ASX Announcement

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Smartgroup delivers record results in first half 2026

Smartgroup Corporation Ltd (ASX: SIQ) ("Smartgroup" or "the Group"), a leading employee services and fleet solutions provider, today reported its half-year results for the six months ended 30 June 2026 (H1 2026)[1].

H1 2026 Highlights

- Revenue of $179.5m, up 13%
- Operating expenses of $100.6m, up 12%
- Operating EBITDA of $73.8m, up 16%; EBITDA margin at 41%, up 1ppt
- NPATA[2] of $42.4m, up 11%, Statutory NPAT of $42.4m, up 11%
- Novated leasing settlements up 17%
- Battery Electric Vehicles (BEVs) new-vehicle orders increased 162% and accounted for 68%
- Continued strong Return on Equity (ROE) of 31% after tax, stable
- Strong and flexible balance sheet with low net debt position at 0.2x EBITDA[3]
- CY26 capex expected to be $13-15m
- Declared interim dividend of 21.5 cents per share (cps) fully franked[4] an increase of 10%

Commenting on Smartgroup's performance over the first half of 2026, Managing Director and CEO, Scott Wharton, said: "We are pleased with the Group's performance in the first half. Smartgroup delivered strong revenue and earnings growth, with revenue increasing 13%, operating EBITDA increasing 16% and EBITDA margin expanding to 41%. The result was supported by continued growth across novated leasing and salary packaging, disciplined execution and the enhanced capability of our platform. Market conditions remained favourable during the period, with strong consumer demand for electric vehicles. Some international factors likely accelerated purchasing decisions and contributed to elevated levels of activity during the half.

"Over the past 12 months, we have strengthened our market position, grown customer numbers across salary packaging, novated leasing and fleet, and continued to invest in digital capability, customer experience and broader distribution partnerships. Our dealer and manufacturer relationships have become an increasingly important part of our go-to-market strategy, helping a broader set of consumers understand the benefits of novated leasing as they consider their next vehicle purchase.

"While demand trends have moderated from the exceptional levels experienced during the first half, demand remains robust. We continue to see significant opportunities to increase participation in salary packaging, expand novated leasing penetration and leverage our market-leading position across a larger customer base.

"Fleet presents a significant growth opportunity for the Group, and we are continuing to invest in capability, customer relationships and distribution to support future expansion."

[1] All percentage movements and comparisons refer to 1H 2025 unless otherwise stated.
[2] NPATA is net profit after tax, adjusted to exclude the non-cash tax-effected amortisation of intangibles and significant non-operating items.
[3] EBITDA for the 12 months to 30 June 2026.
[4] Record date 9 September 2026 and payment date 23 September 2026.

Strengthening partnerships and expanding distribution

Smartgroup continued to expand its distribution network during the first half of 2026, making novated leasing more accessible at the point of vehicle purchase. Building on its digital platform, the Group expanded its automotive partner ecosystem with dealer groups and manufacturers. These partnerships extend Smartgroup's novated leasing solutions across dealership networks nationally, creating additional customer acquisition opportunities and embedding novated leasing into the vehicle purchase journey.

Smartgroup continued to grow its fleet business including through its partnership with Volkswagen Financial Services, leveraging a capital-light model that combines fleet management expertise with third-party funding. This approach supports growth, enhances returns and enables the Group to address a broader range of customer fleet requirements.

Together, Smartgroup's novated leasing, fleet management and strategic partnerships strengthen the Group's position as a leading provider of integrated mobility solutions across Australia.

Record financial performance in H1 2026

Revenue for the half-year increased 13% to $179.5m, underpinned by growth in novated leasing driven by effective demand-generation initiatives, new client wins and a continued focus on customer service and experience. This result was supported by favourable market dynamics, including elevated fuel prices, continued EV adoption and supportive government policy settings.

Total expenses increased 12% to $100.6m, reflecting deliberate investment in the Group's transformation program, growth initiatives and digital capabilities. These investments supported continued growth in customer volumes and strengthen the platform for future expansion across Smartgroup's core markets and strategic partnership channels. Management remains focused on maintaining cost discipline while investing selectively in opportunities that support sustainable long-term growth.

EBITDA of $73.8m was up 16%, and EBITDA margin was 41% for the half-year.

Profit after tax, as measured by NPATA, was $42.4m for half-year, up 11%.

Smartgroup has continued to generate a strong operating cash flow of $50.8m, representing 120% of NPATA. The Group maintains a flexible balance sheet with a low net debt level of $35.4m as at 30 June 2026, being 0.2x EBITDA.

The Group’s strong cash flow conversion and low net debt position have enabled the Board of Directors to declare an interim fully franked dividend of 21.5 cps for the six months to 30 June 2026, representing a payout ratio of 70% of NPATA. The Group remains committed to paying fully franked dividends in line with its target payout ratio of 60-70% of NPATA.

Record salary packaging, novated leasing and fleet customer numbers

At 30 June 2026, Smartgroup had 518,000 active packaging customers, an increase of 34,000. In the last 12 months, Smartgroup has provided salary packaging services to 609,000 customers.

Strong leasing demand resulted in a 34% increase in new lease vehicle orders and a 17% increase in total novated leasing settlements. At the end of June 2026, Smartgroup had 91,600 novated leasing customers, an increase of 11,600.

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

The transition towards BEVs continued to accelerate during the half-year, underpinned by favourable market and policy dynamics and a broader shift in consumer preferences. Consequently, BEVs accounted for 68% of all new novated leasing orders during the half, compared with 5% for PHEVs and 27% for ICE vehicles.

Smartgroup remains actively focused on managing yield while also growing volumes. In the first half of the year, direct leasing yield grew 2% and this positive momentum continued into the second half of the year to date.

In fleet, Smartgroup reached 36,200 managed vehicles, an increase of 12%. The Group continues to invest in growing its fleet business as part of its broader mobility strategy, leveraging strategic partnerships and fleet management expertise to deliver scalable solutions to a diverse customer base.

Executing Smartgroup's Strategic Priorities

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

In the first half, examples of achievements include:

- Delivered 19% improvement in customers per operations FTE;
- Launched the new mobile app for Salary Packaging and Novated Leasing self-service;
- Expanded partnership with Volkswagen Financial Services to support scalable fleet growth;
- Launched the 'It Pays to be Smart' brand campaign; and
- Continued enhancements to the Car Leasing Portal to lift digital conversion.

Outlook

Commenting on Smartgroup's outlook, Managing Director and CEO, Scott Wharton, said: "Looking ahead, we see a supportive environment for continued growth. While we remain mindful of the broader economic conditions and consumer sentiment, demand for novated leasing remains robust, supported by our large eligible employee base, sustained interest in EVs and ongoing awareness of the savings available through salary packaging.

"Our focus is on deepening relationships with existing clients, growing novated leasing, salary packaging and fleet, and executing our Strategic Priorities with discipline as we simplify the business, modernise our technology and build a more scalable operating platform. Smartgroup is also building a connected mobility ecosystem through strategic partnerships with leading automotive manufacturers and dealer groups to capture future growth opportunities as the automotive and mobility markets continue to evolve.

"With the transformation program progressing well, and based on current market conditions, we continue to target EBITDA margins in the mid-40s range during 2027. Our capital-light model, strong cash generation and disciplined investment in digital and data position Smartgroup to deliver sustained profitable growth and long-term shareholder value."

H1 2026 investor briefing presentation

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

Date: Thursday, 27 August 2026

Time: 9:00am (Sydney Time)

URL:https://webcast.openbriefing.com/siq-hyr-2026/

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

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

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