weighting	Calculated by reference to operating expense savings generated by Project Accelerate (numerator) divided by the cost incurred to implement the project (denominator) The Accelerate program is expected to run for two years until the end of FY24, at a cost of $25 million. The program targets delivery of a $6 million annualised reduction in the Group's operating expenses by mid-FY25. In total, the Group is expected to generate a ROIC of 25% from the program.

ROIC (FROM FY22 TO FY25)	% OF FY23 LTI THAT VESTS
Below 22%	Nil
At 22%	50%
Between 22% and 25%	Straight line pro-rata vesting between 50% and 100%
At or above 25%	100%

Accordingly, the milestone measure to be included as part of the FY23 LTI program is for the realisation of a 25% ROIC by the end of the LTI performance period (FY23 to FY25).

ELEMENTS	HOW THE LTI WORKS
Malus	In the event of fraud, dishonest conduct or breach of duty or obligation owed to the Group by the participant, the Board has the discretion to cancel all FY23 LTI Performance Rights.
How will the FY23 LTI award be satisfied?	The FY23 LTI Performance Rights will be satisfied using shares already purchased on market and held as part of the ESOP trust.

5. FY24 REMUNERATION CHANGES

On an annual basis, the Board undertakes a detailed review of the Executive Remuneration Framework to ensure its continued alignment with the Group's objectives and purpose. Following its review in FY23, the Board resolved to make no changes to the overall Executive Remuneration Framework.

With respect to the FY24 LTI program, the Board reviewed the measures it would use to evaluate Executive KMP performance at the end of the three year performance period (FY24 to FY26). The Board resolved to retain the EPS Growth LTI measure, and introduce a new 'Return on Assets' metric to replace the FY23 Project Accelerate (ROIC) metric, which was a one-off milestone metric structured to incentivise delivery of that project on time and on budget, and specifically reward benefits realisation targeted by the business transformation.

5.1 The Return on Assets (ROA) measure

The Return on Assets LTI metric will measure FleetPartners' profitability (NPATA) relative to its total Assets Under Management or Finance (AUMOF). This metric will be introduced with a 25% weighting, serving as direct replacement of the project–based milestone metric (ROIC) introduced in FY23.

The Return on Assets metric measures the efficiency of the business in generating return on the assets under management, and will be measured by dividing FY26 NPATA by the average AUMOF for the FY26 period. The minimum ROA will be set at 2.9% up to a maximum of 3.0%, with straight line vesting from 50% to 100% across the range. This target range was deemed to incorporate appropriate stretch given the expected impact of normalisation of EOL and provisions on NPATA over the performance period.

5.2 EPS performance measure

Consistent with the approach followed in the past two years, the Board has concluded that there is a continuing need to make adjustments to the FY23 Net Profit After Tax excluding Amortisation (NPATA), in calculating EPS growth targets for the FY24 LTI grant.

Acknowledging that adjustments to LTI targets are to be carefully considered before being implemented, the Board has determined that maintaining these adjustments, detailed below, best balance both Executive KMP and shareholder interests.

75% weighting will continue to be attributed to the EPS growth metric.

(a) Adjustments to NPATA

End–of–lease profit continues to reflect the impact of elevated second–hand vehicle prices in Australia and New Zealand. As a result, the Board has decided to substitute the FY23 end–of–lease profit with the FY19 end–of–lease profit which represents normalised conditions. This results in a $31.3 million post–tax adjustment to the FY23 NPATA.

This adjustment results in an FY23 NPATA of $56.7 million (from $88.0 million) for the purposes of assessing the FY24 LTI grant.

(b) Adjustment to shares on issue (SOI)

In addition to the above NPATA adjustment, acting on proxy feedback, the Board has determined to neutralise the impact of the Group's share buy–back program on the EPS calculation for LTI purposes.

To do this, the calculation of the Group's FY26 EPS will hold the average SOI constant over the FY24 LTI performance period. In other words, the EPS calculation will assume no new shares are issued or bought back, and the denominator (SOI) will not change between FY24 and FY26. Adjustments for any shares bought back or treasury share issuances, to meet ESOP requirements or any M&A related issuance will be considered on a case–by–case basis.

With careful consideration of both the NPATA adjustment and share buy–back neutralisation, the FY24 to FY26 EPS CAGR growth target will be set at a minimum threshold target of 5.0% to a maximum of 6.5%.

6. LINK BETWEEN GROUP PERFORMANCE AND REMUNERATION OUTCOMES

6.1 Historical performance against key metrics

The table below summarises key financial metrics achieved for the last five years.

	FY19	FY20	FY21	FY22	FY23
NPATA ('$000)	23,823	33,615	86,149	110,824	87,976
Cash EPS (cents)	7.5	10.6	28.1	38.5	33.3
Statutory EPS (cents)	(107.0)	5.8	24.7	35.9	30.7
Share price at the end of the year	$1.79	$1.54	$2.47	$2.25	$2.74
Interim dividend paid (cents)		–	–	–	–
Final dividend paid (cents)		–	–	–	–
Total dividend paid ($'000)		–	–	–	–
Share buy–back ($'000)	–	–	27,587	63,301	75,366

7. EXECUTIVE SERVICE AGREEMENTS

7.1 Executive service agreements

The table below details the key individual terms and conditions of employment applying to Executive KMP.

	DAMIEN BERRELL	JAMES OWENS
Notice period	12 months by either party	6 months by either party
Termination entitlement when initiated by the Group	12 months	6 months
The following terms and conditions are standard for all Executive KMP:		
Serious misconduct	Immediate termination	
Restraint of Trade	12 months following expiry of notice period	

8. NON–EXECUTIVE DIRECTOR REMUNERATION

8.1 Overview

Non–Executive Directors (NEDs) receive base Board member fees and Committee membership fees, inclusive of statutory superannuation. Fees are reviewed and set annually by the Board.

NEDs do not participate in any variable remuneration plans.

There were no changes to Board fees in FY23. The Board and Committee fees will remain unchanged for the year ending 30 September 2024. Board fees have not changed since the year ended 30 September 2017.

NEDs may participate in the Share Right Contribution Plan, under which shareholder–approved NEDs may elect to sacrifice up to 50% of base fees (excluding Committee fees) to acquire shares on a pre–tax basis. The following key terms apply to the Share Right Contribution Plan:

- Share rights are not subject to performance conditions.
- If a participant ceases to hold office before their share rights convert to shares, all share rights will lapse and the fee amount sacrificed under the Share Rights Contribution Plan will be returned to the participant.

During FY23, NEDs did not elect to sacrifice a proportion of their base Board fees to acquire share rights.

The table below outlines the Board fee structure. Fees in FY23 are within the approved aggregate Board fee pool of $1.4 million.

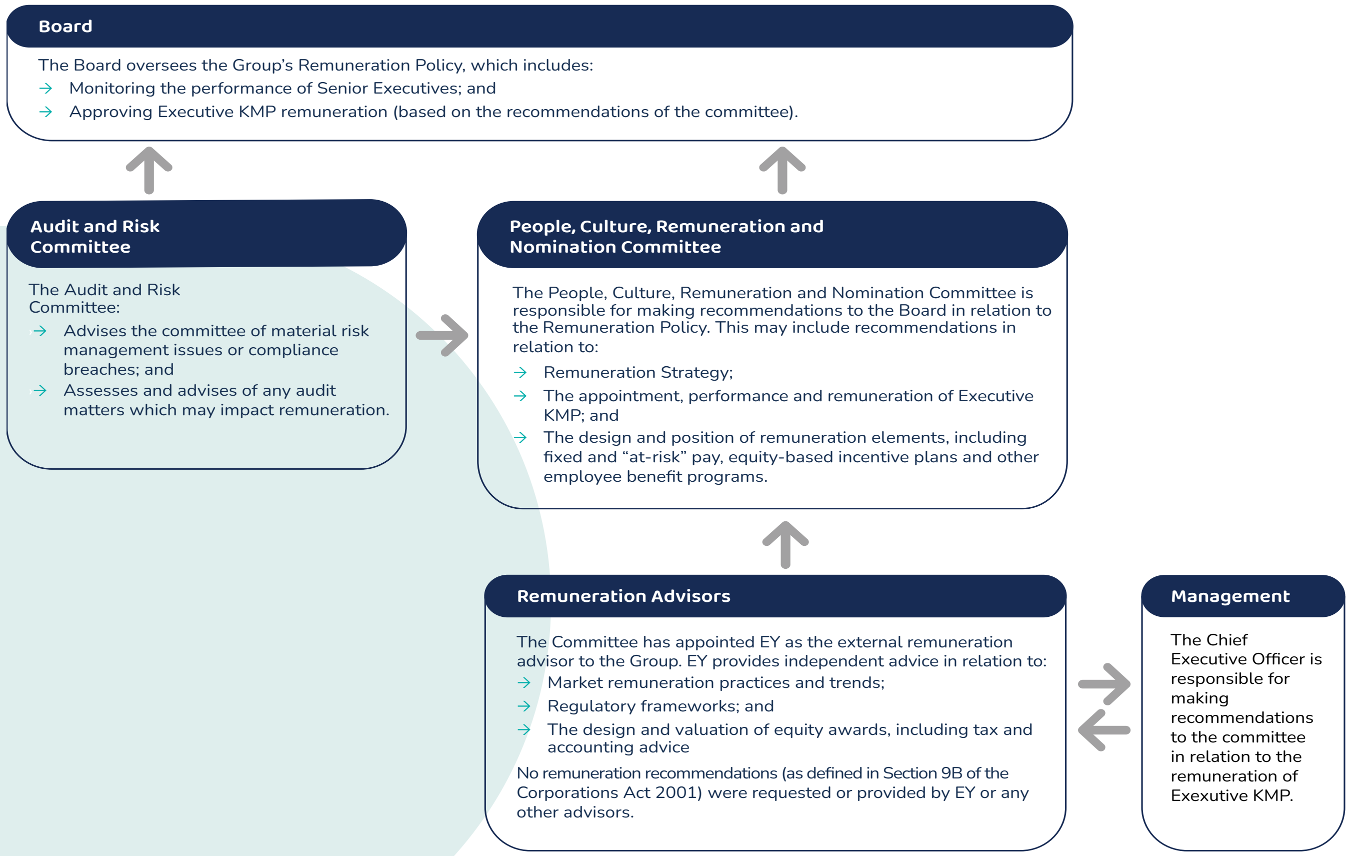
COMMITTEE	CHAIR FEES ($)	MEMBER FEES ($)
Board	250,000	125,000
Audit & Risk Committee	25,000	12,500
People, Culture, Remuneration & Nomination Committee	25,000	12,500

8.3 FY23 remuneration

The following table shows the statutory remuneration received by NEDs in FY23.

		SALARY AND FEES		SHORT–TERM BENEFITS	POST–EMPLOYMENT BENEFITS	SHARE BASED PAYMENTS	
		CASH ($)	FEES SACRIFICED TO ACQUIRE SHARE RIGHTS ($)	NON–MONETARY ($)	SUPER–ANNUATION ($)	EQUITY SETTLED($)	TOTAL ($)
Gail Pemberton (Board Chair)	FY23	268,825	–	–	7,232	–	276,057
	FY22	251,416	–	–	23,584	–	275,000
Russell Shields	FY23	131,290	–	–	13,950	–	145,240
	FY22	136,221	–	–	13,779	–	150,000
Trevor Allen	FY23	136,612	–	–	10,551	–	147,163
	FY22	158,523	–	–	3,977	–	162,500
Linda Jenkinson	FY23	116,946	–	–	12,381	–	129,327
	FY22	144,307	–	–	14,587	–	158,894
Fiona Trafford–Walker	FY23	156,928	–	–	4,274	–	161,202
	FY22	146,329	–	–	3,671	–	150,000
Cathy Yuncken	FY23	147,449	–	–	15,676	–	163,125
	FY22	139,487	–	–	14,118	–	153,606

Remuneration governance



9. STATUTORY DISCLOSURES

9.1 Executive KMP statutory remuneration

The following Executive KMP remuneration table has been prepared in accordance with the accounting standards and has been audited. The values in the table below align with the amounts expensed in the Group's financial statements.

		SHORT–TERM BENEFITS							
KMP	YEAR	SALARY ($)	NON–MONETARY ($)[1]	ANNUAL LEAVE ($)	LONG SERVICE LEAVE ($)[2]	SUPER–ANNUATION ($)	SHARE BASED PAYMENT ($)[3]	TOTAL ($)	PROPORTION OF REMUNERATION PERFORMACE RELATED
Damien Berrell	FY23	623,046	6,139	16,267	13,097	26,463	764,152	1,449,164	53%
	FY22	476,001	3,032	6,949	991	23,999	301,980	812,952	37%
James Owens[4]	FY23	267,609	2,352	6,430	1,116	18,487	216,079	512,073	42%
Julian Russell[5]	FY23	230,450	1,173	12,674	1,756	7,880	184,101	438,034	42%
	FY22	696,532	3,032	(56,352)	2,894	23,999	1,279,149	1,949,254	66%

(1) Amount represents motor vehicle, car parking, and fringe benefits tax.
(2) Amount represents long service leave provisions.
(3) In accordance with the accounting standards, remuneration includes a proportion of the fair value of the Options and Rights awarded under the LTI program from current and prior years. The fair value is determined as at grant date and is progressively allocated over the vesting period. The amount included in remuneration above may not be indicative of the benefit (if any) that KMP may ultimately realise should the equity instrument vest.
(4) Reflects earnings for the period James Owens was a KMP and his appointment as CFO 1 February 2023.
(5) Reflects earnings for the period Julian Russell was a KMP as CEO from 1 October 2022 - 31 January 2023 and retired from the Group 30 September 2023.

9.2 Outstanding awards

The maximum value of awards that may vest that will be recognised as share–based payments in future years is set out in the table below. The table includes the number and value of awards that have been exercised during the period. The amount reported is the value of share–based payments calculated in accordance with AASB2 Share– Based Payment over the vesting period in order of most recent to.

KMP	PLAN	AWARD TYPE	PERFORMANCE CONDITION	NUMBER OF AWARDS GRANTED	GRANT DATE	EXERCISE PRICE	FAIR VALUE PER INSTRUMENT	TOTAL FAIR VALUE OF AWARD AT GRANT DATE	VESTING DATE	NUMBER OF AWARDS VESTED AND CAN BE EXERCISED	VALUE OF AWARDS EXERCISED	EXERCISE PRICE PER INSTRUMENT	EXPIRY DATE
Damien Berrell	FY23 LTI - Performance Rights	Rights	75% EPS 25% ROIC	383,261	01-Feb-23		$2.00	$789,518	21-Nov-25				20-Nov-27
	FY22 STI Rights	Rights	Service	90,426	01-Feb-23		$1.88	$170,001	21-Nov-23				20-Nov-27
	FY22 LTI - Performance Rights	Rights	100% EPS	78,431	23-Nov-21		$2.20	$172,548	22-Nov-24				23-Nov-26
	FY20 Sign-on Grant	Options	Service	819,672	27-Nov-19	$1.63	$0.31	$250,000	27-Nov-22	819,672			26-Nov-24
	FY20 LTI Options	Options	EPS	747,682	27-Nov-19	$1.63	$0.31	$228,043	27-Nov-22	747,682			26-Nov-24
James Owens[1]	FY23 LTI - Performance Rights	Rights	75% EPS 25% ROIC	68,218	21-Nov-22		$2.00	$136,095	21-Nov-25				20-Nov-27
	FY22 STI Rights	Rights	Service	80,157	21-Nov-22		$2.00	$159,913	21-Nov-23				20-Nov-27
	FY22 LTI - Performance Rights	Rights	100% EPS	23,639	21-Nov-22		$2.00	$47,160	22-Nov-24				20-Nov-27
Julian Russell[2]	FY 22 LTI - Performance Rights	Rights	100% EPS	274,510	18-Feb-22		$2.34	$642,353	22-Nov-24				21-Nov-26
	FY22 STI Rights	Rights	Service	325,772	21-Nov-22		$1.88	$613,520	21-Nov-23				20-Nov-27
	FY20 LTI Options	Options	Service	4,590,164	27-Nov-19	$1.63	$0.31	$1,400,000	27-Nov-22	4,590,164			26-Nov-24
	FY19 Sign-on Grant	Options	Service	6,363,636	24-May-19	$1.20	$0.22	$1,400,000	23-May-22		$6,291,332	$2.19	23-May-23

(1) Reflects outstanding awards for James Owens who became a KMP following his appointment as CFO 1 February 2023.

(2) Reflects earnings for the period Julian Russell was a KMP as CEO 1 October 2022 - 31 January 2023 and retired from the Group 30 September 2023.

9.3 Equity instruments

	HELD AS AT 30 SEPTEMBER 2022			NET CHANGE			HELD AS AT 30 SEPTEMBER 2023		
	SHARES	RIGHTS	OPTIONS	SHARES	RIGHTS	OPTIONS	SHARES	RIGHTS	OPTIONS
NON-EXECUTIVE DIRECTORS									
Gail Pemberton (Board Chair)	450,221	–	–	–	–	–	450,221	–	–
Russell Shields	285,647	–	–	50,000	–	–	335,647	–	–
Trevor Allen	189,846	–	–	25,000	–	–	214,846	–	–
Linda Jenkinson[1]	8,258	–	–	8,258[1]	–	–	–	–	–
Fiona Trafford-Walker	–	–	–	25,834	–	–	25,834	–	–
Cathy Yuncken	8,000	–	–	19,500	–	–	27,500	–	–
CURRENT EXECUTIVES									
Damien Berrell	–	78,431	1,567,354	–	473,687	–	–	552,118	1,567,354
James Owens[2]	–	–	–	–	172,014	–	–	172,014	–
Julian Russell[3]	–	274,510	10,953,800	–	325,772	(6,363,636)	–	600,282	4,590,164

(1) Linda Jenkinson resigned as Director effective 31 August 2023 net change in number of shares represents shareholding at the date of resignation.
(2) Reflects the numbers of instruments held by the James Owens from the time of his appointment 1 February 2023
(3) Reflects the numbers of instruments held by the Julian Russell from 1 October – 30 January 2023, after which date he ceased to be a member of KMP and retired from the Group 30 September 2023.

9.4 Loans

There were no employee loans issued or settled during FY23.

Financial statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2023

	NOTES	Consolidated 2023 $'000	2022 $'000
Revenue from continuing operations	2.2	**676,774**	676,665
Cost of revenue	2.2	**(396,844)**	(391,885)
Lease finance costs	2.3	**(56,421)**	(34,592)
Net operating income before operating expenses and impairment charges		**223,509**	250,188
Impairment (expense)/release on loans and receivables		**(553)**	1,537
Software Impairment	3.7	**(1,138)**	(696)
Intangible impairment - Brand name	3.7	**-**	(1,466)
Total impairment		**(1,691)**	(625)
Employee benefit expense		**(67,884)**	(61,682)
Depreciation and amortisation expense	2.3	**(11,639)**	(11,700)
Operating overheads	2.3	**(20,377)**	(21,966)
Total overheads		**(99,900)**	(95,348)
Operating finance costs	2.3	**(7,040)**	(6,405)
Profit before income tax		**114,878**	147,810
Income tax expense	2.5	**(33,857)**	(44,493)
Profit for the year		**81,021**	103,317
Other comprehensive income			
Items that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges		**(4,586)**	29,294
Exchange differences on translation of foreign operations		**12,076**	(16,274)
Other comprehensive income for the year		**7,490**	13,020
Total comprehensive income for the year		**88,511**	116,337
Profit attributable to:			
Owners of FleetPartners Group Limited		**81,021**	103,317
Total comprehensive income for the year attributable to:			
Owners of FleetPartners Group Limited		**88,511**	116,337

		2023 CENTS	2022 CENTS
Earnings per share			
Basic earnings per share	2.4	**30.7**	35.9
Diluted earnings per share	2.4	**29.9**	34.8

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

STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	NOTES	Consolidated 2023 $'000	2022 $'000
ASSETS			
Cash and cash equivalents	4.3	**87,629**	101,481
Restricted cash and cash equivalents	4.3	**159,463**	136,752
Trade receivables and other assets	3.4	**80,019**	70,252
Inventory		**17,972**	14,102
Finance leases	3.3	**392,224**	325,866
Derivative financial instruments	4.4	**34,044**	39,679
Operating leases reported as property, plant and equipment	3.1	**996,519**	874,334
Property, plant and equipment	3.1	**1,898**	2,138
Right-of-use assets	3.2	**3,956**	5,418
Intangibles	3.7	**473,501**	456,926
Total assets		**2,247,225**	2,026,948
LIABILITIES			
Trade and other liabilities	3.5	**144,030**	148,618
Provisions		**8,408**	8,026
Borrowings	4.1	**1,379,810**	1,191,622
Lease liabilities	3.6	**4,527**	6,066
Deferred tax liabilities	2.5	**74,766**	51,978
Total liabilities		**1,611,541**	1,406,310
Net assests		**635,684**	620,638
EQUITY			
Contributed equity	4.5	**503,668**	578,072
Reserves	6.1	**194,980**	186,551
Retained earnings		**(62,964)**	(143,985)
Total equity		**635,684**	620,638

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2023

		Attributable to owners of FleetPartners Group Limited			
CONSOLIDATED	NOTES	CONTRIBUTED EQUITY $'000	RESERVES $'000	RETAINED EARNINGS $'000	TOTAL EQUITY $'000
Balance at 30 September 2021		**639,213**	183,768	(247,302)	575,679
Profit for the year		-	-	103,317	103,317
Cash flow hedges		-	29,294	-	29,294
Foreign currency translation		-	(16,274)	-	(16,274)
Total comprehensive income for the year		-	**13,020**	**103,317**	**116,337**
Transactions with owners in their capacity as owners:					
Net movement in employee share schemes	6.1	-	663	-	663
Exercise of options		1,919	-	-	1,919
Movement in treasury reserve		-	3,983	-	3,983
Acquisition of treasury shares		-	(14,642)	-	(14,642)
On market share buy back		-	(63,301)	-	(63,301)
Cancellation of shares		(63,060)	63,060	-	-
Balance at 30 September 2022		**578,072**	**186,551**	**(143,985)**	**620,638**
Balance at 30 September 2022		**578,072**	**186,551**	**(143,985)**	**620,638**
Profit for the year		-	-	81,021	81,021
Cash flow hedges		-	(4,586)	-	(4,586)
Foreign currency translation		-	12,076	-	12,076
Total comprehensive income for the year		-	**7,490**	**81,021**	**88,511**
Transactions with owners in their capacity as owners:					
Net movement in employee share schemes	6.1	-	3,423	-	3,423
Exercise of options		1,924	-	-	1,924
Movement in treasury reserve		-	1,478	-	1,478
Acquisition of treasury shares		-	(4,924)	-	(4,924)
On market share buy back		-	(75,366)	-	(75,366)
Cancellation of shares		(76,328)	76,328	-	-
Balance at 30 September 2023		**503,668**	**194,980**	**(62,964)**	**635,684**

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

STATEMENT OF CASH FLOWS

For the year ended 30 September 2023

		Consolidated	
	NOTES	2023 $'000	2022* $'000
Cash flows from operations			
Receipts from customers		**814,981**	776,357
Payments to suppliers and employees		**(413,031)**	(396,336)
Cash generated from operations before interest, tax and investment in lease portfolio		**401,950**	380,021
Income tax paid		**(10,789)**	(12,691)
Interest received		**9,166**	1,576
Interest paid		**(61,007)**	(41,644)
Cash generated from operations before investment in lease portfolio		**339,320**	327,262
Purchase of items reported under operating leases reported as property, plant and equipment*		**(403,354)**	(347,252)
Purchase of items reported under finance leases*		**(207,925)**	(128,872)
Proceeds from sales of inventory*		**215,122**	252,984
Net cash (outflow)/inflow from operating activities	6.6	**(56,837)**	104,122
Cash flows from investing activities			
Purchase of property, plant and equipment and intangibles		**(19,549)**	(5,989)
Net cash outflow from investing activities		**(19,549)**	(5,989)
Cash flows from financing activities			
Proceeds from borrowings		**558,449**	429,591
Repayments of borrowings		**(396,723)**	(429,184)
Payment of lease liabilities		**(2,429)**	(2,974)
Exercise of options		**1,924**	1,919
Payment from settlement of long term incentive plans		**-**	(2,308)
On market share buy back		**(75,366)**	(63,301)
Purchase of treasury shares		**(4,924)**	(14,642)
Net cash inflow/(outflow) from financing activities		**80,931**	(80,899)
Net increase in cash and cash equivalents		4,545	17,234
Cash and cash equivalents at the beginning of the financial year, net of overdraft		238,233	226,949
Exchange rate variations on New Zealand cash and cash equivalent balances		4,314	(5,950)
Cash and cash equivalents at end of the year, net of overdraft	4.3	**247,092**	238,233

* The 30 September 2022 Statement of Cash flows has been restated to align with the presentation in the current year. The purchase of items reported under operating leases reported as property, plant and equipment $347,252,000, the purchase of items reported under finance leases $128,872,000, and the proceeds from sales of inventory $252,984,000 have been included under cash flows from operations compared to cash flows from investing activities in the prior year. As a result, for the year ended 30 September 2022, net cash inflow from operating activities has reduced by $223,140,000 from $327,262,000 to $104,122,000 and net cash outflow from investing activities has reduced by $223,140,000 from ($229,129,000) to ($5,989,000).

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

1 INTRODUCTION TO THE REPORT

Statement of compliance

These general purpose financial statements of the consolidated results of FleetPartners Group Limited (ACN 131 557 901) have been prepared in accordance with the Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

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

The financial report was authorised for issue by the Board of Directors on 12 November 2023.

Basis of preparation

These financial statements have been prepared under the historical cost convention, except for the financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

The Statement of Financial Position is prepared with assets and liabilities presented in order of liquidity.

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements.

Amounts in the financial statements have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar

Critical accounting estimates and assumptions

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Significant accounting policies

The significant accounting policies adopted in the preparation of the financial report are set out below. Other significant accounting policies are contained in the notes to the financial report to which they relate. The financial statements are for the Group consisting of FleetPartners Group Limited (Company) and its controlled entities.

i. Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of FleetPartners Group Limited as at 30 September 2023 and the results of all controlled entities for the year then ended. FleetPartners Group Limited and its controlled entities together are referred to in this financial report as the Group or the consolidated entity.

The Company controls an entity if it is exposed, or has rights, to variable returns from its involvement with the controlled entity and has the ability to affect those returns through its power over the controlled entity. All controlled entities have a reporting date of 30 September.

Profit or loss and other comprehensive income of controlled entities acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. In preparing the financial report, all intercompany balances, transactions and unrealised profits arising within the consolidated entity are eliminated in full.

ii. **Foreign currency translation**

Functional and presentation currency

The consolidated financial statements are presented in Australian dollars (AUD), which is also the functional currency of the Company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from remeasurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than AUD are translated into AUD upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into AUD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into AUD at the closing rate. Income and expenses have been translated into AUD at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

Going concern

This financial report has been prepared on the basis that the Group is a going concern.

The Group has considered its ability to continue as a going concern, using projected cash flow forecasts and other Group metrics and information for at least the next 12 months from the approval of these financial statements. This assessment assumes the Group will be able to continue trading and realise assets and discharge liabilities in the ordinary course of business beyond this period.

At 30 September 2023, the Group held unrestricted cash reserves of $87.6 million, and undrawn capacity under its corporate debt facilities of $84.0 million.

Changes in significant accounting policies

Except for the changes below, the Group has consistently applied the accounting policies set out in the notes to the financial statements to all periods presented in these consolidated financial statements.

New and revised standards and interpretations not yet adopted by the Group

A number of new standards are issued, but not yet effective. Early application is permitted; however the Group has not early adopted the new or amended standards in preparing the financial statements.

New Australian Accounting Standards and amendment standards that are effective in the current period

The Group has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact for the full financial year ending 30 September 2023. Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Critical accounting estimates

The critical accounting estimates and key judgements of the Group have required additional considerations and analysis due to the impact of COVID-19. Given the uncertainty of the duration of the pandemic, changes to the estimates were applied in the measurement of the Group's assets and liabilities.

The key impacts on the financial statements, including the application of critical estimates and judgements, related to the provision for impairment losses on finance leases and trade receivables. In March 2020, the IASB published "IFRS 9 and COVID-19", a document that reinforces the fact that IFRS 9 does not provide a mechanistic approach in accounting for impairment provisions.

The AASB 9 impairment methodology has remained consistent with prior periods. At the early onset of the COVID-19 pandemic during the 2020 financial year, the Group revised the weighting of the model's multiple economic scenarios (MES) from base 60%, upside 20% and downside 20% to base 50% and downside 50%. As at the year ended 30 September 2022, the MES assumptions reverted back to pre-COVID weightings.

Considering the uncertainty surrounding the effect from COVID-19 at the time, the Group also implemented a model adjustment by applying the highest historical expected credit loss rate since the model's inception. As at 30 September 2021, the Group held a provision overlay of $2.5 million.

As at 30 September 2022, it was the Group's view that the uncertainty created by the COVID-19 pandemic with respect to the economic outlook was substantially less than earlier periods. Accordingly, the changes made to the Group's provisioning methodology in response to COVID-19 in prior years were removed which resulted in the release of the provision overlay of $2.5 million.

At 30 September 2020, the Group recognised additional deferred revenue of $2.5 million to account for the decrease in the utilisation of its fleet during the months of April 2020 to September 2020. The Group released $1.5 million of this deferred revenue to match the maintenance expenditure incurred to the impacted leases during the period October 2020 to September 2021.The Group released $1.0 million of this deferred revenue to match the maintenance expenditure incurred to the impacted leases during the period October 2021 to September 2022.

2 BUSINESS RESULT FOR THE YEAR

This section provides the information that is most relevant to understanding the financial performance of the Group during the financial year and, where relevant, the accounting policies applied and the critical judgements and estimates made.

2.1 Segment information

Identification of reportable segments

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

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

The segment information for the reportable segments for the year ended 30 September 2023 is as below:

2023	AUSTRALIAN COMMERCIAL $'000	NOVATED $'000	NEW ZEALAND COMMERCIAL $'000	TOTAL $'000
Net operating income	146,775	21,557	55,177	223,509
Bad and doubtful debts	(386)	(341)	174	(553)
Operating expenses	(57,589)	(12,094)	(14,816)	(84,499)
EBITDA	**88,800**	**9,122**	**40,535**	**138,457**
Depreciation, amortisation and impairment	(6,821)	(775)	(2,247)	(9,843)
Share based payments	(2,142)	(332)	(949)	(3,423)
Holding company debt interest	(5,342)	(723)	(975)	(7,040)
Amortisation of acquired intangibles	(2,490)	(406)	(38)	(2,934)
Non-recurring items*	(222)	(5)	(112)	(339)
Tax	(21,652)	(2,065)	(10,140)	(33,857)
Statutory net profit after tax	**50,131**	**4,816**	**26,074**	**81,021**
Post-tax add-back of amortisation of acquired intangibles	1,745	284	28	2,057
Post-tax add-back of non-recurring items	155	4	80	239
Cash net profit after tax including amortisation of software	**52,031**	**5,104**	**26,182**	**83,317**
Post-tax add-back of software amortisation and impairment	3,135	472	1,052	4,659
NPATA	**55,166**	**5,576**	**27,234**	**87,976**

* Non-recurring items relate to restructuring.

2022	AUSTRALIAN COMMERCIAL $'000	NOVATED $'000	NEW ZEALAND COMMERCIAL $'000	TOTAL $'000
Net operating income	167,593	21,282	61,313	250,188
Bad and doubtful debts	594	-	943	1,537
Operating expenses	(55,423)	(12,371)	(12,533)	(80,327)
EBITDA	**112,764**	**8,911**	**49,723**	**171,398**
Depreciation, amortisation and impairment	(5,826)	(684)	(2,829)	(9,339)
Share based payments	(1,789)	(378)	(804)	(2,971)
Holding company debt interest	(4,491)	(594)	(1,007)	(6,092)
Amortisation and impairment of acquired intangibles	(3,553)	(927)	(43)	(4,523)
Non-recurring items*	(1,219)	(34)	590	(663)
Tax	(29,829)	(1,888)	(12,776)	(44,493)
Statutory net profit after tax	**66,057**	**4,406**	**32,854**	**103,317**
Post-tax add-back of amortisation and impairment of acquired intangibles	2,487	649	31	3,167
Post-tax add-back of non-recurring items	853	24	(425)	452
Cash net profit after tax including amortisation of software	**69,397**	**5,079**	**32,460**	**106,936**
Post-tax add-back of software amortisation and impairment	2,436	392	1,059	3,887
NPATA	**71,833**	**5,471**	**33,519**	**110,823**

* Non-recurring items relate to restructuring.

2.2 Revenue

Recognition and measurement

Revenue is recognised when the Group satisfies its obligations in relation to the provision of goods and services to its customers in the ordinary course of business. Revenue is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange for performing these obligations. The Group's revenue is disaggregated by the nature of the product or service.

Finance income

For finance leases the Group purchases vehicles to lease to customers and earns a spread, or net interest income, being the difference between the interest component of the lease rental income (finance income) it receives from customers and its cost of funds. The Group recognises finance income over the life of the lease. Interest income from finance lease contracts is recognised 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. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the future asset. Payments collected from the lease are allocated between reducing the net investment in the lease and recognising interest income.

Operating lease rentals

The Group purchases vehicles to lease to customers and collects rentals in relation to these operating leases. The operating lease instalments (or rental income) are recognised in the financial statements in their entirety on a straight-line basis over the lease term. The instalments are classified and presented in 'Operating lease rentals'.

Maintenance and management income

Income related to maintenance and management services is recognised over the term of the lease contract based on the percentage of completion method. The allocation of maintenance income over the term is based on a maintenance profile supported by market data of expected service costs and intervals. The difference between the amounts received and amounts recognised as income is accounted for as deferred revenue disclosed within trade and other liabilities. Deferred maintenance income amounted to $11.7 million (2022: $11.8 million) and will be recognised over the remaining term of the respective lease contracts.

Related products and services income

The Group earns income from the provision of related products and services. Revenue is recognised when the right to receive payment is established and the performance obligation has been satisfied.

Brokerage income

The Group earns fees for the origination of financing from third party banks and financial institutions. Revenue is recognised when the related service has been provided. This is deemed to be at settlement date.

End of lease income - vehicle sales

The Group earns income on the sale of vehicles from terminated lease contracts. The Group acts as the principal in these transactions and proceeds are recognised on a gross basis. Revenue is recognised at the point in time the vehicle is sold and there are no remaining performance obligations.

End of lease income - other

The Group earns other end of lease income for variations in contractual terms related to early termination, mileage and excessive wear and tear of the vehicle. The fees are recognised at a point in time, upon termination of the lease contract.

Sundry income

The Group earns sundry income which includes commissions from finance and warranty product referrals; and short term flexible rentals to customers. Revenue is recognised when the service has been provided. This is deemed to be at settlement date for product referrals; and over time for short term rental vehicles.

	Consolidated	
	2023 $'000	2022 $'000
Revenue from continuing operations:		
Finance income	**34,310**	23,399
Maintenance and management income*	**105,972**	102,803
Related products and services income*	**42,355**	40,901
Operating lease rentals	**249,985**	230,166
Brokerage income*	**6,608**	8,683
Sundry income*	**5,032**	3,750
End of lease income - vehicle sales*	**216,876**	253,172
End of lease income - other*	**15,636**	13,791
Total revenue from continuing operations	**676,774**	676,665

* The above amounts totalling $392,479,000 (2022: $423,100,000) represents the Group's revenue derived from contracts with customers, in accordance with AASB15.

Net interest income

As part of the analysis of the revenues and direct cost of revenue FleetPartners also considers net interest income as a relevant metric for financial reporting purposes. Operating lease rentals reported under Revenue from continuing operations of $249,985,000 (2022: $230,166,000) include an interest component of $71,914,000 (2022: $59,242,000). The net interest income recognised for operating and finance leases is presented below:

	Consolidated	
	2023 $'000	2022 $'000
Operating lease – interest income	**71,914**	59,242
Finance income	**34,310**	23,399
Lease finance costs	**(56,421)**	(34,592)
Net interest income	**49,803**	48,049

Cost of revenue

Cost of revenue comprises the cost associated with providing the service components of the lease. Cost of revenue is recognised as incurred.

	Consolidated	
	2023 $'000	2022 $'000
Cost of revenue:		
Maintenance and management expense	**47,807**	40,341
Related products and services expense	**16,851**	14,446
Cost of vehicles sold	**158,848**	174,715
Impairment expense/(release) on operating lease assets	**411**	(569)
Depreciation on operating leased assets	**172,927**	162,952
Total cost of revenue	**396,844**	391,885

2.3 Expenses

Recognition and measurement

Depreciation
Depreciation on assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

- Motor vehicles: 2-10 years;
- Furniture and fittings: 3-10 years;
- Plant and equipment: 3-10 years; and
- Right-of-use asset: over term of the lease.

Operating finance costs
Facility finance costs and lease liability interest is recognised in the statement of profit or loss and other comprehensive income using the effective interest method.

Facility finance restructure costs are recognised in the statement of profit or loss and other comprehensive income as and when they are incurred.

Amortisation
Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from three to five years for non-core system software, and seven to ten years for core system software.

	Consolidated	
	2023 $'000	2022 $'000
Profit before income tax includes the following specific expenses:		
Depreciation and amortisation		
Plant and equipment - fixture and fittings	**1,071**	977
Other intangible assets	**2,934**	3,057
Software	**5,477**	4,829
Right-of-use assets	**2,157**	2,837
Total depreciation and amortisation expense	**11,639**	11,700
Lease finance costs		
Interest and finance charges - third parties	**55,923**	38,432
Hedge loss/(gain)	**498**	(3,840)
Total lease finance costs	**56,421**	34,592
Operating finance costs		
Facility finance costs	**6,761**	5,564
Lease liabilities interest (where the Group is the lessee)	**279**	528
Facility finance restructure	**-**	313
Total operating finance costs	**7,040**	6,405
Operating overheads		
Rental of premises	**932**	
Technology costs	**8,340**	8,693
Restructuring costs	**339**	283
Other overheads	**10,766**	11,833
Total operating overheads	**20,377**	21,966

2.4 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of fully paid ordinary shares outstanding during the financial year and excluding treasury shares.

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 additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Profit attributable to the ordinary shareholders

	Consolidated	
	2023 $'000	2022 $'000
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share and diluted earnings per share		
Profit from continuing operation	**81,021**	103,317
From continuing operations	**81,021**	103,317

Weighted average number of shares used as the denominator

	Consolidated	
	2023 Number	2022 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**264,175,536**	287,700,359
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	**271,163,324**	296,521,569

Earnings per share

	Consolidated	
	2023 Cents	2022 Cents
Basic earnings per share	**30.7**	35.9
Diluted earnings per share	**29.9**	34.8

2.5 Taxation

Recognition and measurement

Current tax
Current tax assets and liabilities are measured at the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax
Deferred tax is accounted for in respect of temporary differences arising from differences between the carrying amount of assets and liabilities and the corresponding tax base.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and tax offsets, to the extent that it is probable that sufficient future taxable profits will be available to utilise them.

However, deferred tax assets and liabilities are not recognised for:

- taxable temporary differences that arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future; and
- taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that are expected to apply the year when the asset is utilised or liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised directly in equity and not in the statement of profit or loss and other comprehensive income.

Offsetting deferred tax balances

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Tax consolidation legislation

FleetPartners Group Limited and its wholly owned Australian controlled entities are part of a tax-consolidated group under Australian taxation law. FleetPartners Group Limited is the head entity in the tax-consolidated group. Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, FleetPartners Group Limited and each of the entities in the tax-consolidated group have agreed to pay (or receive) a tax equivalent payment to (or from) the head entity, based on the current tax liability or current tax asset of the entity.

i. Reconciliation of income tax expense

	Consolidated	
	2023 $'000	2022 $'000
Profit from continuing operations before income tax expense	**114,878**	147,810
	114,878	147,810
Prima facie tax rate of 30.0% (2022 - 30.0%)	**34,463**	44,343
New Zealand tax rate differentials	**(780)**	(863)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Others	**174**	1,013
Income tax expense	**33,857**	44,493
Income tax expense comprises:		
Current tax	**7,030**	8,082
Deferred tax	**26,827**	36,411
	33,857	44,493
Income tax expense is attributable to:		
Profit from continuing operations	**33,857**	44,493
Income tax expense	**33,857**	44,493
Effective tax rate	**29%**	30%

ii. Movement of deferred tax

2023	OPENING BALANCE $'000	CHARGED TO PROFIT OR LOSS $'000	CHARGED TO OTHER COMPREHENSIVE INCOME AND EQUITY $'000	RECLASSIFICATION BETWEEN CURRENT TAX AND DEFERRED TAX $'000	CLOSING BALANCE $'000	DEFERRED TAX ASSET $'000	DEFERRED TAX LIABILITY $'000
Doubtful debt provision	2,114	57	-	-	2,171	2,171	-
Deferred revenue	2,439	(1,376)	-	-	1,063	1,063	-
Derivative financial instruments	(11,623)	(260)	1,957	-	(9,926)	-	(9,926)
Accruals, employee provisions and other*	94,162	10,037	1,478	2,198	107,875	107,875	-
Leasing adjustments	(139,763)	(35,121)	-	(1,618)	(176,502)	-	(176,502)
Transaction costs	1,213	(1,071)	-	24	166	166	-
Intangible assets	(520)	907	-	-	387	387	-
	(51,978)	**(26,827)**	**3,435**	**604**	**(74,766)**	**111,662**	**(186,428)**
Set off DTL against DTA						(111,662)	111,662
Net tax liabilities					**(74,766)**	**-**	**(74,766)**

* Majority of movement in balance driven by the tax loss incurred in the year ended 30 September 2023 in Australia. This tax loss was driven by the deduction under the Temporary Full Expenditure legislation, which is reflected under Leasing adjustments.

2022	OPENING BALANCE $'000	CHARGED TO PROFIT OR LOSS $'000	CHARGED TO OTHER COMPREHENSIVE INCOME AND EQUITY $'000	RECLASSIFICATION BETWEEN CURRENT TAX AND DEFERRED TAX $'000	CLOSING BALANCE $'000	DEFERRED TAX ASSET $'000	DEFERRED TAX LIABILITY $'000
Doubtful debt provision	2,578	(464)	-	-	2,114	2,114	-
Deferred revenue	2,825	(386)	-	-	2,439	2,439	-
Derivative financial instruments	1,805	(1,287)	(12,141)	-	(11,623)	-	(11,623)
Accruals, employee provisions and other*	47,090	22,777	3,191	21,104	94,162	94,162	-
Leasing adjustments	(90,647)	(57,444)	-	8,328	(139,763)	-	(139,763)
Transaction costs	2,335	(992)	-	(130)	1,213	1,213	-
Intangible assets	(1,905)	1,385	-	-	(520)	-	(520)
	(35,919)	**(36,411)**	**(8,950)**	**29,302**	**(51,978)**	**99,928**	**(151,906)**
Set off DTL against DTA						(99,928)	99,928
Net tax liabilities					**(51,978)**	**-**	**(51,978)**

* Majority of movement in balance driven by the tax loss incurred in the year ended 30 September 2022 in Australia. This tax loss was driven by the deduction under the Temporary Full Expenditure legislation, which is reflected under Leasing adjustments.

iii. Franking credits

	Consolidated 2023 $'000	2022 $'000
Franked dividends (Australia)		
Franking credits available for subsequent financial years based on a tax rate of 30% (2022:30%)	**13**	13
	13	13

Key estimate and judgement: Taxation
The Group is subject to income taxes in Australia and New Zealand. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax based on estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

3 OPERATING ASSETS AND LIABILITIES

This section provides information relating to the operating assets and liabilities of the Group.

3.1 Property, plant and equipment

Recognition and measurement

Property, plant and equipment
Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the reporting period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of profit or loss and other comprehensive income.

Leased property (Motor vehicles and equipment)
Leased property is stated at cost less accumulated depreciation and impairment. Cost includes initial direct costs incurred in negotiating and arranging the operating lease contract. In the event that the settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value at the date of acquisition.

Depreciation is brought to account on leased property. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life (being the term of the related lease contract) to its estimated residual value. The assets' residual values and useful lives are revised, and adjusted if appropriate, at the end of each reporting period.

Residual values are assessed for impairment and in the event of a shortfall, an impairment charge is recognised in the current period.

CONSOLIDATED	PLANT AND EQUIPMENT $'000	FIXTURE AND FITTINGS $'000	MOTOR VEHICLES AND EQUIPMENT $'000	TOTAL $'000
2023				
Opening net book amount	524	1,614	874,334	876,472
Additions	395	372	403,355	404,122
Transfers to inventory	-	-	(137,355)	(137,355)
Impairment charge	-	-	(411)	(411)
Depreciation charge	(410)	(661)	(172,927)	(173,998)
Foreign exchange variation	9	55	29,523	29,587
Closing net book amount	**518**	**1,380**	**996,519**	**998,417**
2023				
Cost	18,821	9,652	1,985,607	2,014,080
Accumulated depreciation and impairment	(18,303)	(8,272)	(989,088)	(1,015,663)
Net book amount	**518**	**1,380**	**996,519**	**998,417**
2022				
Opening net book amount	707	3,122	850,485	854,314
Additions	206	668	347,252	348,126
Transfers to inventory	-	-	(125,025)	(125,025)
Disposals	-	(1,512)	-	(1,512)
Impairment charge	-	-	569	569
Depreciation charge	(380)	(597)	(162,952)	(163,929)
Foreign exchange variation	(9)	(67)	(35,995)	(36,071)
Closing net book amount	**524**	**1,614**	**874,334**	**876,472**
2022				
Cost	18,147	9,139	1,679,340	1,706,626
Accumulated depreciation and impairment	(17,623)	(7,525)	(805,006)	(830,154)
Net book amount	**524**	**1,614**	**874,334**	**876,472**

	Consolidated 2023 $'000	2022 $'000
Motor vehicle and equipment operating leases reported as property, plant and equipment		
Operating leases terminating within 12 months	**239,321**	249,104
Operating leases terminating after more than 12 months	**757,198**	625,230
	996,519	874,334
Net book amount of property, plant and equipment		
Plant and equipment	**518**	524
Fixture and fittings	**1,380**	1,614
	1,898	2,138
Total property, plant and equipment	**998,417**	876,472

Key estimate and judgement: Leased property
The Group owns assets where the residual value of the asset and useful life of the asset needs to be assessed at each reporting date. The residual value of the asset is impacted by the condition, age, usage of the asset and the demand for the asset at the end of its useful life. The Group uses internal and external data to calculate the residual value of the asset and the expected useful life of the asset. The residual value and useful life of the asset is used to calculate the depreciation and net book value of the asset.
The actual value to be realised on the final disposal of the asset will impact the profit and loss on sale of the asset in the period that the sale occurs.

3.2 Right-of-use assets

Recognition and measurement

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 dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method over the term of the lease.

i. Movements in net book value of right-of-use assets

CONSOLIDATED	BUILDINGS $'000	EQUIPMENT $'000	TOTAL $'000
Balance at 1 October 2022	5,298	120	5,418
Depreciation charge for the year	(2,097)	(60)	(2,157)
Additions to right-of-use assets	408	240	648
Derecognition of right-of-use assets	-	(109)	(109)
Net foreign currency exchange differences	156	-	156
Balance at 30 September 2023	**3,765**	**191**	**3,956**
Balance at 1 October 2021	16,702	239	16,941
Depreciation charge for the year	(2,718)	(119)	(2,837)
Additions to right-of-use assets	2,501	-	2,501
Derecognition of right-of-use assets	(10,225)	-	(10,225)
Net foreign currency exchange differences	(962)	-	(962)
Balance at 30 September 2022	**5,298**	**120**	**5,418**

	2023 $'000	2022 $'000
Leases amortising within 12 months	**1,760**	2,178
Leases amortising after more than 12 months	**2,196**	3,240
	3,956	5,418

3.3 Finance leases

Recognition and measurement

Amounts due from lessees under finance leases are recorded as receivables. Finance lease receivables are initially recognised at amounts equal to the present value of the minimum lease payments receivable plus the present value of any guaranteed residual value expected to accrue at the end of the lease term. Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Assets leased under finance leases are classified and presented as lease receivables.

	Consolidated	
	2023 $'000	2022 $'000
Gross investment	**460,542**	363,214
Unearned income	**(63,384)**	(33,557)
Expected credit loss provision	**(4,934)**	(3,791)
	392,224	325,866
Amount expected to be recovered within 12 months	**132,811**	124,894
Amount expected to be recovered after more than 12 months	**259,413**	200,972
	392,224	325,866

The future lease payments under non-cancellable leases are disclosed in note 4.6(a).

3.4 Trade receivables and other assets

Recognition and measurement

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is disclosed as part of credit risk. Refer to note 4.2.

	Consolidated	
	2023 $'000	2022 $'000
Net trade receivables		
Trade receivables	**62,526**	57,958
Expected credit loss provision	**(2,252)**	(3,196)
	60,274	54,762
Sundry debtors	**14,899**	10,765
Prepayments	**4,846**	4,725
Total trade receivables and other assets	**80,019**	70,252

A significant portion of the above amounts are expected to be recovered within 12 months. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

3.5 Trade and other liabilities

Recognition and measurement
These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid.

	Consolidated	
	2023 $'000	2022 $'000
Trade payables	**57,108**	51,160
Customer related liabilities	**619**	1,513
Accrued expenses	**10,319**	10,589
Current tax liabilities	**992**	3,934
Maintenance income received in advance	**5,060**	12,141
Other payables	**59,871**	58,126
Deferred revenue	**10,061**	11,155
Total trade and other liabilities	**144,030**	148,618
Amount expected to be settled within 12 months	**144,030**	148,618
Total trade and other liabilities	**144,030**	148,618

3.6 Lease liabilities

Recognition and measurement
Lease liabilities are measured at the present value of the lease payments to be made over the lease term as at the commencement of the lease. The present value is calculated by discounting the lease payments using the lessee's incremental borrowing rate.

The incremental borrowing rate is the rate that the Group would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment, with similar terms, security and conditions. Application of the incremental borrowing rate is adopted where the interest rate implicit in the lease cannot be readily determined, which is generally the case for leases in the Group.

Lease payments due within the next 12 months are recognised within current lease liabilities; payments due after 12 months are recognised within non-current lease liabilities. Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest expense on the lease liability is a component of finance cost and presented in the statement of profit or loss.

The Group leases buildings and equipment. Lease liabilities include the net present value of the following lease payments:

- → Fixed payments, less any lease incentives receivable; and
- → Payments of penalties for the termination of the lease, if the lease term reflects the lessee exercising that option.

	2023 $'000	2022 $'000
(i) Maturity analysis - contractual undiscounted cash flow		
Less than one year	**2,320**	2,698
One to five years	**2,583**	3,598
More than five years	**135**	460
Total undiscounted lease liabilities as 30 September	**5,038**	6,756
(ii) Lease liabilities included in the statement of financial position at 30 September		
Lease payments due within 12 months	**2,116**	2,379
Lease payments due after more than 12 months	**2,411**	3,687
	4,527	6,066
(iii) Amounts recognised in profit or loss		
Lease liabilities interest	**(279)**	(528)
Income from sub-leasing right-of-use assets	**9**	48
(iv) Amounts recognised in statement of cash flow		
Financing cash outflow relating to the principal portion of lease payments	**2,429**	2,974
Operating cash outflow relating to the interest expense portion of lease payments	**299**	529
Total cash outflow for leases	**2,728**	3,503

3.7 Intangibles

Recognition and measurement

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired controlled entities at the date of acquisition. Goodwill on acquisitions of controlled entities is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to a cash-generating unit (CGU) for the purpose of impairment testing. The allocation is made to those CGUs that are expected to benefit from the business combination in which the goodwill arose.

Customer relationships and brand names

Other intangible assets include customer relationships and brand names acquired as part of business combinations and recognised separately from goodwill. Customer relationships are amortised over 10 years on a straight line basis. Brand names are amortised over 20 years on a straight line basis. At 30 September 2022, the Group impaired the carrying value of brand names to nil and recognised an impairment charge of $1.5 million.

Software

Software costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

2023	BRAND NAMES $'000	CUSTOMER RELATIONSHIPS $'000	SOFTWARE $'000	GOODWILL $'000	TOTAL $'000
Opening net book amount	-	5,381	17,252	434,293	**456,926**
Additions	-	-	18,782	-	**18,782**
Amortisation charge	-	(2,934)	(5,477)	-	**(8,411)**
Impairment charge - continuing operations	-	-	(1,138)	-	**(1,138)**
Foreign exchange variation	-	-	298	7,044	**7,342**
Closing net book amount	**-**	**2,447**	**29,717**	**441,337**	**473,501**
Cost	-	29,342	103,204	441,337	**573,883**
Accumulated amortisation and impairment	-	(26,895)	(73,487)	-	**(100,382)**
Net book amount	**-**	**2,447**	**29,717**	**441,337**	**473,501**

2022	BRAND NAMES $'000	CUSTOMER RELATIONSHIPS $'000	SOFTWARE $'000	GOODWILL $'000	TOTAL $'000
Opening net book amount	1,590	8,314	18,162	444,138	**472,204**
Additions	-	-	5,114	-	**5,114**
Amortisation charge	(124)	(2,933)	(4,829)	-	**(7,886)**
Impairment charge - continuing operations	(1,466)	-	(696)	-	**(2,162)**
Foreign exchange variation	-	-	(499)	(9,845)	**(10,344)**
Closing net book amount	**-**	**5,381**	**17,252**	**434,293**	456,926
Cost	18,721	29,342	82,193	434,293	**564,549**
Accumulated amortisation and impairment	(18,721)	(23,961)	(64,941)	-	**(107,623)**
Net book amount	**-**	**5,381**	**17,252**	**434,293**	456,926

i. Impairment of assets

For the year ended 30 September 2023, the Group recognised impairments of $1.1 million (2022: $0.7 million) against software upon annual impairment review.

Goodwill and 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. Other 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

For the purpose of annual impairment testing, goodwill is allocated to the following CGUs, which are the units expected to benefit from the synergies of the business combinations in which the goodwill arises.

	Consolidated	
	2023 $'000	2022 $'000
Australia Commercial	**282,493**	282,493
Novated	**46,475**	46,475
New Zealand Commercial	**112,369**	105,325
Goodwill allocation at 30 September	**441,337**	434,293

The recoverable amount of each of the Group's CGUs was determined based on value-in-use calculations, consistent with the methods used as at 30 September 2022. These calculations require the use of assumptions, which includes each business unit's approved budget and three-year projected cash flows.

Goodwill is reviewed on an annual basis or more frequently if events or changes in circumstances indicate a potential impairment.

The impairment test is applied consistently to all CGUs that have goodwill allocated. The value in use is determined by discounting projected future cash flows. Cash flows are projected based on budgets approved by the Board, with an extrapolation of expected cash flows into perpetuity using the growth rates determined by management.

The following table sets out the key assumptions for each of the Group's CGUs.

	30 SEPTEMBER 2023			30 SEPTEMBER 2022		
2023	AUSTRALIAN COMMERCIAL	NOVATED	NEW ZEALAND COMEMRCIAL	AUSTRALIAN COMMERCIAL	NOVATED	NEW ZEALAND COMEMRCIAL
Long term growth rate	2.5%	2.5%	2.0%	2.5%	2.5%	2.0%
Post-tax discount rate	11.20%	11.80%	12.87%	10.50%	11.00%	11.50%

Growth rates are reviewed based on data available in the market and adjusted based on forecast expectations of the industry performance, historical data and risks to these expectations. Long term growth rates are based on target rates of the Reserve Bank of Australia and Reserve Bank of New Zealand while considering the economic data from the International Monetary Fund.

Based on the methodology outlined above, the recoverable amount in New Zealand Commercial, Australia Commercial and Novated CGUs were higher than the carrying amount of those CGUs and therefore no impairment was recognised.

Key estimate and judgement: Impairment of goodwill

The testing of goodwill requires management to make estimates as to the future cash flows of the CGUs. Where the actual cash flows of the CGU are lower than the estimated cash flows, the Group may recognise an impairment on goodwill. To address this risk management tests for likely scenarios which could impact the cash flows of the CGUs and makes an assessment on the likelihood of this to occur based on internal and external data.

4 CAPITAL MANAGEMENT

This section provides information relating to the Group's capital structure and its exposure to financial risk, how they affect the Group's financial position and performance, and how the risks are managed. The capital structure of the Group consists of debt and equity.

4.1 Borrowings

Recognition and measurement

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Fair value approximates carrying value in relation to borrowings except for the fixed term loan (refer to note 4.2 for details).

The secured borrowings may be drawn at any time and is subject to annual review. Subject to the continuance of satisfactory credit ratings, the borrowing facilities may be drawn at any time and have an average maturity of 13 months (2022: 14 months).

	Consolidated	
	2023 $'000	2022 $'000
Bank loans	**65,000**	75,000
Notes payable	**1,317,333**	1,119,195
Borrowing costs	**(2,523)**	(2,573)
Total secured borrowings	**1,379,810**	1,191,622
Amount expected to be settled within 12 months	**326,444**	313,631
Amount expected to be settled after more than 12 months	**1,053,366**	877,991
	1,379,810	1,191,622

Bank loans

Bank loans are secured by fixed and floating charge over the assets of the Company and all wholly owned subsidiaries. The carrying amount of assets pledged as security was $187,518,000 (2022: $187,972,000).

On 21 September 2023, the Group refinanced a portion of its bank loans. The refinancing involved a partial repayment on the portion of the original facility which had a maturity date of 1 October 2026; and expanded limits on the revolving facility which had an original maturity date of 1 October 2024. The new facility of $122.0 million has a maturity date of 1 October 2026 and consists of a revolving facility of $99.0 million, a letter of credit facility of $3.0 million and a term facility of $20.0 million. In addition, the Group's bank loans also include a fixed interest rate loan of $30.0 million (2022: $30.0 million) with a maturity date of 31 July 2025.

Notes payable

Notes payable are secured by fixed and floating charge over the motor vehicles and equipment that are leased to customers. The carrying amount of assets pledged as security was $1,548,205,000 (2022: $1,336,952,000).

Financing arrangements

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

	Consolidated	
	2023 $'000	2022 $'000
Loan facilities used at reporting date	**1,382,333**	1,194,195
Loan facilities unused at reporting date	**368,215**	393,859
Total loan facilities available	**1,750,548**	1,588,054

Financing covenants

The Group has complied with financial covenants of its borrowing facilities during the 2023 and 2022 reporting periods.

Reconciliation of movements of liabilities to cash flows arising from financing activities

LIABILITIES ARISING FROM FINANCING ACTIVITY	Consolidated	
	2023 $'000	2022 $'000
Borrowing balance at 1 Oct	**(1,191,622)**	(1,221,164)
Proceeds from borrowings	**(558,449)**	(429,591)
Repayments of borrowings	**396,723**	429,184
Non cash movements		
Foreign exchange	**(24,794)**	32,593
Amortisation of capitalised borrowing costs	**(1,668)**	(2,644)
Borrowing balance 30 Sep	**(1,379,810)**	(1,191,622)

4.2 Financial risk management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit or loss information has been included where relevant to add further context.

Risk management

The Group's 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 is exposed to a variety of financial risks: market risk (this includes foreign exchange risk and interest rate risk), credit risk and liquidity risk. 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 and foreign exchange risk, and ageing analysis for credit risk.

Market risk

(i) Foreign exchange risk

The Group operates in Australia and in New Zealand and is exposed to foreign exchange risk arising primarily with respect to the New Zealand dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The Group manages its exposures to the New Zealand dollar by ensuring that its assets and liabilities in New Zealand are predominantly in New Zealand dollars.

For sensitivity measurement purposes, a +/- 10% (2022:10%) sensitivity in foreign exchange rates to the Australian dollar has been selected as this is considered realistic given the current levels of exchange rates, the recent levels of volatility and market expectations for future movements in exchange rates. Based on the financial instruments held at 30 September 2023, had the Australian dollar weakened/strengthened by 10% (2022:10%) against the New Zealand dollar compared to year-end rates, with other variables held constant, the consolidated entity's after-tax profits for the year and equity would have been $ 2,798,766 (2022: $3,077,623) higher/lower, as a result of exposure to exchange rate fluctuations of foreign currency operations. All foreign exchange risk is due to the translation of the New Zealand entities on consolidation.

(ii) Interest rate risk

	2023		2022	
BORROWINGS	WEIGHTED AVERAGE INTEREST RATE AS AT YEAR END %	BALANCE $'000	WEIGHTED AVERAGE INTEREST RATE AS AT YEAR END %	BALANCE $'000
- Fixed interest rate	7.100%	30,000	7.100%	30,000
- Floating interest rate	6.736%	1,352,333	4.949%	1,164,195
Interest rate swaps (notional principal amount)	2.969%	(1,306,847)	1.895%	(1,125,954)
Unhedged variable debt		45,486		38,241

Interest rate risk results principally from repricing risk from the Group lease portfolio and borrowings. The Group's lease receivables are fixed rate lease contracts. The interest rate is fixed for the life of the contract. Lease contracts are typically originated with an average maturity of between four to five years.

The borrowings to fund the leases are variable rate borrowings where the rates are regularly reset to current market rates. Interest rate risk is managed by entering into interest rate swaps, whereby the Group pays fixed rate and receives floating rate.

The Group settles monthly net interest receivable or payable. The Group remeasures the hedging instruments at fair value and recognises a gain or loss in other comprehensive income and deferred to the hedging reserve, where the hedge is effective.

Ineffective portions are recognised immediately in the profit or loss. Amounts deferred in the hedging reserve are transferred to the profit or loss in the period in which the hedged forecast transaction takes place. When a hedging instrument expires or is sold or terminated, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the hedge reserve at that time remains in equity and is reclassified to profit or loss in the period in which the hedged item affects profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in the hedging reserve is reclassified immediately to the profit or loss. For the year ended 30 September 2023, nil expense was reclassified into profit or loss (2022: nil). The Group recognised a loss on hedge ineffectiveness of $0.5 million (2022: $3.8 million gain).

The Group hedges 100% of the lease book that is financed through the Group's funding structures. This 100% hedging strategy results in hedge ineffectiveness where the Group provides funding and no external borrowing is used, because the notional amount of hedging instruments exceeds the amount of hedged items.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date and assuming that the rate change occurs at the beginning of the financial year and is then held constant throughout the reporting period.

The selected basis points (bps) increase or decrease represents the Group's assessment of the possible change in interest rates. A positive number indicates a before-tax increase in profit and equity and a negative number indicates a before-tax decrease in profit and equity.

Sensitivities have been based on an increase in interest rates by 100 bps (2022: 100 bps) and a decrease by 100 bps (2022: 100 bps) across the yield curve.

		Interest rate risk	
2023	CARRYING AMOUNT $'000	-100 BPS PROFIT/EQUITY $'000	+100 BPS PROFIT/EQUITY $'000
Financial assets			
Cash and cash equivalents	247,092	(2,471)	2,471
Finance leases			
- Fixed interest rate	392,224	-	-
Total (decrease)/increase	**639,316**	**(2,471)**	**2,471**
Financial liabilities			
Borrowings			
- Fixed interest rate	30,000	-	-
- Floating rate	1,352,333	13,523	(13,523)
Trade and other liabilities	144,030	-	-
Derivatives used for hedging	(34,044)	(13,068)	13,068
Total increase/(decrease)	**1,492,319**	**455**	**(455)**

2022	CARRYING AMOUNT $'000	Interest rate risk -100 BPS PROFIT/EQUITY $'000	+100 BPS PROFIT/EQUITY $'000
Financial assets			
Cash and cash equivalents	238,233	(2,382)	2,382
Finance leases			
- Fixed interest rate	325,866	-	-
Total (decrease)/increase	**564,099**	**(2,382)**	**2,382**
Financial liabilities			
Borrowings			
- Fixed interest rate	30,000	-	-
- Floating rate	1,164,195	11,642	(11,642)
Trade and other liabilities	148,618	-	-
Derivatives used for hedging	(39,679)	(11,260)	11,260
Total increase/(decrease)	**1,303,134**	**382**	**(382)**

Credit risk

The recoverability of finance lease receivables and trade and other receivables is reviewed on an ongoing basis. A loss allowance account (provision for impairment) is recognised when there is a difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate.

To manage credit risk the Group has a credit assessment process. Leases are provided to novated and commercial customers. Credit underwriting typically includes the use of either an application scorecard and credit bureau report or a detailed internal risk profile review, including a review of the customer against a comprehensive credit database. Internal credit review and verification processes are also used depending on the applicant.

The credit risk function consists of dedicated credit employees who apply the Group's credit and underwriting policy within specific approval authorities. The credit risk team monitors the performance of the portfolio and considers the macro environment to manage exposure to specific clients and specific sectors. The Group has a specialist collections function, which manages all delinquent accounts.

The provision for impairment under AASB 9: Financial Instruments applies to the Group's net investment in finance lease receivables and trade and other receivables. The Group will recognise provision for impairments using the simplified approach and record lifetime expected credit losses, as allowed under AASB 9 for lease receivables and trade and other receivables.

Measurement

To measure the expected credit loss (ECL) the group uses a credit loss model developed at a product level based on shared risk characteristics. The key model inputs used in measuring the ECL include:

→ Exposure at Default (EAD): represents the calculated exposure in the event of a default. The EAD for finance leases is the principal amount outstanding at reporting date.

→ Probability of Default (PD): the development of PDs is developed at a product level considering shared credit risk characteristics. In calculating the PD, 24 months of historical delinquency transition matrices are used to develop a point in time PD estimate.

→ Loss Given Default (LGD): the LGD is the magnitude of the ECL in a default event. The LGD is estimated using historical recovery experience.

Macroeconomic scenarios

The assessment of credit risk, and the estimation of ECL, will be unbiased and probability weighted, and incorporate all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable information about future events and economic conditions at the report date. The Group has established a process whereby forward-looking macroeconomic scenarios and probability weightings are developed for ECL calculation purposes. The final probability weighted ECL amount will be calculated from a baseline, an upside scenario and a downside scenario.

The weightings of each scenario as applied for 2023 and 2022 are as below:

SCENARIO	EXPECTATION	WEIGHTING 2023	WEIGHTING 2022
Base Case	This scenario is reflective of the economy as-is with minor volatility.	60%	60%
Upside	This scenario is reflective of a scenario that is benign as compared to the baseline scenario	20%	20%
Downside	This scenario is reflective of an adverse economic period as compared to the baseline scenario	20%	20%

In calculating an ECL the Group includes forward looking information. The Group has identified a number of key indicators that are considered, the most significant of which are unemployment rate, gross domestic product, interest rates and inflation. The predicted relationships between these key indicators and the key model inputs in measuring the ECL have been developed by analysing historical data as part of the model build, calibration and validation process. These indicators are assessed semi-annually. Three possible scenarios are applied: Base Case, Upside and Downside. The forward-looking inputs are applied to the macroeconomic scenarios.

Definition of default

Default is generally defined as the point when the borrower is unlikely to pay its credit obligations in full or the borrower is more than 90 days past due.

Write-off

Balances are written off, either partially or in full, against the related allowance when there is no reasonable expectation of recovery. For all balances, write-off takes place only at the completion of collection procedures, or where it no longer becomes economical to continue attempts to recover. Subsequent recoveries of amounts previously written off decrease the amount of impairment losses recorded in the profit or loss.

Impairment provisions

The Group's total impairment provisions from 1 October 2022 to 30 September 2023 are set out below, reconciling the opening loss allowance to the closing loss allowance. Except as disclosed in note 1, no significant changes to estimation techniques or assumptions were made during the reporting period. The maximum exposure to credit risk for finance lease receivables, trade and other receivables is the carrying amount.

	NET INVESTMENT IN FINANCE LEASE RECEIVABLES $'000	TRADE AND OTHER RECEIVABLES $'000
Opening loss allowance as at 1 October 2021	**6,306**	**2,311**
Increase / (Decrease) in loss allowance	(2,263)	875
(Write-offs) / Recoveries	(252)	10
Opening loss allowance as at 1 October 2022	**3,791**	**3,196**
Increase / (Decrease) in loss allowance	1,468	(397)
Write-offs	(325)	(547)
Closing loss allowance as at 30 September 2023	**4,934**	**2,252**

The ageing of the receivables and allowance for expected credit losses provided for are as follows:

	WEIGHTED EXPECTED AVERAGE LOSS RATE		GROSS EXPOSURE		LOSS ALLOWANCE	
	2023 %	2022 %	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Current	**1.01%**	0.64%	406,535	364,357	**4,124**	2,348
1 - 30 days	**2.34%**	4.10%	15,810	12,298	**370**	504
31 - 60 days	**4.85%**	14.18%	4,220	4,583	**205**	650
61 - 90 days	**15.57%**	25.86%	1,350	1,510	**210**	391
Over 90 days	**63.30%**	78.21%	3,597	3,956	**2,277**	3,094
			431,512	386,704	**7,186**	6,987

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. To mitigate against liquidity risk, the Group maintains cash reserves and committed undrawn credit facilities to meet anticipated funding requirements for new business. In addition, the Group can redraw against its committed credit limits if the principal outstanding is reduced by the contractual amortisation payments. Details of unused available loan facilities are set out in note 4.1.

Management monitors rolling forecasts of the Group's liquidity reserve (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Amounts due to funders are repaid directly by rental and repayments received from the Group's customers.

The table below analyses the Group's contractual financial liabilities into relevant maturity groupings. The amounts disclosed below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For interest rate swaps, the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES 2023	LESS THAN 1 YEAR $'000	BETWEEN 1 AND 2 YEARS $'000	BETWEEN 2 AND 5 YEARS $'000	OVER 5 YEARS $'000	TOTAL CONTRACTUAL CASH FLOWS $'000	CARRYING AMOUNT $'000
Non-derivatives						
Trade and other liabilities	(144,030)	-	-	-	**(144,030)**	**(144,030)**
Borrowings	(402,607)	(291,424)	(861,524)	(27,488)	**(1,583,043)**	**(1,379,810)**
Provisions	(5,496)	(2,912)	-	-	**(8,408)**	**(8,408)**
Total non-derivatives	**(552,133)**	**(294,336)**	**(861,524)**	**(27,488)**	**(1,735,481)**	**(1,532,248)**
Derivatives						
Interest rate swaps	19,548	10,496	5,708	261	**36,013**	**34,044**
Total derivatives	**19,548**	**10,496**	**5,708**	**261**	**36,013**	**34,044**

CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES 2022	LESS THAN 1 YEAR $'000	BETWEEN 1 AND 2 YEARS $'000	BETWEEN 2 AND 5 YEARS $'000	OVER 5 YEARS $'000	TOTAL CONTRACTUAL CASH FLOWS $'000	CARRYING AMOUNT $'000
Non-derivatives						
Trade and other liabilities	(148,618)	-	-	-	(148,618)	(148,618)
Borrowings	(359,606)	(274,664)	(643,733)	(26,454)	(1,304,457)	(1,191,622)
Provisions	(5,422)	(2,604)	-	-	(8,026)	(8,026)
Total non-derivatives	**(513,646)**	**(277,268)**	**(643,733)**	**(26,454)**	**(1,461,101)**	**(1,348,266)**
Derivatives						
Interest rate swaps	17,876	13,511	10,362	366	42,115	39,679
Total derivatives	**17,876**	**13,511**	**10,362**	**366**	**42,115**	**39,679**

Fair value risk

This section explains the judgements and estimates made in determining the fair values of the assets and liabilities that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its assets and liabilities into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	TOTAL $'000
2023				
Financial assets/(liabilities)				
Derivatives used for hedging	-	34,044	-	34,044
Total financial assets/(liabilities)	**-**	**34,044**	**-**	**34,044**
2022				
Financial assets/(liabilities)				
Derivatives used for hedging	-	39,679	-	39,679
Total financial assets/(liabilities)	**-**	**39,679**	**-**	**39,679**

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

The fixed term loan has a carrying value of $30,000,000 and a fair value of $28,377,000.

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

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

Valuation techniques used to determine fair values

The fair values of interest rate swaps were calculated as the present value of the estimated future cash flows based on observable yield curves. The fair value of interest rates swaps are included in level 2. No other assets or liabilities held by the Group are measured at fair value.

4.3 Cash and cash equivalents

Recognition and measurement

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, 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 changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. Restricted cash, that represents cash held by the entity as required by funding arrangements, is disclosed separately on the statement of financial position and combined for the purpose of presentation in the statement of cash flows.

	Consolidated	
	2023 $'000	2022 $'000
Unrestricted		
Operating accounts	**87,629**	101,481
	87,629	101,481
Restricted		
Collections accounts	**69,600**	53,557
Liquidity reserve accounts	**24,025**	22,946
Vehicle servicing and maintenance reserve accounts	**65,838**	60,249
Cash and bank and on hand	**159,463**	136,752
Total as disclosed in the statement of cash flows	**247,092**	238,233

The weighted average interest rate received on cash and cash equivalents for the year was 4.05% (2022:1.53%).

Liquidity reserve, maintenance reserve, vehicle servicing, collateral and customer collection accounts represent cash held by the entity as required under the funding arrangements and are not available as free cash for the purposes of operations of the Group until such time as the obligations of each trust are settled. Term deposit accounts are also not available as free cash for the period of the deposit.

4.4 Derivative financial instruments

Recognition and measurement

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

i. Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in equity are recycled in the statement of profit or loss and other comprehensive income in the periods when the hedged item will affect profit or loss (for instance, when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

ii. Derivatives that do not qualify for hedge accounting

Where a derivative instrument does not qualify for hedge accounting or hedge accounting has not been adopted, changes in the fair value of these derivative instruments are recognised immediately in the statement of profit or loss and other comprehensive income.

iii. Derivatives

Derivatives are only used for economic hedging purposes (to hedge interest rate risk) and not as trading or speculative instruments. The Group has the following derivative financial instruments:

	Consolidated	
	2023 $'000	2022 $'000
Interest rate swaps - cash flow hedges	**34,044**	39,679
Total derivative financial instrument assets/(liabilities)	**34,044**	39,679
Amount expected to be settled within 12 months	**19,075**	17,971
Amount expected to be settled after more than 12 months	**14,969**	21,708
Total derivative financial instrument assets/(liabilities)	**34,044**	39,679

The following shows the maturity profile of hedging instruments (i.e. notional amount of interest rate swaps):

	LESS THAN 1 YEAR $'000	BETWEEN 1 AND 2 YEARS $'000	BETWEEN 2 AND 5 YEARS $'000	OVER 5 YEARS $'000
2023				
Derivatives				
Interest rate swaps	**392,549**	**335,918**	**559,246**	**19,134**
2022				
Derivatives				
Interest rate swaps	365,415	306,401	439,246	14,892

The amount relating to hedged items and hedging instruments at the year end are as follows:

FINANCIAL YEAR	ITEMS DESIGNATED AS HEDGED ITEMS	HEDGED RISK	ITEMS DESIGNATED AS HEDGING INSTRUMENTS	HEDGING INSTRUMENTS - NOMINAL AMOUNT	CARRYING AMOUNT
2023	Borrowings - notes payable	Interest rate	Interest rate swaps	**1,306,847**	**34,044**
2022	Borrowings - notes payable	Interest rate	Interest rate swaps	1,125,954	39,679

(Table continued)

FINANCIAL YEAR	INCREASE/(DECREASE) IN FAIR VALUE OF HEDGING INSTRUMENTS ('000)	INCREASE/(DECREASE) IN FAIR VALUE OF HEDGED ITEM, RECORDED IN HEDGING RESERVE ('000)	HEDGE INEFFECTIVENESS GAIN/(LOSS) RECOGNISED IN PROFIT OR LOSS VIA LEASE FINANCE COSTS ('000)	SWAP INTEREST INCOME ACCRUAL RECOGNISED AS INTEREST AND FINANCE CHARGES VIA LEASE FINANCE COSTS ('000)	CHANGES DUE TO MOVEMENTS IN FOREIGN EXCHANGE RATE ('000)
2023	**(5,635)**	**6,543**	**498**	**(512)**	**(894)**
2022	45,598	(41,370)	(3,840)	(788)	400

4.5 Contributed equity

Recognition and measurement

Ordinary fully paid shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

	2023 SHARES	2022 SHARES	2023 $'000	2022 $'000
Share capital				
Fully paid ordinary shares	247,676,169	277,578,176	**503,668**	578,072
Other equity securities				
Treasury shares	5,710,659	8,722,000	**-**	-
Total issued equity	**253,386,828**	286,300,176	**503,668**	578,072

Movements in ordinary share capital

	SHARES	$'000
Opening balance 1 October 2022	277,578,176	578,072
Shares utilised to settle equity grants	4,204,188	-
Shares acquired to settle equity grants	(2,820,432)	-
On-market share buy back	(32,466,091)	(76,328)
Exercise of options	1,180,328	1,924
Balance 30 September 2023	247,676,169	503,668

Treasury shares

Treasury shares are shares in FleetPartners Group Limited that are held by FleetPartners Group Limited Employee Share Trust or by staff under loans. These shares are issued under the FleetPartners Group Limited Employee Share scheme and the Executive LTI plan. The shares that have not been settled in cash are funded with a loan and are in substance an option and are reflected with zero value until such time that they are settled in cash so as to exercise the option.

DETAILS	NUMBER OF SHARES 2023	NUMBER OF SHARES 2022
Opening balance	**8,722,000**	21,511,183
Shares utilised to settle equity grants	**(4,204,188)**	(12,621,490)
Shares acquired to settle equity grants	**2,820,432**	1,242,274
On-market share buy back	**32,466,091**	27,053,476
Shares cancelled	**(32,913,348)**	(26,909,018)
Exercise of options	**(1,180,328)**	(1,554,425)
Closing balance	**5,710,659**	8,722,000

4.6 Commitments

A. Lease commitments: Group as lessor

i. Finance leases

Future lease payments due to the Group under non-cancellable leases, are as follows:

	Consolidated 2023 $'000	Consolidated 2022 $'000
Commitments in relation to finance leases are receivable as follows:		
Less than one year	**151,347**	136,704
One to two years	**117,439**	99,381
Two to three years	**97,782**	70,462
Three to four years	**55,214**	37,277
Four to five years	**38,681**	19,387
More than five years	**79**	3
	460,542	363,214

ii. Operating leases

Lease payments receivable on leases of motor vehicles are as follows:

	Consolidated 2023 $'000	Consolidated 2022 $'000
Lease payments under non-cancellable operating leases of motor vehicles not recognised in financial statements are receivable as follows:		
Within one year	**313,196**	279,694
One to two years	**208,647**	172,959
Two to three years	**134,161**	104,190
Three to four years	**62,551**	49,711
Four to five years	**20,427**	16,696
More than five years	**11,918**	10,069
	750,900	633,319

B. Contractual commitments for the acquisition of property, plant or equipment

The Group had contractual commitments for the acquisition of property, plant or equipment totalling $175,149,458 (2022: $113,144,352). These commitments are not recognised as liabilities as the relevant assets have not yet been received.

4.7 Dividends

Recognition and measurement

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, before or at the end of the financial year but not distributed at balance date.

There were no dividends paid or proposed during the financial year (2022: nil).

5 EMPLOYEE REMUNERATION AND BENEFITS

Recognition and measurement Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Retirement benefit obligations

The Group makes payments to employees' superannuation funds in line with the relevant superannuation legislation. Contributions made are recognised as expenses when they arise. A total of expense of $5.1 million (2022: $4.3 million) was recognised in the financial year.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Bonus plans

The Group recognises a liability and an expense for bonuses on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

5.1 Share based payments

Share based payments

Share based compensation benefits are provided to employees via the FleetPartners Group LTI plan.

The fair value of options and rights granted under the FleetPartners Group LTI plan is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options and rights (vesting period).

Non-market and service based vesting conditions are included in the assumptions about the number of options that are expected to become exercisable. At the end of each reporting period, the Group revises its estimate of the number of options that are expected to become exercisable.

The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of profit or loss and other comprehensive income, with a corresponding adjustment to equity.

In the event a share scheme is cancelled, the remaining unexpensed fair value of the original grant for those options still vesting at the date of cancellation is taken as a charge to the statement of profit or loss and other comprehensive income.

Options and rights are subject to the same performance hurdles. The performance hurdles may include individual performance, earnings per share ("EPS") components and a service condition. EPS component is based on the compound annual growth rate ("CAGR") of the Group's earnings per share.

Options

The fair value at grant date is determined using a Black-Scholes Option Pricing Model that takes into account the exercise price; term of the option; share price at grant date; expected volatility of the underlying share; expected dividend yield and the risk free interest rate for the term of the option.

Options do not carry a right to receive any dividends. If options vest and are exercised to receive shares, these shares will be eligible to receive any dividends.

Rights

The fair value at grant date is the difference between the spot price of the underlying asset less the expected present value of the future dividends over the expected life.

Rights do not carry a right to receive any dividends. If rights vest and are exercised to receive shares, these shares will be eligible to receive any dividends.

i. **Long Term Incentive Plan**

As at the year ended 30 September 2023, the following awards were provided under the following employee share ownership plans:

Options and rights

The awards granted will be subject to continuation of service and testing against EPS or individual performance or they will only be subject to remaining in the service of the Group at the time of vesting.

Options

GRANT DATE	EXPECTED VESTING DATE	EXERCISE PRICE	WEIGHTED AVERAGE EXERCISE PRICE	BALANCE AT START OF THE YEAR NUMBER	GRANTED DURING THE YEAR NUMBER	FORFEITED DURING THE YEAR NUMBER	EXERCISED DURING THE YEAR NUMBER	UNVESTED BALANCE AT END OF THE YEAR NUMBER	VESTED OPTION NOT EXERCISED NUMBER
2023									
24-May-19	24-May-22	$1.20	$1.20	6,363,636	-	-	(6,363,636)	-	-
18-Jul-19	17-Jul-22	$1.60	$1.60	459,771	-	-	(459,771)	-	-
27-Nov-19	27-Nov-22	$1.63	$1.63	10,885,834	-	-	(4,240,612)	-	6,645,222
2022									
08-Nov-17	15-Nov-21	$4.18	$4.18	550,000	-	(550,000)	-	-	-
8-Jan-19	15-Nov-21	$2.54	$2.54	1,220,000	-	(1,220,000)	-	-	-
24-May-19	24-May-22	$1.20	$1.20	9,204,547	-	(1,420,455)	(1,420,456)	-	6,363,636
18-Jul-19	17-Jul-22	$1.60	$1.60	2,356,321	-	-	(1,896,550)	-	459,771
27-Nov-19	27-Nov-22	$1.63	$1.63	12,184,558	-	(1,298,724)	-	10,885,834	-
4-Apr-20	30-Sep-21	$0.75	$0.75	12,157,233	-	-	(12,157,233)	-	-
4-Apr-20	30-Sep-21	$0.85	$0.85	14,212,236	-	-	(14,212,236)	-	-

The weighted-average share price at the date of exercise for share options exercised in 2023 was $2.19 (2022: $2.30).

Rights

GRANT DATE	EXPECTED VESTING DATE	BALANCE AT START OF THE YEAR NUMBER	GRANTED DURING THE YEAR NUMBER	FORFEITED DURING THE YEAR NUMBER	EXERCISED DURING THE YEAR NUMBER	UNVESTED BALANCE AT END OF THE YEAR NUMBER	VESTED OPTION NOT EXERCISED NUMBER
2023							
08-Jan-19	15-Nov-21	85,000	-	-	(85,000)	-	-
27-Nov-19	15-Nov-21	53,628	-	-	(53,628)	-	-
23-Nov-21	22-Nov-24	335,605	-	-	-	335,605	-
23-Nov-21	22-Nov-22	103,821	-	-	(101,174)	-	2,647
18-Feb-22	22-Nov-24	274,510	-	(91,503)	-	183,007	-
21-Nov-22	21-Nov-24	-	51,090	-	-	51,090	-
21-Nov-22	21-Nov-23	-	1,082,175	-	-	1,082,175	-
21-Nov-22	21-Nov-25	-	575,586	-	-	575,586	-
01-Feb-23	21-Nov-23	-	90,426	-	-	90,426	-
01-Feb-23	21-Nov-25	-	383,261	-	-	383,261	-
2022							
08-Nov-17	15-Nov-21	145,000	-	(145,000)	-	-	-
24-Aug-18	17-Aug-21	200,000	-	-	(200,000)	-	-
08-Jan-19	15-Nov-21	550,000	-	(260,000)	(205,000)	-	85,000
27-Nov-19	15-Nov-21	198,528	-	-	(144,900)	-	53,628
23-Nov-21	22-Nov-24	-	394,702	(59,097)	-	335,605	-
23-Nov-21	22-Nov-22	-	151,098	(47,277)	-	103,821	-
18-Feb-22	22-Nov-24	-	274,510	-	-	274,510	-

Fair value of instruments granted

The model inputs for rights granted during FY 2023 and FY 2022 are as follows:

GRANT DATE AWARD TYPE	1-FEB-23 RIGHTS	1-FEB-23 RIGHTS	21-NOV-22 RIGHTS	21-NOV-22 RIGHTS	21-NOV-22 RIGHTS	18-FEB-22 RIGHTS	23-NOV-21 RIGHTS	23-NOV-21 RIGHTS
Expected vesting date	21-Nov-23	21-Nov-23	21-Nov-25	21-Nov-23	21-Nov-24	22-Nov-24	22-Nov-24	22-Nov-22
Share price at grant	$2.06	$2.06	$2.00	$2.00	$2.00	$2.34	$2.20	$2.20
Exercise price	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Dividend yield (p.a)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Fair value per instrument	$2.06	$1.88	$2.00	$1.88	$2.00	$2.34	$2.20	$2.20

ii. **Expenses arising from share based payment transactions**

Total expenses arising from share based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated 2023 $'000	2022 $'000
Awards currently issued to employees of controlled entities during the year	**3,423**	2,971

iii. **Terms and conditions of Share Schemes**

The share based payments issued are subject to vesting conditions described above. Refer to the remuneration report for details of these vesting conditions.

5.2 Key management personnel disclosure

	Consolidated 2023 $	2022 $
Short-term employee benefits	**2,124,190**	2,341,962
Termination benefits	**-**	432,410
Post-employment benefits	**116,894**	127,607
Long-term employee benefits	**15,969**	(94,395)
Share based payments	**1,164,332**	1,282,762
	3,421,385	4,090,346

6 OTHER

6.1 Reserves

Recognition and measurement

Share baesd payment reserve

The share based payment reserve is used to recognise:

- the fair value of options and rights issued to Directors and employees but not exercised;
- the fair value of shares issued to Directors and employees; and
- other share-based payment transactions.

Cash flow hedge reserve

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income. Amounts are reclassified to profit or loss when the associated hedge transaction affects profit or loss.

Treasury reserve

Treasury shares are unpaid loan shares in FleetPartners Group Limited that have been issued as part of the FleetPartners Group Share scheme and the Executive LTI plan. See note 5.1 for further information.

Foreign currency translation reserve

The foreign currency translation reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian Dollars.

Dividend reserve

The earnings generated by the Group prior to the write offs and losses on disposal have been transferred to the dividend reserve.

	Consolidated 2023 $'000	2022 $'000
Reconciliation of reserves		
Hedging reserve - cash flow hedges (a)	**20,584**	25,170
Treasury reserve	**(21,579)**	(19,095)
Foreign currency translation reserve	**2,647**	(9,429)
Share based payments reserve (b)	**35,122**	31,699
Dividend reserve (c)	**158,206**	158,206
Total reserve	**194,980**	186,551
Movements in reserves		
(a) Hedging reserve - cash flow hedges		
Balance at 1 October	**25,170**	(4,124)
Change in fair value	**(6,543)**	41,370
Deferred tax	**1,957**	(12,076)
Balance as at 30 September	**20,584**	25,170
(b) Share based payments reserve		
Balance at 1 October	**31,699**	31,036
Awards issued to employees of controlled entities during the year	**3,423**	2,971
Employee share scheme cash settlements	**-**	(2,308)
Balance at 30 September	**35,122**	31,699
(c) Dividend reserve		
Balance at 1 October	**158,206**	158,206
Balance at 30 September	**158,206**	158,206

6.2 Parent entity information

i. Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	Consolidated 2023 $'000	2022 $'000
Statement of financial position		
Current assets	**14**	163
Non-current assets	**370,313**	448,190
Total assets	**370,327**	448,353
Current liabilities	**(725)**	(487)
Non-current liabilities	**(75,892)**	(85,615)
Total liabilities	**(76,617)**	(86,102)
Shareholders equity		
Issued share capital	**503,668**	578,072
Treasury reserve	**(21,579)**	(24,019)
Share based payments reserve	**35,122**	31,699
Dividend reserve	**96,610**	96,610
Retained earnings	**(320,111)**	(320,111)
	293,710	362,251
Loss of the year	**-**	(313)

ii. Guarantees entered into by the parent entity

As at 30 September 2022 there were cross guarantees given by FleetPartners Group Limited, Pacific Leasing Solutions (Australia) Pty Limited, Leasing Finance (Australia) Pty Limited, Fleet Holding (Australia) Pty Limited, PLS Notes (Australia) Pty Limited, Fleet Partners Pty Limited, Fleet Aust Subco Pty Limited, Fleet Partners Franchising Pty Limited, Car Insurance Pty Limited, FleetPlus Holdings Pty Limited, Fleet Choice Pty Ltd, FleetPlus Pty Limited, FleetPlus Novated Pty Limited, PackagePlus Australia Pty Limited, Eclipx Insurance Pty Ltd, CarInsurance.com.au Pty Ltd, Leasing Finance Services Pty Ltd and Accident Services Pty Ltd.

No liability was recognised by the parent entity or the consolidated entity in relation to the above guarantee as the fair value of the guarantee is immaterial.

iii. Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 September 2023 or 2022. For information about guarantees given by the parent entity, see above.

6.3 Related party transactions

i. Controlling entity

The parent entity of the Group is FleetPartners Group Limited.

ii. Interest in other entities

The controlled entities of the Group listed below were wholly owned during the current and prior year, unless otherwise stated:

Australia	
Fleet Aust Subco Pty Ltd	FP Turbo Trust 2007-1 (Australia)
Pacific Leasing Solutions (Australia) Pty Ltd	FP Turbo Series 2014-1 Trust
Leasing Finance (Australia) Pty Ltd	FP Turbo Warehouse Trust 2014-1 (Australia)
PLS Notes (Australia) Pty Ltd	Fleet Partners Franchising Pty Ltd
Fleet Holding (Australia) Pty Ltd	Eclipx Insurance Pty Ltd
Fleet Partners Pty Ltd	CarInsurance.com.au Pty Ltd
FleetPlus Holdings Pty Limited	Car Insurance Pty Ltd
FleetPlus Pty Ltd	Fleet Choice Pty Ltd
FleetPlus Novated Pty Ltd	Accident Services Pty Ltd
PackagePlus Australia Pty Ltd	FP Turbo Government Lease Trust 2016-1
Equipment Finance Holdings Pty Ltd	FleetPlus Asset Securitisation Pty Ltd (a)
FP Turbo Series 2021-1 Trust	Leasing Finance Services Pty Ltd
FP Turbo Series 2016-1 Trust	Eclipx - MIPS Member Finance Trust
FP Turbo EV Warehouse Trust 2021-1	FP Turbo Warehouse Trust 2021-1
FP Turbo Series 2023-1 Trust	

New Zealand	
FleetPlus Ltd (NZ)	Fleetpartners NZ Trustee Ltd
Eclipx NZ Ltd	Truck Leasing Ltd
Fleet NZ Limited	FP Ignition Trust 2011-1 New Zealand
Eclipx Pacific Leasing Solutions (NZ) Limited	FleetPartners NZ Trust
Eclipx Leasing Finance (NZ) Limited	FPNZ Warehouse Trust 2015-1
PLS Notes (NZ) Ltd	FP Ignition 2017 Warehouse Trust
FP Ignition 2017 B Trust	Eclipx Fleet Holding (NZ) Ltd

(a) The Group does not have control of FleetPlus Asset Securitisation Pty Ltd.

iii. Transactions with other related parties

Except for the matters disclosed above, there were no material transactions with other related parties.

6.4 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Group.

	Consolidated 2023 $	2022 $
(a) Audit and assurance services		
KPMG Australian firm:		
Audit and review of financials	**1,089,000**	1,007,300
(b) Non-audit services		
KPMG Australian firm:		
Total remuneration for non-audit services for KPMG	**-**	-
Total remuneration for KPMG	**1,089,000**	**1,007,300**

6.5 Deed of cross guarantee

FleetPartners Group Limited, Pacific Leasing Solutions (Australia) Pty Limited, Leasing Finance (Australia) Pty Limited, Fleet Holding (Australia) Pty Limited, PLS Notes (Australia) Pty Limited, Fleet Partners Pty Limited, Fleet Aust Subco Pty Limited, Fleet Partners Franchising Pty Limited, Car Insurance Pty Limited, FleetPlus Holdings Pty Limited, Fleet Choice Pty Ltd, FleetPlus Pty Limited, FleetPlus Novated Pty Limited, PackagePlus Australia Pty Limited, Eclipx Insurance Pty Ltd, CarInsurance.com.au Pty Ltd, Leasing Finance Services Pty Ltd and Accident Services Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, pursuant to ASIC Corporations (Wholly Owned Companies) Instrument 2016/785, the wholly owned entities have been relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and Directors' reports.

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by FleetPartners Group Limited, they also represent the 'Extended Closed Group'.

Set out below is a statement of profit or loss and other comprehensive income for the year of the Closed Group.

	Consolidated 2023 $'000	2022 $'000
Statement of profit or loss and other comprehensive income		
Revenue from continuing operations	**441,933**	455,137
Cost of revenue	**(244,409)**	(248,381)
Lease finance costs	**(33,722)**	(19,474)
Net operating income before operating expenses and impairment charges	**163,802**	187,282
Impairment losses on loans and receivables	**(727)**	594
Software Impairment	**(1,138)**	(696)
Other Intangible Impairment	**-**	(1,466)
Total impairment	**(1,865)**	(1,568)
Employee benefit expense	**(56,692)**	(51,992)
Depreciation and amortisation expense	**(9,353)**	(8,828)
Operating overheads	**(13,124)**	(14,302)
Total overheads	**(79,169)**	(75,122)
Operating finance costs	**(6,896)**	(6,078)
Profit before income tax	**75,872**	104,514
Income tax expense	**(22,828)**	(32,045)
Profit for the year, net of tax	**53,044**	72,469
Other comprehensive income, net of tax	**(3,988)**	21,245
Total comprehensive income for the year	**49,056**	93,714

Set out below is a consolidated statement of financial position as at reporting date of the Closed Group.

	Consolidated	
	2023 $'000	2022 $'000
Assets		
Cash and cash equivalents	**73,828**	65,591
Restricted cash and cash equivalents	**109,700**	103,003
Trade and other receivables	**66,486**	57,023
Inventory	**5,425**	5,571
Finance leases	**382,369**	310,232
Derivative financial instruments	**19,685**	25,629
Operating leases reported as property, plant and equipment	**518,296**	482,893
Property, plant and equipment	**850**	1,296
Receivables - advances to related parties	**45,074**	84,256
Right-of-use assets	**1,657**	2,954
Intangibles	**354,568**	344,430
Total assets	**1,577,938**	1,482,878
Liabilities		
Trade and other liabilities	**90,801**	82,433
Provisions	**7,357**	7,049
Borrowings	**919,934**	814,793
Lease liabilities	**2,155**	3,822
Payable - advances from related parties	**27,581**	37,707
Deferred tax liabilities	**33,061**	15,617
Total liabilities	**1,080,889**	961,421
Net assets	**497,049**	521,457
Equity		
Contributed equity	**503,668**	578,072
Reserves	**172,319**	175,367
Retained earnings	**(178,938)**	(231,982)
Total equity	**497,049**	521,457

6.6 Reconciliation of cash flow from operating activities

	Consolidated	
	2023 $'000	2022 $'000
Profit after tax for the year	**81,021**	103,317
Depreciation and amortisation	**182,409**	171,908
Amortisation of capitalised borrowing costs	**1,668**	2,644
Credit impairment provision expense/(release)	**553**	(1,537)
Impairment expenses	**1,138**	2,162
Share based payments expense	**3,423**	2,971
Fleet and stock impairment expense/(release)	**411**	(569)
Disposal of assets	**-**	1,512
Hedging loss/(gain)	**498**	(3,840)
Exchange rate variations on New Zealand cash and cash equivalents	**(4,314)**	5,950
Net cash inflow from operating activities before changes in assets and liabilities*	**266,807**	284,518
Change in operating assets and liabilities:		
Increase in trade and other receivables	**(14,433)**	(12,196)
Increase in operating leases and finance leases*	**(309,836)**	(153,579)
Settlement of Inventory	**(24,833)**	(39,702)
Increase in deferred tax liabilities	**7,116**	19,210
Increase in trade and other liabilities	**13,221**	4,246
Increase/(Decrease) in current provisions	**2,889**	(1,036)
Increase in other current liabilities	**2,232**	2,661
Net cash (outflow)/inflow from operating activities*	**(56,837)**	104,122

* The 30 September 2022 Statement of Cash flows has been restated to align with the presentation in the current year (please refer to the Statement of Cashflows for further details). This has reduced "net cash inflow from operating activities" by $223,140,000 from $327,262,000 to $104,122,000. The reconciliation of cash flow from operating activities has also been restated as a result. "Net gain on sale of non-current assets" of $78,455,000 has been omitted, increasing "net cash inflow from operating activities before changes in assets and liabilities" from $206,063,000 to $284,518,000. "Principal settlement of finance leases" of $148,016,000 has been replaced with "increase in operating leases and finance leases" of ($153,579,000). These changes are to reflect that "purchase of items reported under operating leases reported as property plant and equipment", "purchase of items reported under finance lease" and "proceeds from sales of inventory" have been included in cash flows from operating activities compared to cash flows from investing activities in the prior year.

6.7 Events occurring after the reporting period

Subsequent to the year ended 30 September 2023, the Group received a statement of claim relating to a shareholder class action filed in the Victorian Supreme Court. The claim was expressed to be made on behalf of shareholders who acquired an interest in the Group, then named Eclipx Group Limited, during the period between 8 November 2017 and 20 March 2019. The claim alleges during this period, the Group made statements regarding its financial performance in the 2017 and 2018 financial years, and provided guidance to its future earnings for the 2018 and 2019 financial years, and subsequently withdrew, revised or restated this information, and that this involved misleading representations and non-compliance with continuous disclosure obligations. The Group intends to defend the claim. The financial effect of this claim cannot be estimated as at the date of this financial report.

Except for the matters disclosed above, no other matter or circumstance has occurred since the end of the reporting period that may materially affect the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

DIRECTORS' DECLARATION

In the opinion of the Directors of FleetPartners Group Limited (Group):

a. The consolidated Financial Statements and notes of the Group that are set out on pages 41 to 87 are in accordance with the Corporations Act 2001, including:

   i. Giving a true and fair view of the Group's financial position as at 30 September 2023 and of its performance for the financial year ended on that date; and

   ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

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

c. There are reasonable grounds to believe that the Group and the group entities identified in Note 6.5 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785.

d. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 September 2023.

e. The Directors draw attention to note 1 of the consolidated financial statements which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Gail Pemberton
Chairperson

Sydney

KPMG

Independent Auditor's Report

To the shareholders of FleetPartners Group Limited (previously Eclipx Group Limited)

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of FleetPartners Group Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group***'s financial position as at 30 September 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statements of financial position as at 30 September 2023
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- 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 *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

KPMG

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Valuation of goodwill
- Setting of vehicle residual values
- Revenue recognition in relation to maintenance income

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.

These matters were 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 these matters.

Valuation of goodwill ($441.3m)

Refer to Note 3.7 Intangibles to the Financial Report

The key audit matter	How the matter was addressed in our audit
A key audit matter was the Group's annual testing of goodwill for impairment, given the size of the balance (being 20% of total assets) and the estimation uncertainty continuing from ongoing vehicle supply constraints, impacting the realisation of new business writings into cashflows. Key judgements included significant forward-looking assumptions the Group applied in their value in use models and include: • forecast cash flows, growth rates and terminal growth rates – the Group has experienced business disruption with a supply shortage of new vehicles. This has resulted in lower than expected new business writings but higher lease extensions. Demand for second-hand vehicles continues to revert towards more historical levels, resulting in decreasing end of lease income. These conditions and the uncertainty of their continuation increase the estimation uncertainty in the impairment assessment, plus the risk of a significantly wider range of possible outcomes for us to consider. We focused on the expected rate of recovery of global supply chain disruption impacting the supply of new vehicles, future levels of second-hand motor vehicle prices and what the Group considers as their future business model when assessing the feasibility of the Group's forecast cashflows; and • discount rates, which are complex in nature and may vary according to the conditions and the environment the specific CGUs are subject to from time to time The Group's modelling is highly sensitive to small changes in the discount rate. We involved valuation specialists to supplement our senior audit team members in assessing this Key Audit Matter.	Our procedures included: • We assessed the Group's determination of CGU assets for consistency with the assumptions used in the forecast cash flows and the requirements of the accounting standards. • We considered the appropriateness of the value in use method applied by the Group to perform the annual test of goodwill for impairment against the requirements of the accounting standards. • We assessed the integrity of the value in use model used, including the accuracy of the underlying calculation formulas. • We met with management and those charged with governance to understand the ongoing supply constraints of new vehicles on the Group's business and the expected impact on financial results as supply is restored and orders are fulfilled. • We compared the forecast cash flows contained in the value in use model to the Group's budget approved by the Board. • Using our knowledge of the Group, its past performance and its industry, we challenged the Group's cash flow forecast and growth assumptions, including those relating to the ability to write new business going forward and the impact of second-hand motor vehicle prices on end-of-lease income. • We assessed the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the model. • We considered the sensitivity of the model by varying key assumptions, such as forecast growth rates, terminal growth rates, discount rates and end-of-lease sales, within a reasonably possible range. We considered the interdependencies of key assumptions when performing the sensitivity analysis and what the Group consider to be reasonably possible. We did this to identify those CGUs at higher risk of impairment and those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures. • Working with our valuation specialists we challenged the Group's growth assumptions in light of the expected continuation of vehicle supply constraints. We compared forecast growth rates and terminal growth rates to authoritative published studies of market trends and expectations and considered differences for the Group's operations. • Working with our valuation specialists we independently developed a discount rate range considered comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the Group and the industry it operates in. • We assessed the disclosures in the financial report using our understanding of the Group obtained from our testing against the requirements of the relevant accounting standards.

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Setting of vehicle residual values

Refer to Critical Accounting Estimates and Assumptions and disclosures on residual values in the context of property, plant and equipment in Note 3.1 Property, plant and equipment in the Financial Report.

The key audit matter	How the matter was addressed in our audit
Residual value setting relating to fleet vehicles is a Key Audit Matter due to: • the significant audit effort required and the high degree of judgement applied by us in assessing the Group's valuation of residual values; • the flow on impact residual value setting has on a number of key accounts in the Group's Financial Report, including vehicle depreciation and impairment; and	Our procedures included: • Understanding the process by which residual values are set by the Group and testing a sample of key controls over the Group's residual valuation process, such as the monthly review and approval of residual value changes by senior management. • Comparing a sample of manually approved residual value changes to the residual values recorded in the lease system.

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• the timing of revenue recognition across the term of a lease may be affected by setting different residual values as it impacts the level of revenue recognised during the term of the lease compared to at the end of the lease. We considered the Group's judgements used in the vehicle impairment model. The key judgement in this model is the expected forecast residual value at the end of the lease term, in particular how the impact of continuing vehicle supply constraints may alter residual values. We also assessed other inputs into the vehicle impairment model, including: • periodical future lease-related fee cash flow assumptions; and • assumptions on the timing and future condition of vehicles returned at the end of the lease, and associated cash flows.	• Assessing the Group's judgement on future end of lease cash flow assumptions. The assessment is based on the expected timing and future condition of returned vehicles applied in the Group's vehicle impairment model, including the continuing impact of vehicle supply constraints on the extension of leases and comparing the estimated cash flows to the historical cash flow experience for a sample of expired leases. • Assessing the Group's ability to forecast vehicle residual values by selecting a statistical sample of vehicles disposed of during the year. We compared the sale price achieved to the sales invoice, and also compared it to the recorded written down value as assessed in prior periods, enabling us to understand estimation accuracy. • Comparing a sample of the current recorded residual value of vehicles against the current market value of those vehicles sourced from an independent database of used vehicle valuations.

Revenue recognition in relation to maintenance and management income ($106.0m)

Refer to Note 2.2 Revenue to the Financial Report

The key audit matter	How the matter was addressed in our audit
Maintenance income, which is a component of maintenance and management income presented in the financial report, includes a high level of estimation uncertainty and accounting complexity. This area is a Key Audit Matter due to increased audit effort arising from the percentage of completion accounting method which inherently requires judgement by the Group to determine the cost profile of lifetime maintenance services, along with potential re-estimations of total lifecycle maintenance. In particular, we focused on the: • Increased estimation uncertainty particularly in forecasting the timing and cost of lifetime maintenance services, taking into consideration any changed customer behaviours from the impacts of the COVID-19 pandemic, compared to historic patterns. • Judgement applied by the Group in relation to the key assumptions in the percentage of completion model including: - Proxy vehicle types used for assessing maintenance cost profiles for vehicle categories - Expected lifetime maintenance cost estimates for proxy vehicle types, which is influenced by the age and usage of the vehicle. This is a critical input to the percentage of completion model to apportion expected lifetime maintenance income to vehicles based on their usage.	Our procedures included: • Assessing the Group's revenue recognition policy against relevant accounting standards. • Assessing the integrity of the percentage of completion model, including checking the mathematical accuracy of the underlying formulas. • Recalculating the application of the percentage of completion output from the model to the expected lease lifetime maintenance income and checked the amount apportioned to the current year. • For a sample of maintenance lease assets,, checking the average age and usage assumptions in the model for consistency with the servicing and maintenance cost profile, which is based on internal lease portfolio statistics of the vehicle type. • Challenging the Group's key assumptions by evaluating the vehicle categories and proxy vehicle types used in the model against the composition of the Group's fleet, and comparing the average cost of lifetime maintenance activities expected to be performed based on the age and usage of the vehicle to publicly available market costs of servicing vehicles. • Assessing the disclosures in the financial report against the requirements of the accounting standards.

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Other Information

Other Information is financial and non-financial information in FleetPartners Group Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report, and the Remuneration Report. The Chair and CEO Letter, Business Overview, Environmental, Social and Governance Report, Company Directory, Shareholder Information, FleetPartners Values and Corporate Strategy are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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

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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/admin/file/content102/c3/ar1_2020.pdf
This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of FleetPartners Group Limited for the year ended 30 September 2023, 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 27-39 of the Directors' report for the year ended 30 September 2023.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

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Peter Zabaks
Partner

Sydney
12 November 2023

Shareholder's information

SHAREHOLDER INFORMATION AS AT 30 OCTOBER 2023

Additional information required by the ASX and not disclosed elsewhere in this report is set out below.

Distribution of holders of quoted securities

Fully paid ordinary shares

RANGE OF HOLDINGS	NUMBER OF SHAREHOLDERS	% OF SHAREHOLDERS	ORDINARY SHARES HELD	% OF ORDINARY SHARES
1 – 1000	2,318	62.33%	325,065	0.13%
1,001 – 5,000	796	21.40%	2,156,531	0.85%
5,001 – 10,000	280	7.53%	2,172,557	0.86%
10,001 – 100,000	284	7.64%	7,427,050	2.93%
100,001 and over	41	1.10%	241,305,625	95.23%
		100%	253,386,828	**100%**

Distribution of holders of unquoted securities

LTI Options

RANGE OF HOLDINGS	NUMBER OF OPTION HOLDERS	% OF OPTION HOLDERS	OPTIONS HELD	% OF OPTIONS
1 – 1000	0	0	0	0
1,001 – 5,000	0	0	0	0
5,001 – 10,000	0	0	0	0
10,001 – 100,000	0	0	0	0
100,001 and over	4	100%	6,645,222	100%
	4	100%	6,645,222	**100%**

LTI Rights

RANGE OF HOLDINGS	NUMBER OF RIGHT HOLDERS	% OF RIGHT HOLDERS	RIGHTS HELD	% OF RIGHTS
1 – 1000	0	0	0	0
1,001 – 5,000	1	2.94%	2,647	0.1%
5,001 – 10,000	0	0	0	0
10,001 – 100,000	27	79.41%	1,461,160	54.04%
100,001 and over	6	17.65%	1,239,991	45.86%
	34	100%	2,703,798	**100%**

Substantial Shareholder Notices (as disclosed to the ASX)

SHAREHOLDER NAME	ORDINARY SHARES HELD	% OF ISSUED SHARES	DATE OF NOTICE
Yarra Capital Management Limited et al	30,804,733	12.16%	9 October 2023
Dimensional Entities	20,763,452	7.05%	18 July 2022
Australian Retirement Trust Pty Ltd ATF Australian Retirement Trust	19,461,711	6.43%	2 March 2022
The Vanguard Group Inc	13,978,478	5.18%	17 May 2023
Aware Super Pty Ltd as trustee of Aware Super	13,580,266	5.03%	20 April 2023
Vinva Investment Management Limited	12,912,507	5.10%	10 October 2023

Twenty largest shareholders

	NAME	NO. OF SHARES	%
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	81,882,591	32.32
2	CITICORP NOMINEES PTY LIMITED	48,441,312	19.12
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	39,902,076	15.75
4	NATIONAL NOMINEES LIMITED	22,855,063	9.02
5	ARGO INVESTMENTS LIMITED	12,086,416	4.77
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	6,987,708	2.76
7	SOLIUM NOMINEES (AUS) PTY LTD	5,710,659	2.25
8	G HARVEY NOMINEES PTY LTD	3,947,616	1.56
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,619,220	1.43
10	BNP PARIBAS NOMS PTY LTD	2,460,598	0.97
11	CITICORP NOMINEES PTY LIMITED	2,268,883	0.90
12	HNSI PTY LIMITED	1,630,434	0.64
13	BNP PARIBAS NOMINEES PTY LTD	1,153,085	0.46
14	UBS NOMINEES PTY LTD	958,923	0.38
15	BNP PARIBAS NOMINEES PTY LTD	764,345	0.30
16	BUONCOMPAGNI INVESTMENTS PTY LTD	607,971	0.24
17	MR NICHOLAS ANDREW JOHNSON & MRS JANE ELIZABETH JOHNSON	539,500	0.21
18	BUONCOMPAGNI INVESTMENTS PTY LTD	508,298	0.20
19	BNP PARIBAS NOMS PTY LTD	489,862	0.19
20	SOLIUM NOMINEES (AUSTRALIA) PTY LTD	421,550	0.17
	Total	**237,236,110**	**93.63**
	Balance of register	**16,150,718**	**6.37**
	Grand total	**253,386,828**	**100.00**

Unmarketable parcel of shares

The number of shareholders holding less than a marketable parcel of ordinary shares is 1,818. 140 shares comprise a marketable parcel based on FleetPartners Group Limited's closing share price of $2.46 on 30 October 2023.

Escrow Arrangements

No securities remain subject to escrow arrangements.

On-market buy-back

There is a current on-market buy-back.

On-market purchases

During FY2023, FleetPartners Group Limited purchased 2,820,432 ordinary shares on-market for the purposes of its Employee Share Scheme, at an average price per ordinary share of $2.41.

Voting rights

Ordinary shares

The voting rights attached to ordinary shares are that on a show of hands, every member present, in person or proxy, has one vote and upon a poll, each share shall have one vote.

Options and Rights

Option and rights holders do not have any voting rights.

Corporate directory

FleetPartners Group Limited

ACN 131 557 901

FleetPartners Group Limited is listed on the Australian Securities Exchange under the ASX code of FPR.

Directors

Gail Pemberton – Chair

Damien Berrell

Trevor Allen

Russell Shields

Fiona Trafford-Walker

Cathy Yuncken

Linda Jenkinson (retired on 31 August 2023)

Company Secretary

Lauren Osbich

Registered Office and Principal Place of Business

Level 6, 601 Pacific Highway St Leonards, NSW 2065 Australia

T: 1300 666 001

Share Registry

Link Market Services Limited

Level 12, 680 George Street Sydney, NSW 2000 Australia

T: +61 2 8280 7100 F: +61 2 9287 0303

Auditor

KPMG

Tower 3, International Towers Sydney

300 Barangaroo Avenue Sydney, NSW 2000 Australia

T: +61 2 9335 7000 F: +61 2 9335 7001

Corporate Governance Statement

For a copy of the FleetPartners Corporate Governance Statement visit:
investors.fleetpartners.com.au/Investor-Centre/