

**SG Fleet NZ Limited**

**Company Number 1920318**

**Annual Report - 30 June 2022**

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of SG Fleet NZ Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2022.

With the unanimous agreement of all shareholders, the Company has taken advantage of the reporting concessions available to it under section 211(3) of the Companies Act 1993.

The Directors are responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which give a true and fair view of the financial position of the Company as at 30 June 2022 and its financial performance for the year ended on that date.

The Directors consider that the financial statements of the Company have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting standards have been followed.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The Directors have responsibility for the maintenance of a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The Directors consider they have taken adequate steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

This report is made in accordance with a resolution of Directors, pursuant to section 211(1)(k) of the Companies Act 1993.

On behalf of the Directors



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R P Blau  
Director



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K V Wundram  
Director

29 September 2022

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**SG Fleet NZ Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2022**

**SG Fleet Group**

	Note	Consolidated 2022 \$'000	2021 \$'000
<b>Revenue</b>	4	129,898	14,227
Interest revenue calculated using the effective interest method		310	2
Total revenue		<u>130,208</u>	<u>14,229</u>
<b>Expenses</b>			
Mobility services cost of sale		(1,210)	(277)
Vehicle risk cost of sale		(43,686)	(5,939)
Other direct costs		(602)	(235)
Depreciation and amortisation		(48,823)	(2,774)
Finance costs	5	(10,740)	(1,159)
Employee benefits expense		(10,037)	(2,534)
Occupancy costs		(280)	(119)
Technology and communication costs		(1,576)	(70)
Other expenses		(737)	(333)
Total expenses		<u>(117,691)</u>	<u>(13,440)</u>
<b>Profit before income tax expense</b>		12,517	789
Income tax expense	6	<u>(3,637)</u>	<u>(241)</u>
<b>Profit after income tax expense for the year attributable to the owners of SG Fleet NZ Limited</b>		8,880	548
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Effective portion of changes in fair value of cash flow hedges		<u>4,813</u>	<u>220</u>
Other comprehensive income for the year, net of tax		<u>4,813</u>	<u>220</u>
<b>Total comprehensive income for the year attributable to the owners of SG Fleet NZ Limited</b>		<u><u>13,693</u></u>	<u><u>768</u></u>

*The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

	Note	Consolidated 2022 \$'000	2021 \$'000
<b>Assets</b>			
Cash and cash equivalents	7	13,566	2,193
Restricted cash	8	24,368	-
Finance lease, trade and other receivables	9	23,658	2,811
Inventories	10	7,006	177
Derivative financial instruments	11	6,921	-
Prepayments		1,003	90
Leased motor vehicles	12	272,143	12,386
Property, plant and equipment	13	1,095	323
Intangibles	14	44,304	-
Right-of-use assets	15	744	498
Deferred tax	6	-	48
<b>Total assets</b>		394,808	18,526
<b>Liabilities</b>			
Trade and other payables	16	11,460	2,440
Employee benefits	17	998	219
Provisions	18	2,155	250
Lease portfolio borrowings	19	240,284	6,461
Vehicle maintenance funds	20	11,935	-
Lease liabilities - right-of-use assets	21	688	499
Contract liabilities	22	6,256	2,316
Derivative financial instruments	11	64	48
Deferred tax	6	12,402	-
Income tax payable		4,214	353
<b>Total liabilities</b>		290,456	12,586
<b>Net assets</b>		104,352	5,940
<b>Equity</b>			
Issued capital	23	91,719	7,000
Reserves	24	4,915	102
Retained profits/(accumulated losses)		7,718	(1,162)
<b>Total equity</b>		104,352	5,940

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes*

**SG Fleet NZ Limited**  
**Consolidated statement of changes in equity**  
**For the year ended 30 June 2022**

**SG Fleet Group**

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Reserves \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2020	7,000	(118)	(1,710)	5,172
Profit after income tax expense for the year	-	-	548	548
Other comprehensive income for the year, net of tax	-	220	-	220
Total comprehensive income for the year	-	220	548	768
Balance at 30 June 2021	<u>7,000</u>	<u>102</u>	<u>(1,162)</u>	<u>5,940</u>

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Reserves \$'000</b>	<b>(Accumulated losses)/ retained profits \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2021	7,000	102	(1,162)	5,940
Profit after income tax expense for the year	-	-	8,880	8,880
Other comprehensive income for the year, net of tax	-	4,813	-	4,813
Total comprehensive income for the year	-	4,813	8,880	13,693
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 23)	<u>84,719</u>	<u>-</u>	<u>-</u>	<u>84,719</u>
Balance at 30 June 2022	<u>91,719</u>	<u>4,915</u>	<u>7,718</u>	<u>104,352</u>

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes*

	Note	Consolidated 2022 \$'000	2021 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		148,386	16,420
Payments to suppliers and employees (inclusive of GST)		(76,799)	(11,057)
Interest received		310	2
Interest and other finance costs paid		(10,960)	(1,143)
Income taxes refunded		-	1
Income taxes paid		(6,241)	-
		<u>54,696</u>	<u>4,223</u>
Net cash from operating activities			
<b>Cash flows from investing activities</b>			
Payment for purchase of business, net of cash acquired	31	(156,192)	-
Payments for property, plant and equipment	13	(463)	(217)
Proceeds from disposal of property, plant and equipment		203	96
Acquisition of lease portfolio assets	12	(68,663)	(4,014)
Proceeds from disposal of lease portfolio assets	12	31,205	2,140
		<u>(193,910)</u>	<u>(1,995)</u>
Net cash used in investing activities			
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	23	84,719	-
Proceeds from borrowings		249,049	4,062
Repayment of borrowings		(158,226)	(7,170)
Repayment of lease liabilities - right-of-use assets		(587)	(162)
		<u>174,955</u>	<u>(3,270)</u>
Net cash from/(used in) financing activities			
Net increase/(decrease) in cash and cash equivalents		35,741	(1,042)
Cash and cash equivalents at the beginning of the financial year		2,193	3,235
		<u>37,934</u>	<u>2,193</u>
Cash and cash equivalents at the end of the financial year	7,8		

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes*

### **Note 1. General information**

The financial statements cover SG Fleet NZ Limited as a Group consisting of SG Fleet NZ Limited (the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year (the 'Group'). The financial statements are presented in New Zealand dollars, which is SG Fleet NZ Limited's functional and presentation currency.

SG Fleet NZ Limited is a company limited by shares.

During the financial year the principal continuing activity of the Group consisted of motor vehicle fleet management.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 29 September 2022. The Directors have the power to amend and reissue the financial statements.

### **Note 2. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **New or amended Accounting Standards and Interpretations adopted**

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the External Reporting Board ('XRB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

#### **Basis of preparation**

##### *Statutory base*

SG Fleet NZ Limited is a Company registered under the Companies Act 1993.

##### *Statement of compliance*

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP') and the requirements of the Companies Act 1993 and the Financial Reporting Act 2013.

The Company qualifies for New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime ('NZ IFRS RDR') on the basis that it has no public accountability and is not a large for-profit public sector entity. The Company has elected to report in accordance with NZ IFRS RDR and applied all of the available disclosure concessions.

##### *Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for the accounting of derivative financial instruments which are recognised at fair value.

##### *Critical accounting estimates*

The preparation of the 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

#### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of SG Fleet NZ Limited ('Company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. SG Fleet NZ Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control at the end of, or during the year. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

## Note 2. Significant accounting policies (continued)

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### Revenue recognition

#### *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

#### *Mobility services income*

Mobility services revenue includes the products and services required to keep a vehicle on the road in a safe and compliant manner. This revenue category includes income from registering and insuring the vehicle, providing assistance in the event of a break-down or accident, telematics and safety inspections. It also includes income from car-share bookings. This is an annuity income stream which is primarily driven by the funded fleet size and brought to account over time due to continuous performance obligations received by customers over the term of the lease.

#### *Additional products and services*

Additional products and services revenue is generated by products that are not typically related to keeping the vehicle on the road and mobile. This revenue category includes products such as accessories, redundancy protection, Trade Advantage and rebates. This income stream is largely transactional in nature and the key driver is the volume of funded deliveries coupled with penetration rates. Revenue from the sale of additional products and services is recognised when it is received or when the right to receive payment is established and the performance obligation has been satisfied. Specifically, upfront establishment fees levied to the customer to establish the contract for the services to be provided for the term of the contract, are recognised over the term of the contract. Revenue related to the waiver of the lessee's wear and tear obligations is recognised at the point in time, being at the end of the lease term.

#### *Finance commission*

Finance commission is the income earned on leased vehicles funded off balance sheet. This income stream is largely transactional in nature, has no direct costs and the key driver is the volume of funded deliveries. Introductory commissions earned are recognised in profit or loss in full at a point in time, being in the month in which the finance is introduced to the relevant financier. Trailing commissions earned for the collection and distribution of ongoing customer rentals to the financier are recognised over time.

## Note 2. Significant accounting policies (continued)

### *Vehicle risk income*

Income earned after the expiry of the lease is recognised when it is received or when the performance obligation, being the sale of vehicle, transferring the risk and reward to the end buyer, has been satisfied and the right to receive payment is established. The gross selling price of the vehicle is recognised as vehicle risk income and the value of the vehicle at the end of the lease period payable to the financier, is recognised as vehicle risk cost of sale.

### *Rental and finance income*

Rental and finance income is the income earned on leased vehicles funded on the balance sheet. Rental income is generated by operating lease vehicles, short-term rental vehicles as well as subscription vehicles. Finance Income is generated by finance lease vehicles. The cost of sale related to this income stream is operating lease depreciation, direct interest and short-term hire costs. This is an annuity income stream, and the key driver of this income stream is the size of the on balance sheet funded fleet. Rental and finance income is recognised overtime over the lease term.

### *Other income*

Other income is recognised when it is received or when the right to receive payment is established.

### *Interest*

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

### **Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

### **Cash and cash equivalents**

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.

### **Finance, trade and other receivables**

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

## Note 2. Significant accounting policies (continued)

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

For finance lease and contract purchase agreements see the 'Leases - Group as lessor' accounting policy.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

### Inventories

End-of-term operating leases are stated at the lower of cost and net realisable value. Cost comprises purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the lower of (i) estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and (ii) cost less residual value provision.

### Derivative financial instruments

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

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The Group has elected to adopt the general hedge accounting model in NZ IFRS 9. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness. Where derivative instruments do not qualify for hedge accounting, changes in the fair value are recognised immediately in profit or loss.

#### *Cash flow hedges*

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

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were classified in equity are immediately reclassified to profit or loss.

### Property, plant and equipment

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

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	five years
Fixtures and fittings	three to eight years
Motor vehicles	four years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

## Note 2. Significant accounting policies (continued)

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

For leased motor vehicles see 'Leases - Group as lessor - leased motor vehicles assets' accounting policy.

### Leases

#### *Group as lessee*

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, and the Group obtains substantially all the economic benefits of the use of the assets.

The Group has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component.

#### *Right-of-use assets*

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of lease incentives received, any initial direct costs incurred, and an estimate of costs required for dismantling and removing the underlying asset, site restoral and asset restoral. Right-of-use assets are subsequently measured applying a cost model such that the asset is depreciated and impaired as required or adjusted for any remeasurement of the lease liability.

Where the lease transfers ownership of the asset to the lessee by the end of the lease term, or if the cost of the asset reflects that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset to the end of the asset's useful life, otherwise, the assets are depreciated to the earlier of the end of their useful lives or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits.

The lease term represents the non-cancellable period of the lease and includes periods covered by an option to extend if the Group is reasonably certain to exercise that option. Lease terms shall only be revised if there is a change in the non-cancellable period or there is a reassessment upon a significant event or a change in circumstances that is both within the control of the lessee and affects whether or not the lessee is reasonably certain to exercise an option. Lease terms range from one to four years. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

#### *Group as lessor*

A lease is classified as a finance lease if it transfers all the risks and rewards incidental to the ownership of the assets. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of the underlying asset.

Amounts due from customers under finance leases and contract purchase agreements are recorded as receivables. Finance and contract purchase receivables are initially recognised at an amount equal to the present value of the minimum instalment payments receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the contract term. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the contracts.

#### *Group as lessor - leased motor vehicle assets*

Full maintenance lease assets are stated at historical cost less accumulated depreciation. The cost of full maintenance lease assets includes the purchase cost including non-refundable purchase taxes and other expenditure that is directly attributable to the acquisition of the assets to bring the assets held-for-use in the lease asset portfolio to working condition for the intended use.

The depreciable amount of the asset is depreciated over its estimated useful life of two to five years on a straight-line basis.

Lease rentals receivable and payable on operating leases are recognised in profit or loss in periodic amounts over the effective lease term on a straight line basis.

## Note 2. Significant accounting policies (continued)

### *Lease liabilities - right-of-use assets*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments comprise fixed lease payments less incentives receivable, variable lease payments, residual value guarantees payable, exercise price of purchase options where exercise is reasonably certain, and any anticipated termination penalties made over the expected term of the lease which includes optional periods where option exercise is considered reasonably certain. Variable lease payments include those dependent upon an index, interest rate or market but are included only using the index or rate existing at commencement date.

The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred. Variable lease payments include rent concessions in the form of rent forgiveness or a waiver as a direct consequence of the Coronavirus (COVID-19) pandemic and which relate to payments originally due on or before 30 June 2021.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change in lease term such as if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or to the profit or loss to the extent that the carrying amount has been reduced to zero. Interest on the lease liability and variable lease payments not included in the measurement of the lease liability are recognised in profit or loss.

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

### **Intangible assets**

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method of amortisation and the useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

### *Goodwill*

Where an entity or operation is acquired in a business combination, that is not a common control transaction, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of the acquisition over the fair value of the identifiable net assets acquired is brought to account as goodwill. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

### *Customer contracts*

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite useful lives of ten years.

### **Impairment of non-financial assets**

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

## Note 2. Significant accounting policies (continued)

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

### Trade and other payables

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

### Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

### Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

### Maintenance deferred income liability

Maintenance income is recognised for each performance obligation at the point in time when the service is provided and the obligation is completed. Maintenance costs are expensed when incurred.

### Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

### Provisions

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

### *Residual values*

The Group has entered into various agreements with its financiers that govern the transfer of the residual value risk inherent in operating lease assets from the financier to the Group at the end of the underlying lease agreement. These agreements include put/call options, sale direction deeds and guaranteed buyback arrangements. The residual value provision is created on an onerous pool basis to cover future shortfalls on the disposal of these vehicles. Assets are grouped into homogenous groups which are then analysed further into maturity pools. A provision is raised for a maturity pool if the forecast loss on disposal of the assets in the pool exceeds the future fee income that the pool will generate between the reporting date and the maturity date. Maturity pools in a net profit position are not offset against maturity pools in a net loss position.

### Employee benefits

#### *Short-term employee benefits*

Employee benefits expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

#### *Other long-term employee benefits*

The liability for employee benefits not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

## Note 2. Significant accounting policies (continued)

### *Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

### **Fair value measurement**

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

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

### **Vehicle maintenance funds**

Vehicle maintenance funds represents amounts collected from customers for vehicles under management, with such amounts subsequently used for payments for ongoing vehicle maintenance expenses such as fuel, service cost, registration and other charges. Any unused amounts at the end of the lease period are refunded to the customers.

### **Issued capital**

Ordinary 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.

### **Business combinations**

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

## Note 2. Significant accounting policies (continued)

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

### Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### Comparatives

Comparatives in the financial report have been realigned to the current period presentation. The Group has realigned/reclassified the revenue and expense categories disclosed in note 4 and the statement of profit or loss due to the LeasePlan acquisition. There has been no effect on the comparative period results, net assets or equity due to the reclassification.

### Rounding of amounts

Amounts in this report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

## Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### *Coronavirus (COVID-19) pandemic*

The Group has applied significant critical judgements in the preparation of the financial statements, incorporating the Board's best estimates of the foreseeable impact of COVID-19 on the Group's statement of profit or loss and other comprehensive income and the statement of financial position. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates.

### *Revenue from mobility services*

As discussed in note 2, the Group estimates the mobility services income to be recognised for each performance obligation at a point in time when the service is provided and the obligation fulfilled. These calculations require the use of assumptions, including an estimation of the profit margin to be achieved over the life of the contract for each performance obligation.

### *Goodwill*

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units, to which goodwill belongs, have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

**Note 3. Critical accounting judgements, estimates and assumptions (continued)**

*Residual values*

As discussed in note 2, the Group has entered into various agreements with its financiers relating to residual value risk inherent in operating lease assets being transferred to the Group at the end of the underlying lease agreement. A provision is raised where the forecast loss on disposal of the assets in the pool exceeds the expected future fee income that the pool will generate. The expected future income is estimated based on past experience and likely market conditions at the time of disposal of the assets.

*Income tax*

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. 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 audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

**Note 4. Revenue**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Revenue from contracts with customers</i>		
Mobility services income	5,981	1,954
Additional products and services	3,218	74
Finance commission	587	507
Vehicle risk income	55,152	8,297
Other income	216	77
	<u>65,154</u>	<u>10,909</u>
<i>Other revenue</i>		
Rental and finance income	<u>64,744</u>	<u>3,318</u>
Revenue	<u><u>129,898</u></u>	<u><u>14,227</u></u>

*Disaggregation of revenue*

The disaggregation of revenue from contracts with customers is as follows:

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Geographical regions</i>		
New Zealand	<u>65,154</u>	<u>10,909</u>
<i>Timing of revenue recognition</i>		
Revenue transferred at a point in time - upfront	743	183
Revenue transferred over time	16,340	4,050
Revenue transferred at a point in time - end of life	<u>48,071</u>	<u>6,676</u>
	<u><u>65,154</u></u>	<u><u>10,909</u></u>

Note 5. Expenses

	Consolidated	
	2022	2021
	\$'000	\$'000
Profit before income tax includes the following specific expenses:		
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	10,923	954
Net movement in fair value of derivatives	(220)	189
Interest on lease liabilities - right-of-use assets	26	20
Interest on lease make good	11	(4)
	<u>10,740</u>	<u>1,159</u>
Finance costs expensed		
<i>Superannuation expense</i>		
Defined contribution superannuation expense	320	66

Note 6. Income tax

	Consolidated	
	2022	2021
	\$'000	\$'000
<i>Income tax expense</i>		
Current tax	6,280	354
Deferred tax - origination and reversal of temporary differences	(2,643)	(113)
	<u>3,637</u>	<u>241</u>
Aggregate income tax expense		
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets	(2,643)	(113)
<i>Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate</i>		
Profit before income tax expense	12,517	789
Tax at the statutory tax rate of 28%	3,505	221
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	132	19
	<u>3,637</u>	<u>240</u>
Adjustment recognised for prior periods	-	1
	<u>3,637</u>	<u>241</u>
Income tax expense		
	<u>3,637</u>	<u>241</u>
<i>Amounts charged directly to equity</i>		
Deferred tax assets	1,872	86

Note 6. Income tax (continued)

	Consolidated	
	2022	2021
	\$'000	\$'000
<i>Deferred tax (liability)/asset</i>		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Allowance for expected credit losses	432	-
Employee benefits	279	61
Provisions	181	94
Accrued expenses	349	183
Contract liabilities	1,752	648
Customer contracts	(3,674)	-
Property, plant and equipment	(11,721)	(938)
	<u>(12,402)</u>	<u>48</u>
Deferred tax asset/(liability)		
Movements:		
Opening balance	48	21
Credited to profit or loss	2,643	113
Charged to equity	(1,872)	(86)
Additions through business combinations (note 31)	(13,221)	-
	<u>(12,402)</u>	<u>48</u>
Closing balance		

Note 7. Cash and cash equivalents

	Consolidated	
	2022	2021
	\$'000	\$'000
Cash at bank	<u>13,566</u>	<u>2,193</u>

Note 8. Restricted cash

	Consolidated	
	2022	2021
	\$'000	\$'000
Securitisation collection and capital accounts	6,064	-
Securitisation reserves	<u>18,304</u>	<u>-</u>
	<u>24,368</u>	<u>-</u>

Cash held in bank accounts within the securitisation warehouses can only be used to service the obligations of the warehouse in accordance with the transaction agreements. These restricted balances are not available as free cash for the purpose of operations of the Group.

**Note 9. Finance lease, trade and other receivables**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade receivables	14,330	2,811
Less: Allowance for expected credit losses	(88)	-
	<u>14,242</u>	<u>2,811</u>
Finance lease receivables	9,455	-
Less: Allowance for expected credit losses	(39)	-
	<u>9,416</u>	<u>-</u>
	<u>23,658</u>	<u>2,811</u>

*Allowance for expected credit losses*

The Group has recognised a loss of \$127,000 (2021: \$nil) in profit or loss in respect of allowance for expected credit loss for the year ended 30 June 2022.

**Note 10. Inventories**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
End-of-term operating lease assets held for disposal	<u>7,006</u>	<u>177</u>

**Note 11. Derivative financial instruments**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Assets</i>		
Interest rate swap contracts - cash flow hedges	<u>6,921</u>	-
	<u>6,921</u>	<u>-</u>
<i>Liabilities</i>		
Interest rate swap contracts - cash flow hedges	<u>(64)</u>	(48)
	<u>(64)</u>	<u>(48)</u>
	<u>6,857</u>	<u>(48)</u>

*Derivatives interest rate swap*

The Group has entered into interest rate swap contracts with the following notional/principal values as at 30 June 2022:

- \$3,104,000 (2021: \$6,456,000) of amortising swaps with tenors of up to 3 years and a weighted average fixed rate of 0.79% (2021: 0.32%) in relation to non-securitisation borrowings; and
- \$232,866,000 of amortising swaps with tenors of up to 5 years and a weighted average fixed rate of 1.81% in relation to securitisation trusts.

Note 12. Leased motor vehicles

	Consolidated	
	2022	2021
	\$'000	\$'000
Lease motor vehicle assets - at cost	288,562	17,481
Less: Accumulated depreciation	(16,321)	(5,011)
Less: Impairment	(98)	(84)
	272,143	12,386
	272,143	12,386

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Leased motor vehicles \$'000
Balance at 1 July 2021	12,386
Additions	68,663
Additions through business combinations (note 31)	269,054
Disposals	(31,205)
Revaluation increments	93
Depreciation expense	(46,848)
Balance at 30 June 2022	272,143

Note 13. Property, plant and equipment

	Consolidated	
	2022	2021
	\$'000	\$'000
Leasehold improvements - at cost	29	-
Less: Accumulated depreciation	(8)	-
	21	-
Fixtures and fittings - at cost	291	84
Less: Accumulated depreciation	(136)	(46)
	155	38
Motor vehicles - at cost	976	450
Less: Accumulated depreciation	(57)	(165)
	919	285
	1,095	323

**Note 13. Property, plant and equipment (continued)**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

<b>Consolidated</b>	Leasehold improvements \$'000	Fixtures and fittings \$'000	Motor vehicles \$'000	Total \$'000
Balance at 1 July 2021	-	38	285	323
Additions	24	91	348	463
Additions through business combinations (note 31)	5	116	545	666
Disposals	-	-	(105)	(105)
Depreciation expense	(8)	(90)	(154)	(252)
	<u>21</u>	<u>155</u>	<u>919</u>	<u>1,095</u>

**Note 14. Intangibles**

	<b>Consolidated</b> <b>2022</b> <b>\$'000</b>	<b>2021</b> <b>\$'000</b>
Goodwill - at cost	31,181	-
Customer contracts - at cost	14,316	-
Less: Accumulated amortisation	(1,193)	-
	<u>13,123</u>	<u>-</u>
	<u>44,304</u>	<u>-</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

<b>Consolidated</b>	Goodwill \$'000	Customer contracts \$'000	Total \$'000
Balance at 1 July 2021	-	-	-
Additions through business combinations (note 31)	31,181	14,316	45,497
Amortisation expense	-	(1,193)	(1,193)
	<u>31,181</u>	<u>13,123</u>	<u>44,304</u>

**Note 15. Right-of-use assets**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Right-of-use assets - at cost	1,741	964
Less: Accumulated depreciation	(997)	(466)
	<u>744</u>	<u>498</u>

The Group leases office premises under agreements of between 3 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

*Reconciliation*

Reconciliation of the written down values at the beginning and end of the current financial year are set out below:

	<b>Office premises</b>	<b>Others</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 July 2021	444	54	498
Additions	110	-	110
Additions through business combinations (note 31)	666	-	666
Depreciation expense	(515)	(15)	(530)
Balance at 30 June 2022	<u>705</u>	<u>39</u>	<u>744</u>

For other NZ IFRS 16 lease-related disclosures refer to the following:

- note 5 for details of interest on lease liabilities;
- note 21 for lease liabilities at 30 June 2022; and
- refer consolidated statement of cash flows for repayment of lease liabilities.

**Note 16. Trade and other payables**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade payables	10,000	1,718
Accrued expenses	1,460	722
	<u>11,460</u>	<u>2,440</u>

**Note 17. Employee benefits**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Annual leave	<u>998</u>	<u>219</u>

**Note 18. Provisions**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Lease make good	481	40
Residual value risk	220	210
Other provisions	1,454	-
	<u>2,155</u>	<u>250</u>

*Lease make good*

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

*Residual value risk*

The provision is to recognise the future liability relating to residual value exposures as described in note 2 and note 3.

*Other provisions*

The provision represents the potential loss arising from overdrawn vehicle running cost accounts in relation to novated leases.

*Movements in provisions*

Movements in each class of provision during the current financial year are set out below:

	<b>Lease make good \$'000</b>	<b>Residual value risk \$'000</b>	<b>Other provisions \$'000</b>
<b>Consolidated - 2022</b>			
Carrying amount at the start of the year	40	210	-
Additional provisions recognised	92	10	666
Additions through business combinations (note 31)	338	-	1,408
Unwinding of discount	11	-	-
Unused amounts reversed	-	-	(620)
	<u>481</u>	<u>220</u>	<u>1,454</u>
Carrying amount at the end of the year			

**Note 19. Lease portfolio borrowings**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Lease portfolio borrowings - non-securitized	3,104	6,461
Lease portfolio borrowings - securitised	237,180	-
	<u>240,284</u>	<u>6,461</u>

*Lease portfolio borrowings - non-securitized*

The lease portfolio borrowings are secured by the underlying funded assets and lease agreements. These facilities are interest bearing and are repaid monthly in accordance with the amortisation schedule of the underlying assets.

*Lease portfolio borrowings - securitised*

During the current financial year, as part of the LeasePlan acquisition, the Group established a \$310.0 million limited recourse securitisation warehouse trust with commitments from external financiers totalling \$275.9 million as at 30 June 2022. All amounts owing to parties to the warehouse are secured by fixed and floating charges over all assets of the warehouse, including cash balances, lease receivables and related leased motor vehicles. The financiers to the warehouse have no recourse to the Group, other than in relation to their responsibilities as originator and servicer of assets to the warehouse.

**Note 19. Lease portfolio borrowings (continued)**

*Financing arrangements*

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

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Total facilities		
Lease portfolio borrowings - non-securitised	5,000	10,000
Lease portfolio borrowings - securitised	275,900	-
	<u>280,900</u>	<u>10,000</u>
Used at the reporting date		
Lease portfolio borrowings - non-securitised	3,104	6,461
Lease portfolio borrowings - securitised	237,180	-
	<u>240,284</u>	<u>6,461</u>
Unused at the reporting date		
Lease portfolio borrowings - non-securitised	1,896	3,539
Lease portfolio borrowings - securitised	38,720	-
	<u>40,616</u>	<u>3,539</u>

**Note 20. Vehicle maintenance funds**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Vehicle maintenance funds	<u>11,935</u>	<u>-</u>

**Note 21. Lease liabilities - right-of-use assets**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Lease liabilities - right-of-use assets	<u>688</u>	<u>499</u>

**Note 22. Contract liabilities**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Contract liabilities	<u>6,256</u>	<u>2,316</u>

Note 23. Issued capital

	2022 Shares	Consolidated 2021 Shares	2022 \$'000	2021 \$'000
Ordinary shares - fully paid	91,719,465	7,000,100	91,719	7,000

*Movements in ordinary share capital*

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2020	7,000,100		7,000
Balance	30 June 2021	7,000,100		7,000
Shares issued on acquisition of LeasePlan ANZ (refer note 31)	1 September 2021	84,719,365	\$1.00	84,719
Balance	30 June 2022	91,719,465		91,719

*Ordinary shares*

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

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

Note 24. Reserves

	Consolidated 2022 \$'000	2021 \$'000
Hedging reserve - cash flow hedges	4,915	102

*Hedging reserve - cash flow hedges*

The reserve is used to recognise the effective portion of the gain or loss on cash flow hedge instruments that are determined to be an effective hedge.

*Movements in reserves*

Movements in the hedge reserve during the current and previous financial year are set out below:

Consolidated	Hedging reserve \$'000
Balance at 1 July 2020	(118)
Movement in hedge	220
Balance at 30 June 2021	102
Movement in hedge	4,813
Balance at 30 June 2022	4,915

Note 25. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

**Note 26. Fair value measurement**

*Fair value hierarchy*

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

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

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

Level 3: Unobservable inputs for the asset or liability

<b>Consolidated - 2022</b>	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Interest rate swap contracts - cash flow hedges	-	6,921	-	6,921
Total assets	-	6,921	-	6,921
<i>Liabilities</i>				
Interest rate swap contracts - cash flow hedges	-	64	-	64
Total liabilities	-	64	-	64
<b>Consolidated - 2021</b>	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Liabilities</i>				
Interest rate swap contracts - cash flow hedges	-	48	-	48
Total liabilities	-	48	-	48

There were no transfers between levels during the financial year.

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

*Valuation techniques for fair value measurements categorised within level 2 and level 3*

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

**Note 27. Key management personnel disclosures**

*Compensation*

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	<b>Consolidated 2022 \$'000</b>	<b>Consolidated 2021 \$'000</b>
Aggregate compensation	644	491

**Note 28. Commitments - operating lease receivable**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Lease receivables - operating</b>		
Committed at the reporting date, receivable:		
Within one year	78,821	3,039
One to two years	59,816	1,776
Two to three years	69,359	936
Three to four years	64,269	145
Four to five years	32,283	10
	<u>304,548</u>	<u>5,906</u>

Future minimum rentals receivable includes contracted amounts for motor vehicles under non-cancellable operating leases between one and five years.

**Note 29. Contingent liabilities**

There were no contingent liabilities at 30 June 2022 and 30 June 2021.

**Note 30. Related party transactions**

*Parent entity*

The parent entity of SG Fleet NZ Ltd is SG Fleet Management Pty Limited, incorporated in Australia. The ultimate Australian parent entity is SG Fleet Group Limited, incorporated in Australia and listed on the Australian Securities Exchange ('ASX'). The ultimate parent entity is Super Group Limited, incorporated in South Africa and listed on the Johannesburg Stock Exchange ('JSE').

*Subsidiaries*

Interests in subsidiaries are set out in note 32.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 27.

*Transactions with related parties*

The following transactions occurred with related parties:

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Payment for goods and services:		
Management fees paid to SG Fleet Australia Pty Limited	320	223

*Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

*Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

**Note 31. Business combinations**

*Acquisition of LeasePlan New Zealand ('LeasePlan')*

On 1 September 2021, as part of the acquisition by SG Fleet Group Limited, SG Fleet NZ Limited acquired 100% of the ordinary shares in LeasePlan New Zealand Limited. The acquisition consideration of \$81,715,000 was settled by way of cash consideration. In addition to the acquisition consideration, as part of the transaction, excess cash on the balance sheet and capital invested in the Lease Portfolio totalling \$82,502,000 was repaid to LeasePlan Corporation, bringing the total consideration transferred to \$164,217,000.

The values identified in relation to the acquisition of LeasePlan are final as at 30 June 2022.

Details of the acquisition are as follows:

	<b>Fair value \$'000</b>
Cash and cash equivalents	8,025
Finance and trade receivables	15,599
Inventories	2,553
Leased motor vehicles	269,054
Property, plant and equipment	666
Right-of-use assets	666
Customer contracts	14,316
Trade and other payables	(2,638)
Contract liabilities	(45)
Provision for income tax	(3,836)
Deferred tax liability	(13,221)
Employee benefits	(794)
Other provisions	(1,746)
Lease liabilities - right-of-use assets	(666)
Vehicle maintenance funds	(11,897)
Lease portfolio borrowings	(143,000)
	<hr/>
Net assets acquired	133,036
Goodwill	31,181
	<hr/>
Acquisition-date fair value of the total consideration transferred	<u>164,217</u>
Representing:	
Repayment of excess cash on balance sheet and capital invested in Lease Portfolio	82,502
Cash paid or payable to vendor	81,715
	<hr/>
	<u>164,217</u>
	<hr/>
Acquisition costs expensed to profit or loss*	<u>1,162</u>

\* The acquisition costs in relation to the LeasePlan acquisition of \$1,162,000 (\$854,000 net of tax) (2021: \$878,000) have been expensed in the statement of profit or loss during the financial year. An amount of \$1,100,000 (2021:\$814,000) is included within finance costs and \$62,000 (2021: \$64,000) in other expenses.

**Note 32. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2022 %	2021 %
LeasePlan New Zealand	New Zealand	100%	-

**Note 33. Non-cash investing and financing activities**

	Consolidated	
	2022 \$'000	2021 \$'000
Additions of right-of-use assets	111	44

**Note 34. Events after the reporting period**

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.



# Independent Auditor's Report

To the Directors of SG Fleet NZ Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, the consolidated financial statements of SG Fleet NZ Limited (the 'Company') and its subsidiaries (the 'Group') on pages 3 to 29:

present fairly in all material respects the Group's financial position as at 30 June 2022 and its financial performance and cash flows for the year ended on that date in accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime.

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated statement of financial position as at 30 June 2022;
- the consolidated statement of profit or loss and other comprehensive income, consolidated statements of changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies.



### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.



### Other information

The Directors, on behalf of the Group, are responsible for the other information included in the Group's Annual Report. Other information includes the Directors' Report. Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## Use of this independent auditor's report

This independent auditor's report is made solely to the Directors as a body. Our audit work has been undertaken so that we might state to the Directors those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.



## Responsibilities of the Directors for the financial statements

The Directors, on behalf of the Group, are responsible for:

- the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime);
- implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.



## Auditor's responsibilities for the audit of the financial statements

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent 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 ISAs NZ 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 these financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

<https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-8/>

This description forms part of our independent auditor's report. The engagement partner on the audit resulting in this independent auditor's report is Joshua Pearce

For and on behalf of



KPMG  
Melbourne

29 September 2022