APPENDIX 4E
PRELIMINARY FINAL REPORT
ECLIPX GROUP LIMITED
ACN : 131 557 901

YEAR ENDED 30 SEPTEMBER 2021

1 Details of the reporting period and the previous corresponding period

Current period	1 October 2020 - 30 September 2021
Prior corresponding period	1 October 2019 - 30 September 2020

2 Results for announcement to the market

	Year Ended 30 Sep 2021	Year Ended 30 Sep 2020	Change on Previous Period	Change on Previous Period
Financial Performance	**$'000**	**$'000**	**$'000**	**%**
Revenue from continuing operations	648,057	674,248	(26,191)	(3.9%)
Profit for the year after tax	75,950	18,205	57,745	317.2%
Net profit attributable to members	75,950	18,205	57,745	317.2%
Cash NPATA[1] for the year	86,149	33,615	52,534	156.3%
Earnings per share	**Cents**	**Cents**	**Cents**	**%**
Statutory earnings per share	24.7	5.8	18.9	325.9%
Diluted statutory earnings per share	23.0	5.6	17.4	310.7%
Cash NPATA per share	28.1	10.6	17.5	165.1%
Number[2] of ordinary shares used in calculating	**Units**	**Units**	**Units**	**%**
Statutory earnings per share	307,114,764	315,854,276	(8,739,512)	(2.8%)
Diluted statutory earnings per share	330,362,523	324,673,926	5,688,597	1.8%
Cash earnings per share	307,114,764	315,854,276	(8,739,512)	(2.8%)

1. Cash NPATA is the earnings of the Group adjusted for the post tax effect of material one-off items that do not reflect the ongoing operations of the Group and the amortisation of intangible assets

2. The number of ordinary shares used in calculating earnings per share has been calculated in accordance with AASB 133 Earnings per Share where the weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares bought back (treasury shares) or issued during the period multiplied by a time-weighting factor.

Commentary
Refer to the 2021 Financial Report accompanying this report for a detailed commentary.

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3 Dividends

Dividends	Amount per security Cents	Franked amount per security Cents
No dividend declared for the period ended 30 September 2021	0.00	0.00
No dividend declared for the period ended 30 September 2020	0.00	0.00

4 Dividend reinvestment plans

Not applicable.

5 Net Tangible Assets Per Security

	Year Ended 30 Sep 2021 cents	Year Ended 30 Sep 2020 cents
Net Tangible Assets Per Ordinary Security	45.39	21.30

6 Auditor's report

The financial report has been independently audited and an unqualified opinion has been issued.

7 Attachments

The Financial Report of Eclipx Group Limited for the year ended 30 September 2021 is attached.

8 Signed

Gail Pemberton
Chairman
Sydney

Date: 2 November 2021

Eclipx Group Limited

ACN 131 557 901

Financial report
for the year ended 30 September 2021

Eclipx Group Limited
ACN 131 557 901
Financial report for the year ended 30 September 2021

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Directors' Report

The Directors present their report on the consolidated entity (referred to hereafter as Group or Eclipx) consisting of Eclipx Group Limited (Company) and the entities it controlled at the end of, or during, the year ended 30 September 2021.

1. Directors

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

GAIL PEMBERTON MA (UTS), FAICD, GCERT FIN

Chairperson 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 Eclipx Group, Gail's current Board roles are Director of MNF Group (ASX: MNF), Sydney Metro and Chair of Prospa (ASX:PGL). During the last three years, Gail served on the Boards of Arq Group (ASX:ARQ), PayPal Australia and, QIC.

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), 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 Ltd 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 Freedom Foods Group Limited, retiring from that position in January 2021.

LINDA JENKINSON BBS, MBA

Independent Non-Executive Director since 4 January 2018.

Linda Jenkinson is a proven global entrepreneur who has started three multi-national companies, one of which listed on the NASDAQ.

Linda is currently a Chair of Guild Trustee Services, Gold Cross Products & Services as well as the Chair of Jaxsta Ltd (JXT-AX). In New Zealand Linda is a Director of Harbour Asset Management and the Chair of Unicef Aotearoa New Zealand. Linda also acts as an Advisory Board chair for Valocity Global. In the United States Linda is a Trustee and Secretary of the Massey Foundation. In the last three years, Linda was also a Director of Air New Zealand.

1. Directors (continued)

Most recently she was the co-founder of John Paul, a global concierge services and digital solutions company that services some of the world's leading customer facing business. Previously she was a partner at A.T. Kearney in their Global Financial Services Practice and was a leader in A.T. Kearney's Global Sourcing Practice.

Linda holds a Master of Business Administration from The Wharton School, University of Pennsylvania, and a Bachelor of Business Studies from Massey University.

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 Chairman 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. He was previously Chairman of Onyx Property Group Pty Ltd and Chairman of Maritime Capital Shipping Ltd, an unlisted Hong Kong dry bulk shipping company.

Russell currently serves as Chair of Aquis Entertainment Ltd and was a Director of Retail Food Group Ltd, resigning in October 2018.

FIONA TRAFFORD-WALKER BECON, MFIN, GAICD

Independent Non-Executive Director since 27 July 2021.

Fiona is currently an independent non-executive director of Link Administration Holdings (ASX:LNK), Perpetual Limited (ASX:PPT), Prospa (ASX:PGL) 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 28 years' experience advising institutional asset owners and investors on investment and governance-related issues. Fiona holds a B.Ec. (Hons) from James Cook University and a Master of Finance from RMIT University. She is also a graduate of the Australian Institute of Company Directors. 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, GAICD

Independent Non-Executive Director since 27 July 2021.

Cathy is currently Chairman of the St. George and Sutherland Medical Research Foundation, and Managing Director of See Y Pty Ltd, a commercial and financial advisory consultancy that provides advisory services to government and business clients.

Cathy's executive leadership experience spans investment banking, institutional and business banking, wealth management, and private banking at ASX-listed and global financial services institutions, in roles including General Manager of Westpac Group businesses including Westpac Commercial Bank, Westpac Private Wealth, and St.George Group Business Bank; Executive General Manager Relationship Management at Commonwealth Bank; Managing Director Enterprise Client Group at GE Capital Australia & NZ; and Head of Corporate Investment Banking at Barclays Capital.

Cathy holds a Bachelor of Laws and Bachelor of Commerce degrees from UNSW, an Executive Certificate of Strategy and Innovation from MIT Sloan Business School and is a graduate of the Australian Institute of Company Directors.

1. Directors (continued)

KERRY ROXBURGH BCOM**,** MBA, MeSAFAA

Chairman and Independent Non-Executive Director resigned 31 August 2021.

Kerry Roxburgh has over 50 years’ experience in financial services. He is a Practitioner Member of the Stockbrokers and Financial Advisers Association.

In addition to being the former Chairman of the Eclipx Group Ltd, he is past Chairman of Tyro Payments Ltd where he was a Non-Executive director from April 2008 retiring at their AGM in October 2019. For 22 years until 2019, he served as the Lead Independent Non-Executive Director of Ramsay Health Care Ltd. For 17 years, he was also a Non-Executive Director of the Medical Indemnity Protection Society and of MIPS Insurance Ltd, chairing their Group Investment Committee until 2020.

Kerry was previously the CEO of E*TRADE Australia and was subsequently Non-Executive Chairman until it was acquired by the ANZ Bank in 2007. Prior to his time at E*TRADE in Australia, Kerry was an Executive Director at the HSBC Bank Australia where, for 10 years he held various positions including Head of Corporate Finance and Executive Chairman of HSBC James Capel in Australia. Prior to HSBC, Kerry spent 20 years as a Chartered Accountant at HLB Mann Judd until 1986 and previously at Arthur Andersen. For 10 years until 2014, Kerry was the inaugural Chairman of the Charter Hall Group (ASX Code: CHC) and in 2015 he retired after 20 years as Chairman of the Board of Tasman Cargo Airlines (a member of the DHL International network), and he was previously a member of the Advisory Board of AON Risk Solutions in Australia.

Kerry also serves as a member of the Executive Advisory Board for Team Thrive Pty Ltd, and since July 2020 he is Chairing a bid under the Federal Cooperative Research Centre ("CRC") grant scheme for Australian research into "Blockchain & the Trust Economy".

2. Company Secretary

Mr Matt Sinnamon (BBUS/LLB, FGIA) was appointed Company Secretary and Group General Counsel on 27 October 2014. He is admitted to the Supreme Court of New South Wales and the High Court of Australia. He is a fellow of the Governance Institute of Australia, Chartered Secretary and is entered on the Roll of Public Notaries.

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.

3. Directors' Meetings

The table below sets out the number of meetings held during the 2021 financial year and the number of meetings attended by each Director. During the year a total of 17 Board meetings, six Audit and Risk Committee meetings and five 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	17	17	6	6	5	5
Trevor Allen	17	17	6	6	5	5
Linda Jenkinson	17	15	6	5	5	5
Russell Shields	17	16	6	6	5	5
Fiona Trafford-Walker	5	5	2	2	1	1
Cathy Yuncken	5	5	2	2	1	1
Kerry Roxburgh	16	16	5	5	4	4

4. Review of operations

Principal activities

We are one of Australia's leading providers of fleet management services and operate in Australia and New Zealand. Our products include a comprehensive range of motor vehicle fleet services from acquisitions, leasing, in-life fleet management and remarketing.

Strategic Pathways

Having successfully completed its Simplification Plan 12 months ahead of schedule during the 2020 financial year, the Group launched Strategic Pathways at the start of the 2021 financial year. Centered around a technology led offering that ensures our client experience is market leading through its speed, simplicity and transparency, the goal of Strategic Pathways is to increase the Group's share of the following markets:

- Corporate
- Novated
- Small and medium-sized enterprises (SME)

5. Coronavirus (COVID-19)

The COVID-19 pandemic and the measures undertaken to contain it have had significant social, medical, and economic impacts in Australia and New Zealand that continue to unfold 18 months from the start of the pandemic. The full extent of the impacts remains unknown.

This health crisis that became an economic crisis required a multifaceted response by the Group. The response includes but is not limited to ensuring the health and safely of employees, working closely with customers and suppliers to support them in their business operations, increasing the rigour around liquidity and risk management and enacting appropriate mitigation actions across all other aspects of the Group's operations.

The main impacts on the Group during the 2021 financial year, mainly related to lower New Business Writings (NBW) and higher end of lease income.

In 2021, customer demand for new leases returned to pre COVID-19 levels however industry-wide delays for new vehicles caused by the global supply shortage of semiconductors, meant the business could not immediately meet this demand. Consequently, the business experienced an elevated lease order backlog and a greater number of leases being extended. As a result, NBW within the Australia Commercial and New Zealand Commercial segments grew marginally at 1% compared to the 2020 financial year, while the Novated segment saw 4% NBW growth. This is a timing impact on NBW whereby the demand for new leases will ultimately be fulfilled albeit over a longer period than it used to take before the COVID-19 pandemic.

A secondary consequence from delays for new vehicles has been the occurrence of inflated second-hand vehicle prices in Australia and New Zealand. This has resulted from the combination of increased demand, coupled with reduced supply of second-hand vehicles. As a result, the business earned an average end of lease income per motor vehicle of $6,558 which is an increase of $3,992 compared to the 2020 financial year.

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 and outcomes that have been applied in the measurement of the Group's assets and liabilities that may arise in the future.

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%).

5. Coronavirus (COVID-19) (continued)

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 inception. This approach was maintained in the 2021 financial year, resulting in the incremental credit impairment loss provision of $2.5 million which was originally recorded in the 2020 financial year being maintained as at 30 September 2021.

The Group made 30 September 2021 estimates based upon all information the Board considers relevant at this time. However, subsequent economic conditions could result in materially different outcomes (better or worse) than the accounting estimates used in the preparation of these financial statements.

6. JobKeeper

The JobKeeper proceeds reported by the Group reflect the payment support received by both the Core and Non-Core businesses.

The Group received no JobKeeper proceeds for the 2021 financial year.

During the 2020 financial year, the Core businesses (Australia Commercial, New Zealand Commercial and Novated) received $2.0 million for the eight-week period from 30 March 2020 to 24 May 2020. The Non-Core businesses, which were all sold during the 2020 financial year, received $2.0 million for the period from 20 March 2020 to 6 August 2020.

At the time of initially applying for JobKeeper during the 2020 financial year, the Group faced challenging financial circumstances. These circumstances informed and impacted the external equity market for the Group's securities, which reflected equity holders' concerns about the viability of the Group at the outset of the COVID-19 pandemic, particularly given the Group's level of financial leverage. This loss of confidence by the equity market was evidenced by the weakening of the Group's share price and by a series of downgrades in sell-side research notes at the time. Like the equity market, the Group was seriously concerned about imminent liquidity risks arising from constrained cash flows and a dislocation in performance.

With the benefit of JobKeeper, the Group reduced financial uncertainty and avoided mass employee stand-downs, employee terminations, non-core business closures and forced annual leave. Crucially, the JobKeeper proceeds enabled the Group to retain its entire team, and to reassign certain staff to implement and administer the dedicated financial hardship program established to support the Group's corporate and novated customers that were experiencing similar financial uncertainty due to COVID-19.

After eight weeks of receiving JobKeeper proceeds, the Core business showed indications of a return of normal trading conditions. At that point, the Group adopted a principled based approach to JobKeeper and voluntarily ceased making any further applications for payments. The Group maintained this principled based approach despite the increasing uncertainties in financial outlook caused by rolling lockdowns, vehicle supply shortages and interstate and international travel restrictions, which eventuated in ways more concerning than the initial COVID-19 lockdowns.

7. 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 amortization (EBITDA). This represents earnings before taxes after indirect costs such as wages, occupancy, 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, other than interest expense on debt allocated to fleet assets.
- Cash net profit after taxes and amortisation (NPATA). This represents earnings of the Group after tax. It excludes significant costs deemed to be non-recurring due to the nature of the cost as well as excluding the amortisation of all intangibles.
- Cash net profit after tax (NPAT). This represents the earnings of the Group after tax excluding significant costs deemed to be non-recurring due to the nature of the cost. It also excludes the amortisation of acquired intangibles.

7. Group financial performance (continued)

The table below reconciles the non-IFRS measures with the statutory profit reported in the Group Statement of Profit or Loss and Other Comprehensive Income. The statutory profit includes the impact of the adoption of AASB16.

$'m	Core		Non-core		Group	
	2021	2020	2021	2020	2021	2020
Net operating income	222.9	173.7	-	11.3	222.9	185.0
Bad and doubtful debts	0.4	(4.4)	-	0.3	0.4	(4.1)
Operating expense	(79.9)	(78.7)	-	(24.8)	(79.9)	(103.5)
EBITDA	**143.4**	**90.6**	**-**	**(13.2)**	**143.4**	**77.4**
Depreciation	(6.6)	(6.6)	-	(1.3)	(6.6)	(7.9)
Share based payments	(4.5)	(6.0)	-	-	(4.5)	(6.0)
Interest on corporate debt	(10.6)	(10.9)	-	(5.1)	(10.6)	(16.0)
Tax	(35.6)	(19.6)	-	5.7	(35.6)	(13.9)
Cash NPATA	**86.1**	**47.5**	**-**	**(13.9)**	**86.1**	**33.6**
Software amortisation (post tax)	(2.5)	(2.5)	-	-	(2.5)	(2.5)
Cash NPAT	**83.6**	**45.0**	**-**	**(13.9)**	**83.6**	**31.1**
Reconciling items to statutory profits						
Amortisation of acquired intangibles (post tax)	(2.4)	(2.7)	-	-	(2.4)	(2.7)
Significant items (post tax)	(5.3)	(5.8)	-	(4.4)	(5.3)	(10.2)
Statutory Profit	**75.9**	**36.5**	**-**	**(18.3)**	**75.9**	**18.2**

Net operating income (NOI)

Core Net Operating Income (NOI) increased by $49.2 million compared to the 2020 financial year. The NOI increase was a result of:

- Lower lease finance costs created by the issuance of asset-backed securitisations in Australia and New Zealand during the financial year.
- Higher end-of-lease income as a result of higher average income per sold motor vehicle, driven by supply shortages and increased demand for second-hand vehicles.
- Higher maintenance profit from lower utilisation of fleets resulting in lower lifetime maintenance expenses.
- Higher management fees from a higher level of leases being extended because of the supply shortage of new vehicles.
- Offset by lower brokerage income because of lower new business writings funded via a principal and agency arrangement.

EBITDA

Core EBITDA increased by $52.8 million compared to the 2020 financial year. In addition to the positive impact from higher NOI, the business also saw a $4.8 million decrease in bad and doubtful debts, partially offset by a $1.2 million increase in operating expenses. Whilst the businesses Core operations saw a $1.6 million reduction in operating expenses, this was offset by $2.8 million of stranded costs returning which were allocated to the Non-Core operations in 2020.

7. Group financial performance (continued)

Cash NPATA

Core Cash NPATA increased by $38.6 million compared to the 2020 financial year. In addition to the abovementioned EBITDA increase of $52.8 million, was the $1.1 million post-tax reduction of share-based payments.

Reconciling items to statutory profit

The major reconciling items between Cash NPAT and statutory profit include:

Amortisation of other intangibles

The $2.4 million amortisation of other intangibles represents the amortisation of brand names and customer relationships.

Significant items

Significant expense items incurred for the 2021 financial year primarily relate to costs associated with the early repayment and refinancing of the corporate debt along with the write-off of associated borrowing costs incurred on the previous corporate debt facility, and employee redundancy payments to employees. These items were partially offset by settlement proceeds received by the Group which participated in a class action against a vehicle manufacturer with respect to a diesel emissions issue.

Significant expense items incurred in the Core business for the 2020 financial year are linked to the Group's Simplification Plan with respect to cost optimisation. Primarily these relate to costs associated with redundancy payments to employees and exit costs of premises. An expense associated with the early repayment of the corporate debt during the period is also included under significant items for the Core business.

Significant items for the Non-Core business for the 2020 financial year relate to the restructure of Right2Drive and an adjustment to the sale proceeds for Eclipx Commercial Finance upon the finalisation of the completion accounts during the financial year.

Segment performance

Australia Commercial

($m)	**2021**	**2020**
Net operating income	**136.7**	102.9
EBITDA	**83.9**	51.5

The Australia Commercial segment specialises in fleet leasing and management that operates under the trading names of FleetPlus and FleetPartners.

EBITDA within the Australia Commercial segment increased by $32.4 million compared to the 2020 financial year. NOI increased by $33.8 million because of higher end of lease income, higher maintenance and management income and lower lease finance costs. Operating expenses increased by $1.2 million because of stranded costs, previously allocated to Non-Core operations, returning to the segment with the disposal of Non-Core assets in the 2020 financial year.

Novated

($m)	**2021**	**2020**
Net operating income	**25.9**	24.7
EBITDA	**11.4**	11.8

The Novated segment specialises in novated leasing and salary packaging. It operates in Australia under the trading names of FleetChoice, FleetPlus and FleetPartners.

EBITDA within the Novated segment decreased by $0.4 million compared to the 2020 financial year. A $1.2 million increase in NOI was largely driven by lower lease finance costs. This was partially offset by $1.5 million of higher operating expenses.

7. Group financial performance (continued)

New Zealand Commercial

($m)	2021	2020
Net operating income	**60.3**	46.1
EBITDA	**48.0**	27.3

The New Zealand Commercial segment specialises in fleet leasing and management and operates under the trading names of FleetPlus and FleetPartners. This segment also operated three used vehicle dealerships under the trading name of AutoSelect. On 30 September 2021 AutoSelect was closed and the remarketing process was outsourced to the largest auto auctioneer in New Zealand.

EBITDA within the New Zealand Commercial segment increased by $20.7 million compared to the 2020 financial year. A combination of higher end of lease income and lower lease finance costs helped drive a $14.2 million increase in NOI.

Furthermore, $1.7 million of lower operating expenses and $4.7 million lower impairment losses contributed to the EBITDA growth in the 2021 financial year.

Non-core

($m)	2021	2020
Net operating income	**-**	11.3
EBITDA	**-**	(13.2)

The Non-Core segment ceased operating during the 2020 financial year with the sale of Right2Drive, an accident replacement vehicle provider, and CarLoans which is an online lending provider of consumer financing for vehicle purchases.

8. Financial position

Inventory

Inventory was $24.8 million as at 30 September 2021 which is an increase of $6.4 million compared to 30 September 2020. As one of the strategic responses to the economic crisis created by the COVID-19 pandemic, the Group reduced the inventory position in the 2020 financial year in order to preserve liquidity. As the pandemic progressed, an observable effect has been an increase in second-hand motor vehicle prices and as such, inventory has begun to return closer to pre COVID-19 levels.

Finance leases

Finance leases were $347.0 million as at 30 September 2021 which is a reduction of $23.3 million compared to 30 September 2020. The decrease of this balance was driven by the level of NBW in the 2021 financial year being insufficient to offset the portfolio run off from expiring leases and lease repayments. NBW were adversely impacted in 2021 by the shortage of new vehicle supply.

Operating leases reported as property, plant and equipment

Operating leases were $850.5 million as at 30 September 2021 which is a reduction of $16.7 million compared to 30 September 2020. The decrease of this balance was driven by an $8.5 million reduction in equipment leases in New Zealand, which is a product no longer offered and the level of NBW in the 2021 financial year being insufficient to offset the portfolio run off from expiring leases and lease depreciation. NBW were adversely impacted in 2021 by the shortage of new vehicle supply.

Borrowings and funding

As at 30 September 2021, gross borrowings include an amount of $96.0 million drawn against the corporate debt facility. This represents a $59.0 million reduction to the 30 September 2020 balance. After deducting cash and cash equivalents, the corporate net debt borrowing as at 30 September 2021 was $19.6 million representing a $79.6 million reduction to the balance at 30 September 2020.

The remaining borrowings of $1,125.2 million relates 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 funds.

8. Financial position (continued)

The Group aims to optimise its funding facilities with committed funding facilities to cater for expected business growth. At 30 September 2021, the Group had undrawn debt facilities of $160.8 million.

	As at		
Total Group assets and liabilities ($m)	**30 September 2021**	**30 September 2020**	**% change**
Inventory	**24.8**	18.4	35%
Finance leases	**347.0**	370.3	(6)%
Operating leases	**850.5**	867.2	(2)%
	1,222.3	1,255.9	(3)%
Other assets	**778.2**	776.6	-
Total assets	**2,000.5**	2,032.5	(2)%
Borrowings	**1,221.2**	1,345.0	(9)%
Other liabilities	**203.6**	179.0	14%
Total liabilities	**1.424.8**	1,524.0	(6)%

Cash flows

The Group saw cash and cash equivalents, including restricted cash, increase by $19.1 million during the 2021 financial year. The increase was driven by high EBITDA driven by elevated 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 $59.0 million repayment of the corporate debt and $27.5 million share buyback.

As at 30 September 2021, the Group held $76.4 million of unrestricted cash and $150.5 million of restricted cash.

9. 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 2021 the Group held unrestricted cash reserves of $76.4 million, and undrawn capacity under its corporate debt facilities of $57.0 million maturing October 2024.

10. Business strategic objectives

The strategy of the Group is focused on accelerating growth across all of its three core segments unpinned by the Strategic Pathways initiative.

At the forefront of this strategy is a technology led offering that ensures our client experience is market leading through its speed, simplicity, and transparency. The Group will also continue to leverage the competitive advantage which is derived from its diverse funding model.

11. 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 and 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 at risk on the residual value and any impairment identified is immediately recognised. • The Group has multiple disposal channels for vehicles returning 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 Group has reduced the inventory held compared to pre-COVID levels, by taking advantage of the current strong used car prices being experienced in the market. • The model and process has been subjected to independent audit which has found the model fit for purpose and no high-risk findings with respect to the process and the internal controls. All findings have been addressed in a satisfactory manner.
The Group may be exposed to increased funding costs due to changes in market conditions	• The Group has a diversified funding structure which includes multiple funding parties. • Funding margins are negotiated and agreed on an annual basis for the warehouse facility 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 new business that is written in the year. • The Group mitigates the interest rate risk by hedging the portfolio and funding is provided based on the contractual maturity of the lease.
The Group is exposed to credit risk	• The Group has a dedicated credit team that assesses risk drawing on nearly 30 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 New Business Writings 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 2021 financial year as a result of COVID-19 driven supply shortages. • The Group is growing in the Novated segment as it continues to educate customers about novated leases and continues to grow the sale of novated leasing.
Maintaining a high-quality employee base	• The Group has a process in place to identify and develop key talent. • Key staff are incentivised through short-term and long-term incentive plans. • Incentive plans have been refreshed to reward individuals for achievements.
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 - Penetration testing on critical systems - Education program to ensure increased vigilance of our staff 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. • Climate Active is the only Australian Government-recognised certification, awarded to organisations who have reached a state of achieving net zero emissions, otherwise known as carbon neutrality. • The Group has a comprehensive program to support customers to transition to electric vehicles.
Non-Financial risk	• The Group's Non-Financial Risk framework allow for the identification, assessment, management, monitoring and reporting of operational risks and compliance obligations. • The framework sets out the how to asses the Group's operational risk profile and helps establish and define policies, processes, procedures and controls used to manage and mitigate operational risks.

12. Subsequent events

On 15 October 2021, the Group established and executed a new Australian warehouse trust under its FP Turbo program. The new warehouse trust, FP Turbo Warehouse Trust 2021-1, has similar terms and conditions to the two Australian warehouse trusts that it replaced, albeit executed at lower cost of funds and has increased the available undrawn facilities at 30 September by A$109 million.

Except for the matters disclosed above, no other matters 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.

13. Changes in state of affairs

During the financial year, there were no significant change to the state of affairs of the Group other than that referred to in the Director’s report, financial statements or notes thereto.

14. 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.

15. Dividends and share buybacks

No dividends were declared for the year ended 30 September 2021 (2020: nil). Further details regarding of dividends are outlined in Note 4.7 in the financial report.

During the year ended 30 September 2021 the Group executed a $27.5 million share buyback program. The shares bought back were subsequently cancelled.

16. 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.

17. Non-audit services

KPMG, the external auditors of the Group provided non-audit services during the 2021 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 consistent with their role of external auditor.

The Group acquired non-audit services from KPMG only where the utilisation of KPMG would be beneficial to the Group due to the specific skills and knowledge the non-audit service team would have regarding the transaction and the impact this could have on the Group.

Following a review of the services provided by KPMG for the 2021 financial year, the Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 in view of the nature and amount of the services provided, and that all non-audit services were subject to the corporate governance procedures adopted by the Company.

The fees paid or payable to KPMG were as follows:

($m)	**2021** **$**	**2020** **$**
Audit and assurance services		
Audit and review of financial statements	1.16	1.03
Non-audit services		
Debt restructuring	-	0.08
Other	0.01	-
Total remuneration for non-audit services for KPMG	0.01	0.08
Total remuneration for KPMG	1.17	1.11

17. Non-audit services (continued)

A copy of the auditor's independence declaration is set out on page 15 of this financial report, and forms part of the Directors Report.

18. 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
Chairperson

Sydney

KPMG

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

To the Directors of Eclipx Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Eclipx Group Limited for the year ended 30 September 2021 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
2 November 2021

30 September 2021

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present our Remuneration Report for the financial year 2021 (FY21), which summarises Eclipx Group Limited's (Group) remuneration strategy and outcomes for Executive Key Management Personnel (Executive KMP) and Non-Executive Directors.

The Group, led by CEO Julian Russell, has continued to deliver strong financial results supported by both revenue growth and cost discipline resulting in record profitability in FY21. This was further enhanced by atypical gains on the sale of end of lease vehicles, reflecting a strong, market for used cars.

Group performance highlights of the FY21 financial year include:

- 166% growth in cash Earnings Per Share (EPS) to 28.1 cents per share
- 110% growth in cash Net Profit After Tax and Amortisation (NPATA) to $86 million
- 61% expansion in market capitalisation to $792 million at 30 September 2021 (increase of $300 million)

Cash conversion was 121% in the FY21 period enabling the Group to invest in our Strategic Pathways initiatives, a strategy designed to deliver sustainable profitability for our shareholders. It also facilitated a reduction in our material corporate net debt of 80% in the period, to $20 million, and enabled the commencement of an inaugural $40 million share buyback program in 2H21.

Despite the challenges presented by the COVID-19 pandemic, the key to our success navigating through the global health crisis was setting high expectations for the performance of our leaders in line with our purpose and values, and continuing the development of a progressive culture, driving workforce engagement, efficiency and innovation. The outperformance of the Group would not have been possible without the resilience, dedication and commitment of the Group's employees in delivering outstanding outcomes for our customers and shareholders.

The team's efforts, including the continuation of our voluntary customer hardship programs in Australia and New Zealand, as well as supporting customers with proactive lease extensions in light of global supply chain shortages, were integral in achieving the results seen this financial year. We appreciate the exceptional efforts of our team as they rapidly adapted to the changing external environment and delivered excellent customer service and strong financial results for our shareholders.

FY21 Incentive Remuneration Outcomes

The FY21 Variable Remuneration Options award, granted in April 2020, vested on the last day of our financial year, 30 September 2021. At the time of grant, these awards were significantly out of the money. The Board introduced a cap to the share price of $2.20 for the Executive KMP, a measure implemented retrospectively by the Board and accepted by Executive KMP in circumstances where they had no obligation to do so. The purpose of the value cap initiative was to ensure that the award limited unintended windfall gains whilst also driving performance, key staff retention and Group sustainability. The Group's strong financial performance over the period and retention of all recipients of the FY21 Variable Remuneration Options over the vesting period clearly demonstrates the intended outcome of creating Group and shareholder value while securing the leadership of the Group for FY21.

More information regarding this award can be found in the response to the Remuneration Report Strike in Section 2 of this report.

There were no STI or any other LTI awards granted in FY21 to the Executive KMP.

Further, there was also a Group-wide short term incentive awarded to all team members (excluding the Executive KMP) paid in FY21. This incentive was in acknowledgement of the teams' tremendous efforts and their significant contribution to the turnaround of the business.

Response to strike and the way forward

The Board has carefully considered the feedback it received regarding the FY20 Remuneration Report. Since receiving the first strike, we have engaged with shareholders and proxy advisors in order to further understand the concerns raised with the FY20 remuneration structure and disclosures set out in the FY20 Remuneration Report.

Following a thorough review of the remuneration framework, balanced with consideration of the feedback received, the board has identified key areas of change to ensure that moving forward the remuneration framework reflects a return to a more normalised operating environment, post-COVID and restructuring of the business. This change continues to be aligned with shareholder value creation and will attract, motivate and retain high quality executives.

The key elements of the framework are listed below:

Short-term Incentive	**Long-term Incentive**	**Other Key Features**
Introduction of an STI award: • Delivered 100% in equity • 12 month performance period with 100% of the award deferred for another 12-months • Balanced Scorecard approach (60% financial, 40% non-financial KPIs) • Risk Gateway	Restructured LTI award: • Delivered in Performance Rights • Absolute EPS as the performance hurdle • Re-based EPS calculation (Both prospective on new grants and retrospectively) to remove any inflation from the COVID-19 induced second hand car price bubble that has been experienced in recent times (more information provided on page 24). • 3 Year performance period	• Introduction of a minimum shareholding requirement • Greater weighting of the remuneration framework will continue to drive long-term shareholder value creation • CEO Grant to be put to shareholders as a resolution at the 2022 AGM

The introduction of an STI award, which has been included as part of the changes to the FY22 remuneration framework, will result in a decrease to the total remuneration opportunity for Executive KMP. This decrease occurs through the application of a discount when transitioning part of the current LTI opportunity to STI. This discount reflects the risk applied to short term vs long term incentive awards, as long-term awards are generally assessed as having a lower probability of vesting.

Successful transition to a new Board Chair and welcoming new Board members

After more than six years of service, Mr Roxburgh handed over the position of Chair to Ms Gail Pemberton AO on May 6, 2021

On 27 July 2021, the Board appointed two new non-executive Directors, Ms Fiona Trafford-Walker and Ms Cathy Yuncken. Both Ms Trafford-Walker and Ms Yuncken bring invaluable relevant experience, skills and knowledge that will serve the Board, the Group and shareholders as we continue to implement Strategic Pathways.

Kerry Roxburgh AM retired from the Group's Board on 31 August 2021 and in parallel I was appointed Chair of the People, Culture, Remuneration & Nomination Committee.

Following Mr Roxburgh's retirement, the Group's Board now comprises of six highly experienced Non-Executive Directors, including Group Chair Ms Pemberton. This composition of female representation makes the Group a leader in the ASX300 for Director gender diversity.

Our remuneration strategy supports the Group's business strategy

The Board is committed to:

- reviewing pay structures and incentive arrangements to drive alignment between Strategic Pathways and associated remuneration outcomes;
- ensuring remuneration strategy reflects good governance, has undergone consultation with key stakeholders, and is transparent in its outcomes;
- driving sustainable outperformance for shareholders over the short, medium and longer term; and
- aligning with shareholders' interests by incorporating significant equity components - encouraging executives to focus on sustainable, long-term value creation.

On behalf of the Board, we invite you to read the Report. We look forward to receiving your feedback at the Annual General Meeting.

Yours faithfully,

Linda Jenkinson
Chair of the People, Culture Remuneration & Nomination Committee

Remuneration Report (audited)

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1. Who is covered by this Report?

This Report covers the Group's executive key management personnel (**KMP**), who are the team responsible for determining and implementing the Group's strategy. For the year ended 30 September 2021, the executive KMP were:

Name	Position	Term as KMP
Executive KMP		
Julian Russell	Chief Executive Officer	Full Year
Bevan Guest	Chief Commercial Officer	Full Year
Damien Berrell	Chief Financial Officer	Full Year
Non-Executive Directors		
Gail Pemberton	Independent Chair from 6 May 2021, Independent Non-Executive Director until 6 May 2021	Full Year
Kerry Roxburgh	Independent Chair until 6 May 2021, Independent Non-Executive Director until 31 August 2021	Part Year
Trevor Allen	Independent Non-Executive Director	Full Year
Russell Shields	Independent Non-Executive Director	Full Year
Linda Jenkinson	Independent Non-Executive Director	Full Year
Fiona Trafford-Walker	Independent Non-Executive Director	Appointed 27 July 2021
Cathy Yuncken	Independent Non-Executive Director	Appointed 27 July 2021

Bevan Guest, left the Group on 26 October 2021.

2. Response to the Remuneration Report Strike

In FY21, the Group received a first strike against the Remuneration Report, and has addressed the key items of concern that were raised as follows:

Remuneration Component	Issue Raised	Eclipx's Response
FY21 Variable Remuneration Options **(Granted in April 2020)**	Large options allocations to Executive KMP in FY20 with the grant of one-off FY21 Variable Remuneration Options award with an 18-month performance period, subject to no performance hurdles	The issue, ahead of normal timing, of the FY21 Variable Remuneration Options grant ("FY21 Variable Remuneration Options") was in response to a set of conditions that were well outside normal market conditions. In determining its remuneration strategy for the years ahead, in April 2020, the Board took action to address a complex set of existential risks and challenges to the Group and its performance, including: • The unusual circumstances the Board, Executive KMP and Executive Leadership Team faced as a result of the COVID-19 pandemic. At the time of issuing the FY21 Variable Remuneration Options, the Group was dealing with the consequences of the COVID-19 pandemic, combined with a new Executive Leadership Team, whereby eight of the top ten senior executives were replaced during FY20 or immediately prior. • The LTI awards previously granted to the new Executive KMP and Executive Leadership Team in lieu of certain compensation they had forgone with their previous employers were significantly out-of-the-money following the COVID-19 induced fall in the share price to an all-time low of 36 cents on 23 March 2020. • To preserve liquidity during the height of the pandemic period, the Board, CEO, CFO, CCO, and entire Executive Leadership Team took material fixed remuneration reductions, with the CEO notably forgoing 50% of his salary. • The Executive KMP and Executive Leadership Team were also part way through implementing the major Group restructure known as the Simplification Plan. • At the time of issue of the FY21 Variable Remuneration Options, no Executive KMP had any options vest from previous equity awards. In recognition of this unusual combination of challenges and risks, the Board's objective in issuing the FY21 Variable Remuneration Options, ahead of normal timing was to ensure the retention and motivation of its entire Executive KMP and Executive Leadership Team. The Board, Executive KMP and Executive Leadership Team took proactive steps to de-risk the Group's Balance Sheet and furthermore did not raise capital during this period, thereby avoiding shareholder dilution. This award was designed in a manner that would enhance shareholder value whilst simultaneously rewarding Executive KMP and the Executive Leadership Team for successfully navigating Eclipx out of challenging times. The overall outcome of the FY21 Variable Remuneration Options have also been capped for Executive KMP at a share price of $2.20, a measure implemented retrospectively by the Board and accepted by Executive KMP. The goal of this value cap was to ensure that the award acted in a manner that limited unintended windfall gains whilst also driving performance, key staff retention and Group sustainability. These key objectives have been achieved with 100% retention of Executive KMP and the Executive Leadership Team during the vesting period whilst delivering strong financial performance over the 18-month performance period.

Remuneration Component	Issue Raised	Eclipx's Response
FY21 Variable Remuneration Options	Accelerated grant date of the FY21 award	The timing of the FY21 Variable Remuneration Options grant coincided with considerable concerns raised by the Group's shareholders regarding the retention of new the Executive KMP and the Executive Leadership Team who did not have 'skin in the game'.
LTI	Concerns over issued equity awards exceeding 10% of issued capital	The Board advises that, based on the share price at the time of the FY21 AGM, the true forecast net dilution for all awards, when taking into account shares already issued and held in the Group's ESOP trust plus expected share forfeitures by former staff, was approximately 4% of issued share capital for all outstanding grants. The potential vesting arising from the awards is therefore well under the 10% threshold as per local market standards. Vesting of the FY21 Variable Remuneration Options will create no additional dilution, as the ESOP trust has acquired sufficient shares via on-market purchases to meet this obligation.
LTI	Single metric for the FY20 LTI award	The Board implemented an EPS growth measure for the FY20 LTI award to ensure the award aligns with Group and shareholder value creation and that the incentive plan motivates and retains Executive KMP and the Executive Leadership Team. A number of alternate performance measures were considered in designing the FY20 LTI award and it was determined by the Board that the EPS growth measure (with a 3% - 5% performance requirement from threshold to maximum) was best fit for purpose in rewarding Executive KMP and the Executive Leadership Team whilst aligning with Group and shareholder value creation. The Group continues to review the remuneration framework to ensure the performance measures for each award serve to best align the interests of shareholders and award participants.
Total Remuneration Package	High level of CEO's total pay including the FY21 Variable Remuneration Options, relative to peers	Given this feedback, the Board restructured the Remuneration Framework to reflect a return to a more normalised operating environment, post-covid and restructuring of the business. As a result of this restructure, the CEO's total pay now comprises of a mix of fixed and variable compensation in STI & LTI and provides a remuneration structure that rewards the CEO for long-term value creation for the shareholders. The Board also considered benchmarking data, other factors such as the current market conditions and sentiment, the trajectory of the Group's growth, strategic objectives, competency and skill set of individuals, scarcity of talent, role complexity and geographical spread of the Group.

3. Remuneration Report Snapshot

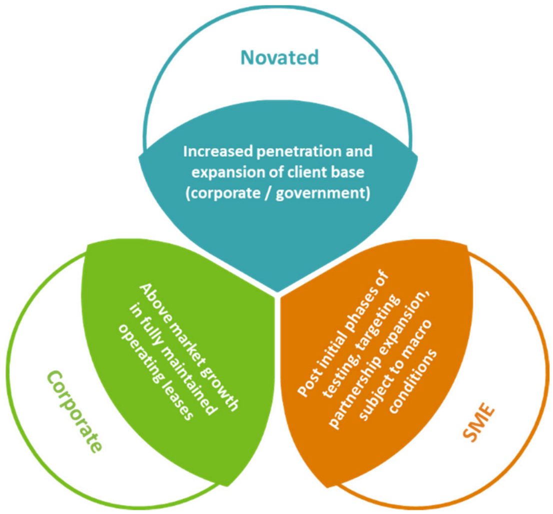
3.1 Our remuneration strategy

Strategic Pathways

Following the successful and early completion of the Simplification Plan in 2020, the Group commenced the implementation of the next phase of its strategic journey, Strategic Pathways.

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 is summarised in the graphic below.



3.2 Our remuneration objectives

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

Culture
Drive a culture of rewarding high performance and engagement

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

Risk Management
Risk management focused with clear practices in place that minimise potential conflicts of interest and enable effective and aligned decision making

3.3 FY21 Executive KMP remuneration framework snapshot

FY21 *Remuneration components*

	Fixed remuneration	FY21 Variable Remuneration Options
What is it?	Base salary, non-monetary benefits and superannuation	Options allocated using a fair value methodology
Purpose	Attract and retain key talent based on capability and experience to deliver strategy	Motivate, retain and reward key employees, focusing on sustainable performance, and providing participants with exposure to the Group's shares
Link to performance	Set based on the individual's experience, capability and the value they bring to the Group	Will only deliver value to participant where strong share price growth occurs
Alignment with business strategy	Attract and retain based on comparable roles in companies with similar market capitalisation	Rewards individuals for delivering business performance that accelerates shareholder value creation

Remuneration mix

The remuneration mix for Executive KMP consists of fixed and at-risk remuneration. The FY22 remuneration mix represents the change in the remuneration framework moving forward. Further details on the FY22 Executive Remuneration Framework can be found in section 4.

4. FY22 Remuneration Changes

During FY21, the Board reviewed the Executive Remuneration Framework to ensure it aligns with delivering the Group's strategy, and is effective in driving our strategic outcomes. This enables us to retain our Executive KMP and Executive Leadership Team as well as motivating them to exceed their expected performance outcomes.

The Group is on a journey to transform our product and customer experience and continues to be committed to creating a more sustainable organisation through our business practices, leadership behaviours and culture.

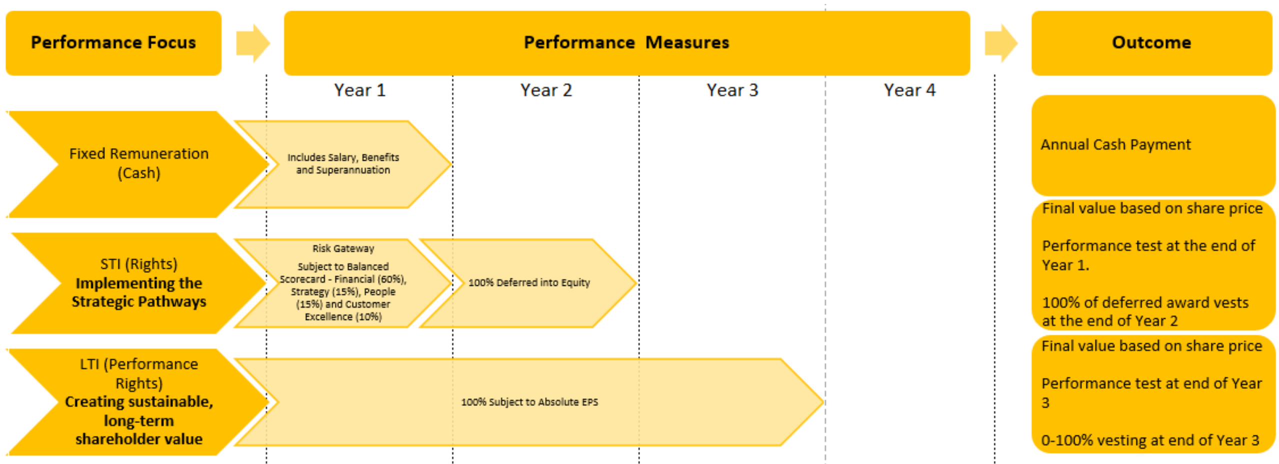
These considerations are reflected in the actions the Board is taking to evolve elements of our Executive Remuneration Framework as outlined below. In taking these actions, the Board has listened to feedback from shareholders and other stakeholders.

Changes to the Executive Remuneration Framework

The Group's Executive Remuneration Framework will change at the commencement of FY22 and will apply to both the Executive KMP and the Executive Leadership Team.

An STI award has been implemented to assist in strengthening the framework's ability to motivate and retain top talent. Through this change, the total remuneration package for Executive KMP has decreased, whilst the variable component of remuneration remains 100% in equity and the STI award is deferred for a period of 12 months. The Board believes the updated Executive Remuneration Framework is robust and best fit for purpose, aligning Executive KMP with shareholder value creation.

The structure of the overall updated framework is provided below.



The Board has also sought to introduce two new elements to our Remuneration practices;

- Introduction of a minimum shareholding requirement (100% of Fixed Remuneration for CEO, 50% of Fixed Remuneration for other Executive KMP)
- CEO LTI Grant to be put to shareholders as a resolution at the FY22 AGM

EPS Performance Measure under the LTI award

Following a comprehensive review of the Executive Remuneration Framework by the Board and its external advisors, the Board considered a number of alternative performance measures. As a result, absolute EPS has been retained as the LTI performance measure as the most appropriate long-term performance measure for LTI grants. The Board will continue to review this annually to ensure that the LTI Plan and relevant performance measures are appropriate and align with shareholder value creation.

In calculating EPS growth targets for the FY22 LTI grants, the Board has identified certain factors elevating this performance measure. Each of these factors were substantially influenced by the COVID-19 business environment. In this context, the Board has concluded that there is a need for re-basing adjustments to be made to the FY21 Cash Net Profit After Taxes and Amortisation (NPATA). These adjustments are intended to ensure FY21 reflects a normalised operating environment, and appropriate EPS growth targets for the FY22 LTI grants are set. The NPATA adjustments will be calculated by substituting the FY21 provision releases and end of lease income with the FY19 equivalent metrics, the last financial period of a normalised environment prior to COVID-19. This will result in a $31m post tax adjustment at the NPATA level, lowering the FY21 reference NPATA from $86m to $55m. This re-base will apply to both to the FY22 award, and any applicable awards on foot with an FY21 EPS performance measure.

5. Link between Group performance and remuneration outcomes

5.1 Historical performance against key metrics

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

	FY17	FY18	FY19	FY20	FY21
Cash NPATA ('$000)	68,275	78,108	23,823	33,615	86,149
Cash EPS (cents)	25.1	24.7	7.5	10.6	28.1
Statutory EPS (cents)	20.3	19.8	(107.0)	5.8	24.7
Share price at the end of the year	$4.05	$2.57	$1.79	$1.54	$2.47
Interim dividend paid (cents)	7.50	8.00	-	-	-
Final dividend paid (cents)	7.75	8.00	-	-	-
Share buy-back ('$000)	-	-	-		27,587

5.2 FY21 Remuneration Outcomes

The FY21 Variable Remuneration Options, granted in April 2020, vested on the last day of our financial year, 30 September 2021. Further, Bevan Guest had an FY18 grant of service rights vest on 18 August 2021. There were no STI or LTI awards granted in FY21.

The overall outcome of the FY21 Variable Remuneration Options awarded to Executive KMP have been capped at a share price of $2.20, a measure implemented retrospectively by the Board. This value cap was supported and accepted by Executive KMP in circumstances where they had no obligation to do so, in recognition that the Board's value cap initiative would ensure that the award acted in a manner that limited unintended windfall gains whilst also driving performance, key staff retention and Group sustainability. The Group's strong financial performance and 100% retention of FY21 Option recipients over the vesting period clearly demonstrates the intended outcome of this award in creating Group and shareholder value and securing the leadership of the Group.

Further information on the FY21 Variable Remuneration Options award can be found below in section 6.

6. Remuneration framework for FY21

6.1 Fixed Remuneration

All Executive KMP were subject to a Superannuation Guarantee Contribution increase of 0.5% from 1 July 2021. This increase was deducted from base salary.

6.2 FY21 Variable Remuneration Options

From late February 2020, the Group experienced a significant decline in its share price as a consequence of COVID-19 and the significant business challenges created by the global pandemic.

Originally scheduled for issuance in November 2020, the Board decided to bring forward this grant of premium-priced options to Executive KMP to April 2020 (FY21 Variable Remuneration Options). The Board made this decision to drive alignment between Executive KMP and shareholders amidst a difficult operating environment. This shareholder alignment was demonstrated in the Executive KMP's rejection of dilutive equity raising proposals that many other ASX listed companies resorted to at that time.

As set out below, the exercise prices of the two tranches of the FY21 Variable Remuneration Options were set at a 20% (12 cents) and 35% (22 cents) premium to the Group's five day value-weighted average share price at the time of grant, which meant that the options would not deliver value to Executive KMP unless there was a material increase in the Group's share price.

The Board adopted this course of action for the following reasons:

- it was critical to the success of the Group that Executive KMP were motivated and incentivised to deliver on the Simplification Plan and to drive share price performance. The FY21 Variable Remuneration Options were intended to strengthen the alignment between the interests of the Group's shareholders and Executive KMP and provide more "skin in the game" to motivate Executive KMP in challenging market conditions; and
- the equity awards held by Executive KMP were also materially "out of the money" at the time of grant of the FY21 Variable Remuneration Options, and some new appointments at the Executive KMP level did not hold meaningful positions in the Group's LTI plans due to tenure. The FY21 Variable Remuneration Options were structured to support retention of key talent who were necessary to deliver on the Simplification Plan and to generate long-term sustainable value for our shareholders.

Key terms of the FY21 Option grant made to Executive KMP are outlined in the following table:

Key feature	Detail
Over what time period were the FY21 Variable Remuneration Options delivered?	The FY21 Variable Remuneration Options were subject to service over an eighteen-month vesting period and are exercisable for a one-year period after vesting.
How were the FY21 Variable Remuneration Options delivered?	The FY21 Variable Remuneration Options were provided in the form of options over Eclipx Group Limited ordinary shares in two tranches: • Tranche 1: Exercise price of $0.75 • Tranche 2: Exercise price of $0.85 The exercise prices for the FY21 Variable Remuneration Options were set at a 20% and 35% premium to the value-weighted average share price for the 5 days prior to grant. The number of FY21 Variable Remuneration Options granted was determined by the Board based on a percentage of the Executive KMP's fixed remuneration and the fair value of an Option calculated when the FY21 Variable Remuneration Options were granted. The Group uses the fair value methodology when calculating the number of FY21 Variable Remuneration Options to grant.

Key feature	Detail

The table below presents the number and fair value of the FY21 Variable Remuneration Options granted to the Executive KMP.

	Tranche 1[(1)]		Tranche 2[(2)]	
	Number Granted	**Fair Value**	**Number Granted**	**Fair Value**
Julian Russell[3]	4,402,516	$611,950	5,147,059	$602,206
Bevan Guest	2,264,151	$314,717	2,647,059	$309,706
Damien Berrell	864,780	$120,204	1,011,029	$118,290

(1) On the date the FY21 Variable Remuneration Options were granted (4 April 2020) they were "underwater", as the exercise price of ($0.75) was set based on a 20% premium to the VWAP for the last 5 days prior to issue.
(2) On the date the FY21 Variable Remuneration Options were granted (4 April 2020) they were "underwater", as the exercise price of ($0.85) was set based on a 35% premium to the VWAP for the last 5 days prior to issue.
(3) The Fair Value of FY21 Variable Remuneration Options issued to Julian Russell was $1.21 million, 13% lower than the $1.4 million that was contracted to be paid as an FY21 grant in his employment contract, the summary of which was disclosed to the ASX on 13 May 2019.

Key feature	Detail
Maximum Value Cap	The Board has implemented a $2.20 value cap for Executive KMP on these awards. This was implemented retrospectively by the Board and was supported and accepted by management.
Were dividends paid during the vesting period?	No.
How were the FY21 Variable Remuneration Options valued?	The FY21 Variable Remuneration Options granted to participants were valued by using the Binomial Tree methodology.
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 lapse all FY21 Variable Remuneration Options.
How will the FY21 Variable Remuneration Options be satisfied?	The FY21 Variable Remuneration Options will be satisfied using shares already issued and held as part of the ESOP trust. No additional dilution will occur as a result of the exercise of the FY21 Variable Remuneration Options.
How does the $2.20 value cap operate	The overall outcome of the FY21 Variable Remuneration Options have been capped at a share price of $2.20 for Executive KMP, a measure implemented retrospectively by the Board. The value cap does not apply in the event of a change of control where, as a result of any event or transaction, a new person or entity becomes entitled to a significant percentage of shares in the Group. • In the event of a 50% change of control of the Group, all vested FY21 Variable Remuneration Options will vest in full, and the options will be exercisable until the end of the original exercise period, subject to the Board determining that an alternative treatment should apply. • Where a transaction or event occurs, other than a 50% Change of Control, that in the opinion of the Board should be treated as a change of control for the purposes of the Plan, the Board can determine the appropriate treatment of vested FY21 Variable Remuneration Options.

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.

	Julian Russell	Bevan Guest	Damien Berrell
Notice period	9 months by either party	9 months by the Executive 6 months by the Group	6 months by either party
Termination entitlement when initiated by the Group	9 months	6 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 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 are no changes to Board fees in FY21.

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 FY21, 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 FY21 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

8.2 FY21 remuneration

The following table shows the statutory remuneration received by NEDs in FY21.

		Salary and fees		Short term benefits	Post-employment benefits	Share based payments	
		Cash ($)	Fees sacrificed to acquire share rights ($)	Non-monetary ($)	Superannuation ($)	Equity settled ($)	Total ($)
Gail Pemberton (Board Chair)	FY21	191,336	-	-	17,757	-	209,093
	FY20	140,982	-	-	13,393	-	154,375
Kerry Roxburgh (Former Chair)	FY21	194,848	-	-	17,441	-	212,289
	FY20	126,999	120,313	-	10,502	-	257,813
Russell Shields	FY21	128,374	-	-	11,963	-	140,337
	FY20	119,292	-	-	11,333	-	130,625
Trevor Allen	FY21	159,773	-	-	3,352	-	163,125
	FY20	147,359	-	-	7,016	-	154,375
Linda Jenkinson	FY21	133,056	-	-	12,388	-	145,444
	FY20	119,292	-	-	11,333	-	130,625
Fiona Trafford-Walker	FY21	25,542	-	-	2,150	-	27,692
	FY20	-	-	-	-	-	-
Cathy Yuncken	FY21	25,542	-	-	2,150	-	27,692
	FY20	-	-	-	-	-	-

9. Remuneration governance

Board

The Board oversees the Group's Remuneration Policy, which includes:

- Monitoring the performance of Senior Executives
- Approving Executive KMP remuneration (based on the recommendations of the committee)

Audit and Risk Committee

The Audit and Risk Committee:

- advises the committee of material risk management issues or compliance breaches.
- Assesses and advises of any audit matters which may impact remuneration outcomes.

People, Culture, Remuneration and Nomination Committee

The People, Culture, Remuneration and Nomination Committee is responsible for making recommendations to the Board in relation to the Remuneration Policy. This may include recommendations in relation to:

- Remuneration Strategy;
- The appointment, performance and remuneration of Executive KMP; and
- The design and positioning of remuneration elements, including fixed and "at-risk" pay, equity-based incentive plans and other employee benefit programs

Remuneration Advisors

The Committee has appointed Ernst & Young (EY) as the external remuneration advisor to the Group. EY provides independent advice in relation to:

- Market remuneration practices and trends;
- Regulatory frameworks; and
- The design and valuation of equity awards, including tax and accounting advice.

No remuneration recommendations (as defined in Section 9B of the Corporations Act 2001) were requested or provided by EY or any other advisors.

Management

The Chief Executive Officer is responsible for making recommendations to the Committee in relation to the remuneration of the Executive KMP.

10. Statutory disclosures

10.1 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				Long term benefits			
		Salary ($)	Non-monetary ($)[1]	Annual leave ($)	Cash bonus ($)	Long Service Leave ($)[2]	Super-annuation ($)	Share based payments ($)[3]	Total ($)
Julian Russell	FY21	698,369	4,214	31,961	-	6,122	22,163	1,747,978	2,510,807
	FY20[4]	617,828	6,531	26,980	-	585	20,772	1,377,873	2,050,569
Bevan Guest	FY21	581,837	19,164	(252)	-	9,214	22,616	1,114,633	1,746,759
	FY20[4]	532,049	40,115	28,948	-	58,935	20,772	950,680	1,631,498
Damien Berrell	FY21	398,387	4,214	2,852	-	1,292	22,163	319,367	748,728
	FY20[4]	146,502	2,127	14,109	-	153	9,593	253,760	426,244

(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. A grant of performance rights was made and cancelled in FY20.
(4) FY20 salary was pro-rata for the period the executive was Executive KMP, and reflective of COVID salary reduction for period covering Apr 20 to Jun 20

10.2 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 amount reported is the value of Share-Based payments calculated in accordance with AASB2 Share-Based Payment over the vesting period.

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	Expiry date
Julian Russell	FY21 Variable Remuneration Options	Options	Service	4,402,516	04/04/20	$0.75	0.14	611,950	30/09/21	-	30/09/22
		Options	Service	5,147,059	04/04/20	$0.85	0.12	602,206	30/09/21	-	30/09/22
	FY20 LTI	Options	EPS	4,590,164	27/11/19	$1.63	0.31	1,400,000	27/11/22	-	26/11/24
	FY19 LTI	Options	Service	6,363,636	24/05/19	$1.20	0.22	1,400,000	23/05/22	-	23/05/23
Bevan Guest	FY21 Variable Remuneration Options	Options	Service	2,264,151	04/04/20	$0.75	0.14	314,717	30/09/21	-	30/09/22
		Options	Service	2,647,059	04/04/20	$0.85	0.12	309,706	30/09/21	-	30/09/22
	FY20 LTI	Options	EPS	2,360,656	27/11/19	$1.63	0.31	720,000	27/11/22	-	26/11/24
	FY19 LTI	Options	Service	2,840,911	24/05/19	$1.20	0.22	625,000	23/05/22	-	23/05/23
	FY19 LTI	Options	TSR	200,000	17/12/18	$2.54	0.26	52,000	10/11/21	-	16/12/23
		Options	EPS	200,000	17/12/18	$2.54	0.28	56,000	10/11/21	-	16/12/23
		Rights	TSR	50,000	17/12/18	-	1.22	61,000	10/11/21	-	16/12/23
		Rights	EPS	50,000	17/12/18	-	2.07	103,500	10/11/21	-	16/12/23
		Rights	Service	50,000	17/12/18	-	2.07	103,500	10/11/21	-	16/12/23
	FY18 Grant	Rights	Service	200,000	17/08/18	-	2.26	452,000	18/08/21	200,000	16/08/23
	FY18 LTI	Options	TSR	90,000	08/11/17	$4.18	0.65	58,500	08/11/20	-	08/11/22
		Rights	TSR	22,500	08/11/17	-	2.47	55,575	08/11/20	-	08/11/22

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	Expiry date
Damien Berrell	FY21 Variable Remuneration Options	Options	Service	864,780	04/04/20	$0.75	0.14	120,204	30/09/21	-	30/09/22
		Options	Service	1,011,029	04/04/20	$0.85	0.12	118,290	30/09/21	-	30/09/22
	FY20 Sign-on Grant(1)	Options	Service	819,672	27/11/19	$1.63	0.31	250,000	27/11/22	-	26/11/24
	FY20 LTI	Options	EPS	747,682	27/11/19	$1.63	0.31	228,043	27/11/22	-	26/11/24

(1) In recognition for forgoing incentives from his former employer, Mr Berrell was issued a sign-on grant in the form of options with the fair value of $250,000. These options vest in November 2022 and were considered necessary by the Board to attract an executive of Mr Berrell's calibre and fleet industry experience to the Group.

10.3 Equity instruments

The table below shows details of the share and option holdings of KMP:

	Held as at 30 September 2020			Net Change			Held as at 30 September 2021		
	Shares	Rights	Options	Shares	Rights	Options	Shares	Rights	Options
Non-Executive Directors									
Gail Pemberton (Board Chair)	428,545	-	-	21,676	-	-	450,221	-	-
Kerry Roxburgh (Former Board Chair)	244,060	85,657	-	91,577	(85,637)	-	335,637	-	-
Russell Shields	285,647	-	-	-	-	-	285,647	-	-
Trevor Allen	189,846	-	-	-	-	-	189,846	-	-
Linda Jenkinson	3,258	-	-	5,000	-	-	8,258	-	-
Fiona Trafford-Walker	-	-	-	-	-	-	-	-	-
Cathy Yuncken	-	-	-	-	-	-	-	-	-
Current Executives									
Julian Russell	-	-	20,503,375	-	-	-	-	-	20,503,375
Bevan Guest	50,745	417,500	11,130,277	(50,745)	(45,000)	(527,500)	-	372,500	10,602,777
Damien Berrell	-	-	3,443,163	-	-	-	-	-	3,443,163

10.4 Loans

Loan shares issued under the Group's LTI plans prior to FY16 were funded by the Group. Recourse under the loans is limited to the shares and the proceeds of any sale of the shares. The loan is interest free and must be repaid by the expiry date. The Board ceased issuing Loan shares under the Group's LTI plans in FY16.

Pre-IPO loan share plan

In 2014, the then CEO Mr Doc Klotz and CFO Mr Garry McLennan were offered loan shares under the share ownership plan prior to the IPO that were not subject to vesting conditions. Treatment of the loan shares upon the cessation of their employment was as follows:

- Mr Klotz's and Mr McLennan's loan shares vested; and
- the loan is required to be repaid by 1 October 2021, unless the shares are sold earlier.

These loans were repaid in full during FY21.

Details of these loans are as follows:

Loan Share Holder	Opening loan balance on 1 October 2020 ($)	Loan repayment ($)	Closing loan balance on 30 September 2021 ($)	Opening vested loan shares on 1 October 2020	Loan shares sold to settle loan	Closing loan shares on 30 September 2021
Doc Klotz	5,854,967	(5,854,967)	-	3,539,118	(3,539,118)	-
Garry McLennan	5,854,967	(5,854,967)	-	3,539,118	(3,539,118)	-

10.5 Other transactions

Transactions with other related parties are made on normal commercial terms and conditions.

Eclipx Group Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 September 2021

	Notes	Consolidated 2021 $'000	Consolidated 2020 $'000
Revenue from continuing operations	2.3	**648,057**	674,248
Cost of revenue	2.3	**(381,194)**	(442,024)
Lease finance costs	2.4	**(44,002)**	(58,456)
Net operating income before operating expenses and impairment charges		**222,861**	173,768
Impairment release/(losses) on loans and receivables		**440**	(4,428)
Other Intangible Impairment	3.7	**-**	(398)
Total impairment		**440**	(4,826)
Employee benefit expense		**(61,840)**	(65,155)
Depreciation and amortisation expense	2.4	**(13,159)**	(13,793)
Operating overheads	2.4	**(22,396)**	(26,787)
Total overheads		**(97,395)**	(105,735)
Operating finance costs	2.4	**(18,365)**	(20,815)
Profit before income tax from continuing operations		**107,541**	42,392
Income tax expense	2.6	**(31,591)**	(12,162)
Profit from continuing operations		**75,950**	30,230
Loss after tax from discontinued operations	2.2	**-**	(12,025)
Profit for the year		**75,950**	18,205
Other comprehensive income			
Items that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges		**13,915**	1,659
Exchange differences on transaction of foreign operations		**6,735**	(291)
Other comprehensive income for the year		**20,650**	1,368
Total comprehensive income for the year		**96,600**	19,573
Profit attributable to:			
Owners of Eclipx Group Limited		**75,950**	18,205
Total comprehensive income for the year attributable to:			
Owners of Eclipx Group Limited		**96,600**	19,573

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

Eclipx Group Limited
Statement of Profit or Loss and Other Comprehensive Income (Continued)
For the year ended 30 September 2021

		2021 Cents	2020 Cents
Earnings per share from continuing and discontinued operations			
Basic earnings per share	2.5	**24.7**	5.8
Diluted earnings per share	2.5	**23.0**	5.6
Earnings per share from continuing operations			
Basic earnings per share	2.5	**24.7**	9.6
Diluted earnings per share	2.5	**23.0**	9.3
Earnings per share from discontinued operations			
Basic earnings per share	2.5	**-**	(3.8)
Diluted earnings per share	2.5	**-**	(3.8)

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

Eclipx Group Limited
Statement of Financial Position
As at 30 September 2021

	Note	Consolidated 2021 $'000	Consolidated 2020 $'000
ASSETS			
Cash and cash equivalents	4.3	**76,443**	55,776
Restricted cash and cash equivalents	4.3	**150,506**	152,022
Trade receivables and other assets	3.4	**58,281**	68,534
Inventory		**24,842**	18,425
Finance leases	3.3	**346,960**	370,299
Operating leases reported as property, plant and equipment	3.1	**850,485**	867,164
Deferred tax assets	2.6	**-**	3,366
Property, plant and equipment	3.1	**3,829**	6,029
Right-of-use assets	3.2	**16,941**	21,565
Intangibles	3.7	**472,204**	469,306
Total assets		**2,000,491**	2,032,486
LIABILITIES			
Trade and other liabilities	3.5	**132,664**	107,771
Provisions		**9,691**	9,810
Derivative financial instruments	4.4	**5,919**	28,091
Borrowings	4.1	**1,221,164**	1,344,992
Lease liabilities	3.6	**19,455**	23,774
Deferred tax liabilities	2.6	**35,919**	9,563
Total liabilities		**1,424,812**	1,524,001
Net assets		**575,679**	508,485
EQUITY			
Contributed equity	4.5	**639,213**	654,765
Reserves	6.1	**183,768**	176,972
Retained earnings		**(247,302)**	(323,252)
Total equity		**575,679**	508,485

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

Eclipx Group Limited
Statement of Changes in Equity
For the year ended 30 September 2021

Consolidated	Note	Attributable to owners of Eclipx Group Limited Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 30 September 2019		654,765	167,797	(341,457)	481,105
Profit for the year		-	-	18,205	18,205
Cash flow hedges		-	1,659	-	1,659
Foreign currency translation		-	(291)	-	(291)
Total comprehensive income for the year		-	1,368	18,205	19,573
Transactions with owners in their capacity as owners:					
Net movement in employee share schemes	6.1	-	5,984	-	5,984
Movement in treasury reserve		-	1,823	-	1,823
Balance at 30 September 2020		**654,765**	**176,972**	**(323,252)**	**508,485**
Balance at 30 September 2020		654,765	176,972	(323,252)	**508,485**
Profit for the year		-	-	75,950	**75,950**
Cash flow hedges		-	13,915	-	**13,915**
Foreign currency translation		-	6,735	-	**6,735**
Total comprehensive income for the year		-	20,650	75,950	**96,600**
Transactions with owners in their capacity as owners:					
Net movement in employee share schemes	6.1	-	3,179	-	**3,179**
Movement in treasury reserve		-	19,620	-	**19,620**
Issue of new shares		11,314	-	-	**11,314**
Acquisition of treasury shares		-	(35,932)	-	**(35,932)**
On market share buy back		-	(27,587)	-	**(27,587)**
Cancellation of shares		(26,866)	26,866	-	**-**
Balance at 30 September 2021		**639,213**	**183,768**	**(247,302)**	**575,679**

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

Eclipx Group Limited
Statement of Cash Flows
For the year ended 30 September 2021

	Note	Consolidated 2021 $'000	2020 $'000
Cash flows from operations			
Receipts from customers		**719,509**	755,453
Payments to suppliers and employees		**(268,658)**	(264,107)
Cash generated from operating activities		**450,851**	491,346
Income tax received		**3,552**	2,138
Interest received		**376**	1,172
Interest paid		**(57,855)**	(77,837)
Net cash inflow from operating activities	6.7	**396,924**	416,819
Cash flows from investing activities			
Purchase of items reported under operating leases reported as property, plant and equipment	3.1	**(268,253)**	(266,041)
Purchase of items reported under finance leases		**(140,142)**	(141,408)
Purchase of property, plant and equipment and intangibles		**(6,187)**	(2,626)
Proceeds from sale of discontinued operations		**-**	6,383
Proceeds from completion payments		**11,155**	406
Proceeds from sales of inventory		**210,859**	217,093
Net cash outflow from investing activities		**(192,568)**	(186,193)
Cash flows from financing activities			
Proceeds from borrowings		**403,644**	383,139
Repayments of borrowings		**(546,792)**	(643,586)
Payment of lease liabilities		**(2,696)**	(4,161)
Proceeds from settlement of long term incentive plans		**10,554**	1,822
Proceeds from issue of shares		**11,314**	-
On market share buy back		**(27,587)**	-
Purchase of treasury shares		**(35,932)**	-
Net cash outflow from financing activities		**(187,495)**	(262,786)
Net increase / (decrease) in cash and cash equivalents		**16,861**	(32,160)
Cash and cash equivalents at the beginning of the financial year, net of overdraft		**207,798**	239,678
Exchange rate variations on New Zealand cash and cash equivalent balances		**2,290**	280
Cash and cash equivalents at end of the year, net of overdraft	4.3	**226,949**	207,798

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

1.0 INTRODUCTION TO THE REPORT

Statement of compliance

These general purpose financial statements of the consolidated results of Eclipx 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).

The financial report was authorised for issue by the Board of Directors on 2 November 2021.

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.

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 Eclipx 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 Eclipx Group Limited as at 30 September 2021 and the results of all controlled entities for the year ended. Eclipx 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.

1.0 INTRODUCTION TO THE REPORT (continued)

Significant accounting policies (continued)

(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

The 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, taking into consideration an estimation of the continued business impacts of COVID-19. 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 2021 the Group held unrestricted cash reserves of $76.4 million, and undrawn capacity under its corporate debt facilities of $57.0 million maturing October 2024.

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.

1.0 INTRODUCTION TO THE REPORT (continued)

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 amending 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 2021. Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

During the year ended 30 September 2021, the International Financial Reporting Standards Interpretations Committee (IFRIC) issued a final agenda decision, Configuration or Customisation Costs in a Cloud Computing Arrangement. The decision discusses whether configuration or customisation expenditure relating to cloud computing arrangements is able to be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

Software as a Service ("SaaS") are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received. The Group reviewed the IFRIC decision and expensed $0.7m in the financial year relating to costs incurred to configure and customise software under SaaS contracts. The Group did not incur material amounts in prior years relating to configuration and customisation of software under SaaS contracts.

Impact of coronavirus (COVID-19)

The COVID-19 pandemic and the measures undertaken to contain it have had significant social, medical, and economic impacts in Australian and New Zealand that continue to unfold 18 months from the start of the pandemic. The full extent of the impacts remains unknown.

This health crisis that became an economic crisis required a multifaceted response by the Group. The response includes but is not limited to ensuring the health and safely of employees, working closely with customers and suppliers to support them in their business operations, increasing the rigour around liquidity and risk management and enacting appropriate mitigation actions across all other aspects of the Group's operations.

The main impacts on the Group during the 2021 financial year, mainly related to lower New Business Writings (NBW) and higher end of lease income.

In 2021, customer demand for new leases returned to pre COVID-19 levels however industry-wide delays for new vehicles caused by the global supply shortage of semiconductors, meant the business could not immediately meet this demand. Consequently, the business experienced an elevated lease order backlog and a greater number of leases being extended. As a result, NBW within the Australia Commercial and New Zealand Commercial segments grew marginally at 1% compared to the 2020 financial year, while the Novated segment saw 4% NBW growth. This is a timing impact on NBW whereby the demand for new leases will ultimately be fulfilled albeit over a longer period than it used to take before the COVID-19 pandemic.

A secondary consequence from delays for new vehicles has been the occurrence of inflated second-hand vehicle prices in Australia and New Zealand. This has resulted from the combination of increased demand, coupled with reduced supply of second-hand vehicles. As a result, the business earned an average end of lease income per motor vehicle of $6,558 which is an increase of $3,992 compared to the 2020 financial year.

1.0 INTRODUCTION TO THE REPORT (continued)

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

Impact of coronavirus (COVID-19) (continued)

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 and outcomes that have been applied in the measurement of the Group's assets and liabilities that may arise in the future.

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%).

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 inception. This approach was maintained in the 2021 financial year, resulting in the incremental credit impairment loss provision of $2.5 million which was originally recorded in the 2020 financial year being maintained as at 30 September 2021.

The Group made 30 September 2021 estimates based upon all information the Board considers relevant at this time. However, subsequent economic conditions could result in materially different outcomes (better or worse) than the accounting estimates used in the preparation of these financial statements.

At 30 September 2020 the Group recognised a $1.6 million additional provision for impairment losses on operating leases reported as property, plant and equipment. This amount was recognised to mitigate the inflationary effect of COVID-19 on second-hand motor vehicles and was calculated by applying a 4.68% reduction to forecasted sales proceeds. The Group released the $1.6 million provision raised and is using sales data pre-April 2020 to calculate fleet impairments as this removes the inflationary effect of COVID-19.

At 30 September 2020 the Group recognised an incremental credit impairment loss provision of $2.5 million by applying the highest historical expected credit loss rate since the model inception, as noted above this provision was maintained as at 30 September 2021. At 30 September 2020 the Group recognised a $0.4 million impairment relating to novated leases for the employees of specific clients that operate in severely impacted industries, during the 2021 financial year. $0.3 million of this provision was reversed and as at 30 September 2021, $0.1 million of the provision remained.

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.

2.0 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
2.2 Discontinued operations
2.3 Revenue
2.4 Expenses
2.5 Earnings per share
2.6 Taxation

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 Core business segments. Core businesses include fleet leasing management and services to corporate small and medium enterprises ("SME") and consumers in Australia and corporate SME customers in New Zealand. Core business segments are Australia Commercial, Novated and New Zealand Commercial. Non-Core relates to business that have been disposed by 30 September 2020. 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 2021 is as below:

2021

	Australia Commercial $'000	Novated $'000	New Zealand Commercial $'000	Total $'000
Net operating income	**136,652**	**25,901**	**60,308**	**222,861**
Bad and doubtful debts	(1,130)	-	1,570	440
Operating expenses	(51,528)	(14,462)	(13,911)	(79,901)
EBITDA	83,994	11,439	47,967	143,400
Depreciation and amortisation	(5,435)	(919)	(3,747)	(10,101)
Share Based Payments	(2,658)	(746)	(1,099)	(4,503)
Holding company debt interest	(7,711)	(1,032)	(1,827)	(10,570)
Amortisation acquired intangibles	(2,286)	(747)	(25)	(3,058)
Significant material non-recurring items*	(6,646)	(1)	(980)	(7,627)
Tax	(17,912)	(2,398)	(11,281)	(31,591)
Statutory net profit after tax	41,346	5,596	29,008	75,950
Post tax add back amortisation acquired intangibles	1,863	523	18	2,404
Post tax add back significant material non-recurring items	4,583	-	706	5,289
Cash net profit after tax including amortisation of software	47,792	6,119	29,732	83,643
Software amortisation (post tax)	1,115	313	1,078	2,506
Cash NPATA	48,907	6,432	30,810	86,149

* Significant material non-recurring items relate to restructuring, fair value of disposal proceeds and other settlements.

2.0 BUSINESS RESULT FOR THE YEAR (continued)

2.1 Segment information (continued)

Identification of reportable segments (continued)

2020

	Australia Commercial $'000	Novated $'000	New Zealand Commercial $'000	Non-core* $'000	Total $'000
Net operating income	**102,917**	**24,751**	**46,070**	**11,278**	**185,016**
Bad and doubtful debts	(1,285)	(15)	(3,128)	312	(4,116)
Operating expenses	(50,084)	(12,932)	(15,644)	(24,799)	(103,459)
EBITDA	**51,548**	**11,804**	**27,298**	**(13,209)**	**77,441**
Depreciation and amortisation	(3,714)	(1,457)	(5,002)	(1,288)	(11,461)
Share Based Payments	(3,347)	(760)	(1,877)	-	(5,984)
Holding company debt interest	(7,828)	(1,118)	(1,928)	(5,121)	(15,995)
Amortisation acquired intangibles	(3,359)	(409)	(27)	-	(3,795)
Significant material non-recurring items**	(7,692)	-	(589)	(5,585)	(13,866)
Tax	(7,682)	(2,418)	(5,005)	6,970	(8,135)
Statutory net profit/(loss) after tax	17,926	5,642	12,870	(18,233)	18,205
Post tax add back amortisation acquired intangibles	2,351	286	19	-	2,656
Post tax add back significant material non-recurring items	5,413	-	450	4,360	10,223
Cash net profit/(loss) after tax including amortisation of software	25,690	5,928	13,339	(13,873)	31,084
Software amortisation (post tax)	1,247	317	967	-	2,531
Cash NPATA	26,937	6,245	14,306	(13,873)	33,615

* Non-core includes the entities associated with CarLoans and Right2Drive.

** Significant material non-recurring items relate to loss on disposal of discontinued operations, disposal related costs and restructuring costs.

2.2 Discontinued operations

On 6 May 2020, the Group completed the sale of CarLoans.com.au and Georgie (CarLoans) to FirstMac Limited for a value of $2.0 million. The Group received $0.4 million at transaction close and the remaining $1.6 million on a quarterly basis from December 2020 to September 2021.

On 6 August 2020, the Group completed the sale of Right2Drive to Growth Factor Group. The Group received total proceeds of $24.6 million with a final payment made in September 2021. For the year ending 30 September 2021 the Group recognised a $0.2 million expense against the carrying value of the deferred and contingent consideration recognised at sale.

2.0 BUSINESS RESULT FOR THE YEAR (continued)

2.2 Discontinued operations (continued)

Details of the sales were as follows:

	2021 $'000	2020 $'000
Loss on sale of disposed groups		
Proceeds from disposal of discontinued operations	-	15,414
Less cash and cash equivalents disposed of (including restricted cash):	-	(9,031)
	-	6,383
Net carrying value of assets of discontinued operations at date of disposal (excluding cash)	-	(16,004)
Deferred and contingent consideration	-	11,048
Transaction costs	-	(4,338)
	-	(9,294)
Tax benefit	-	427
Loss on disposal of discontinued operations after tax	-	(2,484)

The carrying amounts of assets and liabilities as at the date of sale were:

	2021 $'000	2020 $'000
Financial position of the disposed groups as at the date of the sale:		
Cash and Cash equivalents (including restricted cash)	-	9,031
Trade and Other receivables	-	32,266
Property, Plant and equipment	-	422
Operating leases reported as PP&E	-	426
Intangibles	-	84
Right-of-use assets	-	1,585
Trade and other liabilities	-	(863)
Liabilities held for sale	-	(21,569)
Lease liabilities	-	(1,461)
Provisions	-	(2,064)
Deferred tax asset	-	7,178
	-	25,035
Less cash and cash equivalents disposed:	-	(9,031)
Net carrying value of assets excluding cash and cash equivalents	-	16,004

2.0 BUSINESS RESULT FOR THE YEAR (continued)

2.2 Discontinued operations (continued)

(i) Results of discontinued operations

The financial performance and cash flow information presented are for the period to the effective date of disposal. The effective date of disposal for Right2Drive was 6 August 2020 and the effective date for CarLoans was 6 May 2020.

	2021 $'000	2020 $'000
Revenue	-	38,125
Cost of revenue	-	(26,847)
Impairment losses on loans and receivables	-	312
Employee benefit expense	-	(13,619)
Depreciation and amortisation	-	(1,288)
Operating expenses	-	(9,826)
Loss from operating activities	-	(13,143)
Income tax benefit	-	3,602
Loss on sale of discontinued operations	-	(2,484)
Total comprehensive loss from discontinued operations	-	(12,025)
Earnings per share from discontinued operations		
Basic earnings per share, from discontinued operations - cents per share	-	(3.8)
Diluted earnings per share, from discontinued operations - cents per share	-	(3.8)
Cash flow from discontinued operations		
Net cash flows from operating activities	-	6,141
Net cash flows from investing activities	-	(99)
Net cash flows from financing activities	-	-
Net cash flows from discontinued operations	-	6,042

2.3 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 it receives from customers and its cost of funds. The Group recognises net interest 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.

2.0 BUSINESS RESULT FOR THE YEAR (continued)

2.3 Revenue (continued)

Recognition and measurement (continued)

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 $12.4m (2020: $13.7m) 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.

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.

2.0 BUSINESS RESULT FOR THE YEAR (continued)

2.3 Revenue (continued)

	Consolidated 2021 $'000	Consolidated 2020** $'000
Revenue from continuing operations:		
Finance income	**22,893**	28,743
Maintenance and management income*	**104,515**	99,930
Related products and services income*	**34,381**	34,991
Operating lease rentals	**236,779**	252,131
Brokerage income*	**12,743**	13,568
Sundry income*	**4,838**	4,162
End of lease income - Vehicle Sales*	**216,385**	225,822
End of lease income - other	**15,523**	14,901
Total revenue from continuing operations	**648,057**	674,248

* The above amounts totalling $372,862,000(2020: $378,473,000) represents the Group's revenue derived from contracts with customers, in accordance with AASB15.

** The Group reclassified finance income received on operating leases from Finance income to Operating lease rentals to reflect the principal and interest received under operating leases. As a result of this reclassification for the year ended 30 September 2020, Finance income was restated from $96,036,000 to $28,743,000 and operating lease rentals was restated from $184,838,000 to $252,131,000.

Net interest income

As part of the analysis of the revenues and direct cost of revenue Eclipx also considers net interest income as a relevant metric for financial reporting purposes. Operating lease rentals reported under Revenue from continuing operations include an interest component. The net interest income recognised for operating and finance leases is presented below:

	Consolidated 2021 $'000	Consolidated 2020 $'000
Operating lease – interest income	**60,964**	67,293
Finance income	**22,893**	28,743
Lease finance costs	**(44,002)**	(58,456)
Net interest income	**39,855**	37,580

	Consolidated 2021 $'000	Consolidated 2020 $'000
Cost of revenue:		
Maintenance and management expense	**43,644**	43,636
Related products and services expense	**10,089**	10,338
Cost of goods sold	**162,782**	207,526
Impairment (release)/expense on operating lease assets	**(2,190)**	321
Depreciation on operating leased assets	**166,869**	180,203
Total cost of revenue	**381,194**	442,024

2.0 BUSINESS RESULT FOR THE YEAR (continued)

2.4 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 costs, and seven to ten years for core system software costs.

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Profit before income tax includes the following specific expenses:		
Depreciation and amortisation		
Plant and equipment - fixture and fittings	**2,622**	2,323
Amortisation - Intangible assets	**3,058**	1,778
Software	**3,962**	5,402
Right-of-use assets	**3,517**	4,290
Total depreciation and amortisation expense	**13,159**	13,793
Lease finance costs		
Interest and finance charges - Third parties	**45,747**	59,714
Hedge gain	**(1,745)**	(1,258)
Total lease finance costs	**44,002**	58,456
Operating finance costs		
Facility finance costs	**9,684**	14,943
Lease liabilities interest (where the Group is the lessee)	**886**	1,052
Facility finance restructure	**7,795**	4,820
Total operating finance costs	**18,365**	20,815

2.0 BUSINESS RESULT FOR THE YEAR (continued)

2.4 Expenses (continued)

	2021	2020
Operating overheads		
Rental of premises	**1,126**	1,096
Technology costs	**8,108**	8,243
Restructuring costs	**1,311**	3,303
Other overheads	**11,851**	14,145
Total operating overheads	**22,396**	26,787

2.5 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	
	2021 $'000	**2020 $'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	**75,950**	30,230
Loss from discontinued operation	**-**	(12,025)
From continuing and discontinued operations	**75,950**	18,205

Weighted average number of shares used as the denominator

	Consolidated	
	2021 Number	**2020 Number**
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	307,114,764	315,854,276
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	330,362,523	324,673,926

2.0 BUSINESS RESULT FOR THE YEAR (continued)

2.5 Earnings per share (continued)

Continuing and discontinuing earnings per share

	Consolidated	
Continuing and discontinuing earnings per share	**2021 Cents**	**2020 Cents**
Basic earnings per share	**24.7**	5.8
Diluted earnings per share	**23.0**	5.6

	Consolidated	
	2021 Cents	**2020 Cents**
Impact of continuing operations		
Basic earnings per share	**24.7**	9.6
Diluted earnings per share	**23.0**	9.3
Impact of discontinuing operations		
Basic earnings per share	**-**	(3.8)
Diluted earnings per share	**-**	(3.8)

2.6 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 at 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.

2.0 BUSINESS RESULT FOR THE YEAR (continued)

2.6 Taxation (continued)

Recognition and measurement (continued)

Tax consolidation legislation

Eclipx Group Limited and its wholly owned Australian controlled entities are part of a tax-consolidated group under Australian taxation law. Eclipx 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, Eclipx 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	
	2021 $'000	**2020 $'000**
Profit/(loss) from continuing operations before income tax expense	107,541	42,392
Loss from discontinuing operations before income tax expense	-	(16,054)
	107,541	26,338
Prima facie tax rate of 30.0% (2020 - 30.0%)	**32,262**	7,901
New Zealand tax rate differentials	**(711)**	(372)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
ECF loss on disposal	**-**	328
R2D gain on disposal	**-**	(143)
CarLoans gain on disposal	**-**	(286)
Transaction costs	**-**	617
Other	**40**	90
Income tax (benefit)/expense	**31,591**	**8,135**
Income tax expense comprises of:		
Current tax	**5,616**	3,531
Deferred tax	**25,975**	4,604
	31,591	8,135
Income tax (benefit)/expense is attributable to:		
Profit/(loss) from continuing operations	**31,591**	12,162
Loss from discontinuing operations	**-**	(4,027)
Income tax (benefit)/expense	**31,591**	8,135
Effective tax rate	29%	31%

2.0 BUSINESS RESULT FOR THE YEAR (continued)

2.6 Taxation (continued)

(ii) Movement of deferred tax

2021	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	Disposed as part of the sale of CarLoans and R2D $'000	Closing balance $'000	Deferred tax asset $'000	Deferred tax liability $'000
Doubtful debt provision	4,884	(2,306)	-	-	-	2,578	2,578	-
Deferred revenue	6,287	(3,507)	-	45	-	2,825	2,825	-
Hedging assets and liabilities	8,244	(490)	(5,928)	(21)	-	1,805	1,805	-
Accruals, employee provisions and other*	10,263	36,443	-	384	-	47,090	48,501	(1,411)
Leasing adjustments	(37,035)	(55,532)	-	1,920	-	(90,647)	-	(90,647)
Transaction costs	3,818	(1,336)	-	(147)	-	2,335	2,335	-
Intangible assets	(2,658)	753	-	-	-	(1,905)	-	(1,905)
	(6,197)	(25,975)	(5,928)	2,181	-	(35,919)	58,044	(93,963)
Set off DTL against DTA							(58,044)	58,044
Net tax liabilities						(35,919)	-	(35,919)

* Majority of movement in balance driven by the tax loss incurred in the year ended 30 September 2021 in Australia. This tax loss was driven by the deduction under the Temporary Full Expenditure legislation, which is reflected under Leasing adjustments.

2.0 BUSINESS RESULT FOR THE YEAR (continued)

2.6 Taxation (continued)

2020	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	Disposed as part of sale of CarLoans and R2D	Closing balance $'000	Deferred tax asset $'000	Deferred tax liability $'000
Doubtful debt provision	11,191	1,663	-	(776)	(7,194)	4,884	4,884	-
Deferred revenue	8,798	(2,101)	-	(410)	-	6,287	6,287	-
Hedging assets and liabilities	9,228	(338)	(646)	-	-	8,244	8,244	-
Accruals, employee provisions and other	9,647	(2,779)	-	1,935	1,458	10,263	12,020	(1,757)
Leasing adjustments	(37,618)	(1,717)	-	2,300	-	(37,035)	-	(37,035)
Transaction costs	5,251	(1,145)	-	(203)	(85)	3,818	3,818	-
Intangible assets	(2,274)	1,813	-	(840)	(1,357)	(2,658)	-	(2,658)
	4,223	(4,604)	(646)	2,006	(7,178)	(6,197)	35,253	(41,450)
Set off DTL against DTA							(31,887)	31,887
Net tax assets/(liabilities)						(6,197)	3,366	(9,563)

2.0 BUSINESS RESULT FOR THE YEAR (continued)

2.6 Taxation (continued)

(iii) Franking credits

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Franked dividends (Australia)		
Franking credits available for subsequent financial years based on a tax rate of 30% (2020: 30%)	**13**	5,817
	13	5,817

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.

3.0 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

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**
2021				
Opening net book amount	**2,277**	**3,752**	**867,164**	**873,193**
Additions	**328**	**27**	**268,253**	**268,608**
Transfers to inventory	**-**	**-**	**(133,008)**	**(133,008)**
Impairment charge	**-**	**-**	**2,190**	**2,190**
Depreciation charge	**(1,905)**	**(717)**	**(166,869)**	**(169,491)**
Foreign exchange variation	**7**	**60**	**12,755**	**12,822**
Closing net book amount	**707**	**3,122**	**850,485**	**854,314**
2021				
Cost	**18,318**	**10,748**	**1,507,146**	**1,536,212**
Accumulated depreciation and impairment	**(17,611)**	**(7,626)**	**(656,661)**	**(681,898)**
Net book amount	**707**	**3,122**	**850,485**	**854,314**

3.0 OPERATING ASSETS AND LIABILITIES (continued)

3.1 Property, plant and equipment (continued)

Consolidated	Plant and equipment $'000	Fixture and fittings $'000	Motor vehicles and equipment $'000	Total $'000
2020				
Opening net book amount	4,236	4,364	959,187	967,787
Additions	290	219	266,041	266,550
Transfers to inventory	-	-	(175,834)	(175,834)
Disposals	(702)	-	-	(702)
Disposal - discontinued operations	(40)	-	-	(40)
Impairment charge	-	-	(321)	(321)
Depreciation charge	(1,505)	(818)	(180,203)	(182,526)
Foreign exchange variation	(2)	(13)	(1,706)	(1,721)
Closing net book amount	**2,277**	**3,752**	**867,164**	**873,193**
2020				
Cost	17,843	10,606	1,353,785	1,382,234
Accumulated depreciation and impairment	(15,566)	(6,854)	(486,621)	(509,041)
Net book amount	**2,277**	**3,752**	**867,164**	**873,193**

	Consolidated 2021 $'000	2020 $'000
Motor vehicle and equipment operating leases reported as property, plant and equipment		
Operating leases terminating within 12 months	**285,422**	284,045
Operating leases terminating after more than 12 months	**565,063**	583,119
	850,485	867,164
Net book amount of property, plant and equipment		
Plant and equipment	**707**	2,277
Fixture and fittings	**3,122**	3,752
	3,829	6,029
Total property, plant and equipment	**854,314**	873,193

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.

3.0 OPERATING ASSETS AND LIABILITIES (continued)

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

	Buildings $'000	Equipment $'000	Total $'000
Balance at 1 Oct 2020	**21,207**	**358**	**21,565**
Depreciation charge for the year	**(3,398)**	**(119)**	**(3,517)**
Derecognition of right-of-use assets	**(1,548)**	**-**	**(1,548)**
Net foreign currency exchange differences	**441**	**-**	**441**
Balance at 30 September 2021	**16,702**	**239**	**16,941**

Consolidated	Buildings $'000	Equipment $'000	Total $'000
Balance at 1 Oct 2019	25,290	-	25,290
Depreciation charge for the year	(4,230)	(60)	(4,290)
Additions to right-of-use assets	197	418	615
Net foreign currency exchange differences	(50)	-	(50)
Balance at 30 September 2020	**21,207**	**358**	**21,565**

	2021 $'000	2020 $'000
Leases amortising within 12 months	**3,392**	3,895
Leases amortising after more than 12 months	**13,549**	17,670
	16,941	21,565

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.

3.0 OPERATING ASSETS AND LIABILITIES (continued)

3.3 Finance leases (continued)

	Consolidated 2021 $'000	Consolidated 2020 $'000
Gross investment	**384,765**	423,607
Unearned income	**(31,499)**	(39,599)
Expected credit loss provision	**(6,306)**	(13,709)
	346,960	370,299
Amount expected to be recovered within 12 months	**134,842**	142,622
Amount expected to be recovered after more than 12 months	**212,118**	227,677
	346,960	370,299

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 2021 $'000	Consolidated 2020 $'000
Net trade receivables		
Trade receivables	**47,562**	46,650
Expected credit loss provision	**(2,311)**	(2,182)
	45,251	44,468
Sundry debtors	**6,999**	17,500
Prepayments	**6,031**	6,532
Other assets	**-**	34
Total trade receivables and other assets	**58,281**	68,534

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.

3.0 OPERATING ASSETS AND LIABILITIES (continued)

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	
	2021	**2020**
	$'000	**$'000**
Trade payables	**39,881**	34,295
Customer related liabilities	**2,491**	3,725
Accrued expenses	**7,775**	11,350
Current tax liabilities	**4,868**	3,189
Maintenance income received in advance	**24,704**	11,056
Contingent and deferred consideration	**-**	231
Other payables	**40,993**	26,513
Deferred Revenue	**11,952**	17,412
Total trade and other liabilities	**132,664**	107,771

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Amount expected to be settled within 12 months	**132,664**	107,771
Total trade and other liabilities	**132,664**	107,771

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.

3.0 OPERATING ASSETS AND LIABILITIES (continued)

3.6 Lease liabilities (continued)

(i) Maturity analysis - contractual undiscounted cash flow

	2021 $'000	2020 $'000
Less than one year	**4,387**	5,240
One to five years	**11,156**	13,731
More than five years	**7,685**	9,072
Total undiscounted lease liabilities as 30 September	**23,228**	28,043

(ii) Lease liabilities included in the statement of financial position at 30 September

Lease payments due within 12 months	**3,485**	4,260
Lease payments due after more than 12 months	**15,970**	19,514
	19,455	23,774

(iii) Amounts recognised in profit or loss

Lease liabilities interest	**(886)**	(1,052)
Income from sub-leasing right-of-use assets	**94**	226

(iv) Amounts recognised in statement of cash flow

Financing cash outflow relating to the principal portion of lease payments	**2,696**	4,161
Operating cash outflow relating to the interest expense portion of lease payments	**956**	1,144
Total cash outflow for leases	**3,652**	5,305

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 are 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 CGU's 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.

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.

3.0 OPERATING ASSETS AND LIABILITIES (continued)

3.7 Intangibles (continued)

	Brand Names $'000	Customer relationships $'000	Software $'000	Goodwill $'000	Total $'000
2021					
Opening net book amount	**1,714**	**11,248**	**16,050**	**440,294**	**469,306**
Additions	**-**	**-**	**5,832**	**-**	**5,832**
Amortisation charge	**(124)**	**(2,934)**	**(3,962)**	**-**	**(7,020)**
Foreign exchange variation	**-**	**-**	**242**	**3,844**	**4,086**
Closing net book amount	**1,590**	**8,314**	**18,162**	**444,138**	**472,204**

	Brand Names $'000	Customer relationships $'000	Software $'000	Goodwill $'000	Total $'000
2021					
Cost	**18,721**	**29,342**	**80,145**	**542,225**	**670,433**
Accumulated amortisation and impairment	**(17,131)**	**(21,028)**	**(61,983)**	**(98,087)**	**(198,229)**
Net book amount	**1,590**	**8,314**	**18,162**	**444,138**	**472,204**

	Brand names $'000	Customer relationships $'000	Software $'000	Goodwill $'000	Total $'000
2020					
Opening net book amount	1,837	13,301	19,345	440,819	**475,302**
Additions	-	-	2,117	-	**2,117**
Amortisation charge	(123)	(1,655)	(5,402)	-	**(7,180)**
Impairment charge - continuing operations	-	(398)	-	-	**(398)**
Foreign exchange variation	-	-	(10)	(525)	**(535)**
Closing net book amount	1,714	11,248	16,050	440,294	469,306

	Brand names $'000	Customer relationships $'000	Software $'000	Goodwill $'000	Total $'000
2020					
Cost	18,721	29,342	73,120	538,382	**659,565**
Accumulated amortisation and impairment	(17,007)	(18,094)	(57,070)	(98,088)	**(190,259)**
Net book amount	1,714	11,248	16,050	440,294	469,306

(i) Impairment of assets

For the year ending 30 September 2020, the Group recognised impairments of $0.4 million against customer relationships 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.

3.0 OPERATING ASSETS AND LIABILITIES (continued)

3.7 Intangibles (continued)

	Consolidated 2021 $'000	Consolidated 2020 $'000
Australia Commercial	**282,493**	282,493
Novated	**46,475**	46,475
New Zealand Commercial	**115,170**	111,326
Goodwill allocation at 30 September	**444,138**	440,294

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 2020. These calculations require the use of assumptions, which includes 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 2021			30 September 2020		
	Australia Commercial	**Novated**	**New Zealand Commercial**	**Australia Commercial**	**Novated**	**New Zealand Commercial**
Long term growth rate	2.5%	2.5%	2.0%	2.5%	2.5%	2.0%
Post-tax discount rate	10.50%	11.00%	11.50%	11.4%	12.0%	12.3%

Growth rates are reviewed based on data available in the market and adjusted based on forecasted 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 CGU's were higher than the carrying amount of those CGU's 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 CGU's. 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 CGU's and makes an assessment on the likelihood of this to occur based on internal and external data.

4.0 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 15 months (2020: 15 months).

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Bank loans	**96,000**	155,000
Notes payable	**1,128,858**	1,199,899
Borrowing costs	**(3,694)**	(9,907)
Total secured borrowings	**1,221,164**	1,344,992
Amount expected to be settled within 12 months	**334,313**	373,089
Amount expected to be settled after more than 12 months	**886,851**	971,903
	1,221,164	1,344,992

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 $163,396,000 (2020: $148,764,000).

On 17 September 2021 the Group refinanced a portion of its bank loans, the facility that was repaid had a maturity date of 25 October 2022. The new facility of $126.0 million consists of a revolving facility of $78.0 million and letter of credit facility of $3.0 million with a maturity date of 1 October 2024 and a term facility of $45.0 million with a maturity date of 1 October 2026. The Group bank loans include a loan of $30.0 million (2020: $53.6 million) with a maturity 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 $1,347,951,000 (2020: $1,389,485,000).

4.0 CAPITAL MANAGEMENT (continued)

4.1 Borrowings (continued)

Financing arrangements

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

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Loan facilities used at reporting date	**1,224,858**	1,354,899
Loan facilities unused at reporting date	**160,766**	342,730
Total loan facilities available	**1,385,624**	1,697,629

Financial covenants

The Group has complied with financial covenants of its borrowing facilities during the 2021 and 2020 reporting periods.

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

Liabilities arising from financing activity	**Borrowing**
	$'000
Borrowing balance 30 Sep 2020	**1,344,992**
Proceeds from borrowings	403,644
Repayments of borrowings	(546,792)
Non cash movements	
Foreign exchange	13,061
Amortisation of capital borrowing cost	6,259
Borrowing balance 30 Sep 2021	**1,221,164**

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.

4.0 CAPITAL MANAGEMENT (continued)

4.2 Financial risk management (continued)

Market risk (continued)

(i) Foreign exchange risk (continued)

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% (2020:10%) 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 2021, had the Australian dollar weakened/strengthened by 10% (2020:10%) 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 $2,327,673 (2020: $994,129) 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*

	2021		2020	
	Weighted average interest rate %	**Balance $'000**	**Weighted average interest rate %**	**Balance $'000**
Borrowings				
- Fixed interest rate	7.100%	30,000	7.100%	53,570
- Floating interest rate	2.148%	1,194,858	2.544%	1,291,423
Interest rate swaps (notional principal amount)	1.174%	(1,134,651)	1.613%	(1,277,323)
Unhedged/(Overhedged) variable debt		60,207		14,100

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. It is reclassified into the Income Statement if the hedging relationship ceases. In the year ended 30 September 2021, nil expense was reclassified into profit and loss (2020: $1.7m). The Group recognised a gain on hedge ineffectiveness of $1.7m (2020: $1.3m).

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.

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 (2020: 100 bps) and a decrease by 100 bps (2020: 100 bps) across the yield curve.

4.0 CAPITAL MANAGEMENT (continued)

4.2 Financial risk management (continued)

Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate sensitivity analysis (continued)

	Carrying amount $'000	-100 bps Profit/equity $'000	+100 bps Profit/equity $'000
Financial assets			
Cash and cash equivalents	226,949	(2,269)	2,269
Finance leases			
- Fixed interest rate	346,960	-	-
Total (decrease)/increase	**573,909**	**(2,269)**	**2,269**
Financial liabilities			
Borrowings			
- Fixed interest rate	30,000	-	-
- Floating rate	1,194,858	11,949	(11,949)
Trade and other liabilities	132,664	-	-
Derivatives used for hedging	5,919	(11,347)	11,347
Total increase/(decrease)	**1,363,441**	**602**	**(602)**

2020		**Interest rate risk**	
	Carrying amount $'000	**-100 bps Profit/ Equity $'000**	**+100 bps Profit/ Equity $'000**
Financial assets			
Cash and cash equivalents	207,798	(2,078)	2,078
Finance leases			
- Fixed interest rate	370,299	-	-
Total (decrease)/increase	578,097	(2,078)	2,078
Financial liabilities			
Borrowings			
- Fixed interest rate	53,570	-	-
- Floating rate	1,291,423	12,914	(12,914)
Trade and other liabilities	107,771	-	-
Derivatives used for hedging	28,091	(12,773)	12,773
Total increase/(decrease)	1,480,855	141	(141)

4.0 CAPITAL MANAGEMENT (continued)

4.2 Financial risk management (continued)

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 (ie all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

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 three years of 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 2021 and 2020 are as below:

Scenario	Expectation	Weighting 2021	Weighting 2020
Base Case	This scenario is reflective of the economy as-is with minor volatility.	50%	50%
Upside	This scenario is reflective of a scenario that is benign as compared to the baseline scenario	-	-
Downside	This scenario is reflective of an adverse economic period as compared to the baseline scenario	50%	50%

4.0 CAPITAL MANAGEMENT (continued)

4.2 Financial risk management (continued)

Credit risk (continued)

The Group adjusted the weighting of the scenario's in 2020 to adjust for the uncertainty of the financial impact of COVID-19 on the ECL. The weightings for each scenario in 2019 were Base Case 60%; Upside 20%; and Downside 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 income statement.

Impairment provisions

The Group's total impairment provisions from 1 October 2020 to 30 September 2021 is 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.

	Net investment in finance lease receivables $'000	**Trade and other receivables $'000**
Opening loss allowance as at 1 October 2019 calculated under AASB 9	**11,865**	**1,187**
Increase in loss allowance	3,170	2,245
Write-offs	(1,326)	(1,250)
Opening loss allowance as at 1 October 2020 calculated under AASB 9	**13,709**	**2,182**
Increase / (Decrease) in loss allowance	(1,476)	1,496
Write-offs*	(5,927)	(1,367)
Closing loss allowance as at 30 September 2021 – calculated under AASB 9	**6,306**	**2,311**

* Write-offs for finance lease receivables includes a write off of $5.2 million relating to Viewble credit exposures. This amount was fully provided for in 2019 and related to the Eclipx Commercial Finance business that was sold on 13 September 2019.

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.

4.0 CAPITAL MANAGEMENT (continued)

4.2 Financial risk management (continued)

Liquidity risk (continued)

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 flow. 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 2021	**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	**(132,664)**	**-**	**-**	-	**(132,664)**	**(132,664)**
Borrowings	**(352,978)**	**(273,641)**	**(599,315)**	**(38,618)**	**(1,264,552)**	**(1,221,164)**
Provisions	**(7,054)**	**(2,636)**	**-**	-	**(9,690)**	**(9,690)**
Total non-derivatives	**(492,696)**	**(276,277)**	**(599,315)**	**(38,618)**	**(1,406,906)**	**(1,363,518)**
Derivatives						
Interest rate swaps	**(7,120)**	**(833)**	**2,007**	146	**(5,800)**	**(5,919)**
Total derivatives	**(7,120)**	**(833)**	**2,007**	**146**	**(5,800)**	**(5,919)**

Contractual maturities of financial liabilities 2020	**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	(107,771)	-	-	-	(107,771)	(107,771)
Borrowings	(397,218)	(315,892)	(659,285)	(28,916)	(1,401,311)	(1,344,992)
Provisions	(7,786)	(2,024)	-	-	(9,810)	(9,810)
Total non-derivatives	(512,775)	(317,916)	(659,285)	(28,916)	(1,518,892)	(1,462,573)
Derivatives						
Interest rate swaps	(15,567)	(7,869)	(4,781)	(60)	(28,277)	(28,091)
Total derivatives	(15,567)	(7,869)	(4,781)	(60)	(28,277)	(28,091)

4.0 CAPITAL MANAGEMENT (continued)

4.2 Financial risk management (continued)

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.

2021	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial liabilities				
Derivatives used for hedging	**-**	**5,919**	**-**	**5,919**
Total financial liabilities	**-**	**5,919**	**-**	**5,919**

2020	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial liabilities				
Derivatives used for hedging	-	28,091	-	28,091
Total financial liabilities	-	28,091	-	28,091

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 $29,931,000.

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 is 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.

4.0 CAPITAL MANAGEMENT (continued)

4.3 Cash and cash equivalents (continued)

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Unrestricted		
Operating accounts	**76,443**	55,776
	76,443	55,776
Restricted		
Collections accounts	**53,803**	52,316
Liquidity reserve accounts	**44,399**	54,153
Vehicle servicing and maintenance reserve accounts	**52,304**	45,553
Cash and bank and on hand	**150,506**	152,022
Total as disclosed in the statement of cash flows	**226,949**	207,798

The weighted average interest rate received on cash and cash equivalents for the year was 0.12% (2020: 0.23%).

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.

4.0 CAPITAL MANAGEMENT (continued)

4.4 Derivative financial instruments (continued)
Recognition and measurement (continued)

(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	
	2021 $'000	**2020 $'000**
Interest rate swaps - cash flow hedges	**5,919**	28,091
Total derivative financial instrument liabilities	**5,919**	28,091
Amount expected to be settled within 12 months	**7,132**	15,053
Amount expected to be settled after more than 12 months	**(1,213)**	13,038
Total derivative financial instrument liabilities	**5,919**	28,091

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.

	2021 Shares	**2020 Shares**	**2021 $'000**	**2020 $'000**
Share capital				
Fully paid ordinary shares	**291,698,011**	315,090,932	**639,213**	654,765
Other equity securities				
Treasury shares	**21,511,183**	4,545,761	**-**	-
Total issued equity	**313,209,194**	319,636,693	**639,213**	654,765

Movements in ordinary share capital

		Shares	**$'000**
1 October 2020	Opening balance 1 October 2020	315,090,932	654,765
	Issuance of shares to satisfy Eclipx's employee incentive schemes	5,500,000	11,314
	Share buy-back (shares cancelled)	(11,927,499)	(26,866)
	Treasury shares movement	(16,965,422)	-
	Balance 30 September 2021	291,698,011	639,213

Treasury shares

Treasury shares are shares in Eclipx Group Limited that are held by Eclipx Group Limited Employee Share Trust or by staff under loans. These shares are issued under the Eclipx 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 2021**	**Number of shares 2020**
Opening balance	**4,545,761**	525,000
Shares sold to settle equity grants	**(260,367)**	(552,110)
Shares acquired to settle equity grants	**16,922,990**	4,572,871
Share buy-back (pending cancellation)	**302,799**	-
Closing balance	**21,511,183**	4,545,761

4.0 CAPITAL MANAGEMENT (continued)

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 2021 $'000	Consolidated 2020 $'000
Commitments in relation to finance leases are receivable as follows:		
Within one year	**148,659**	166,276
Later than one year but not later than five years	**236,100**	257,317
Later than five years	**6**	14
	384,765	423,607

ii. Operating leases

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

	Consolidated 2021 $'000	Consolidated 2020 $'000
Lease payments under non-cancellable operating leases of motor vehicles not recognised in financial statements are receivable as follows:		
Within one year	**255,458**	280,724
Later than one year but not later than five years	**299,560**	308,911
Later than five years	**8,299**	11,686
	563,317	601,321

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 $46,190,161 (2020: $43,889,996). 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.

Details of dividends paid and proposed during the financial year are as follows:

	Consolidated 2021 $'000	Consolidated 2020 $'000
Final dividends paid		
Total dividends paid	-	-

5.0 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 $3.7 million (2020: $3.7 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 Eclipx Group LTI plan.

The fair value of options granted under the Eclipx Group LTI plan is recognised as an expense by the employing entity that receives the employee's services. 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 (vesting period).

The fair value at grant date is determined using a Black-Scholes Option Pricing Model or Monte-Carlo Simulation 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. 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.

Loan shares

Eclipx Group Limited issued shares to senior management employees of the Group with consideration satisfied by loans to the employees granted by Eclipx Group Limited. These arrangements are considered to be "in substance options" and treated as share-based payments. As at 30 September 2021 all loan shares have been settled.

5.0 EMPLOYEE REMUNERATION AND BENEFITS (continued)

5.1 Share based payments (continued)

Options

For the year ending 30 September 2020, Eclipx Group Limited issued options to employees of the Group. 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

For the year ending 30 September 2020, Eclipx Group Limited issued rights to employees of the Group. 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.

Options and rights are subject to the same performance hurdles. The performance hurdles may include “total share holder return” (“TSR”) and earnings per share (“EPS”) components, in addition to a service condition. TSR is a performance measure based on returns to shareholders, relative to other ASX-listed companies. TSR measures the percentage growth in the company’s share price plus the value of dividends received during the period, assuming that all of those dividends are re-invested into new shares. EPS is based on the compound annual growth rate (“CAGR”) of the Group’s earnings per share.

(i) ***Long Term Incentive Plan***

For the year ended 30 September 2021, the following awards were provided under the following employee share ownership plans:

Options and rights

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

5.0 EMPLOYEE REMUNERATION AND BENEFITS (continued)

5.1 Share based payments (continued)

(i) Long Term Incentive Plan (continued)

Set out below are summaries of options granted under each plan:

Loan shares

Grant date	Exercise price	Weighted average exercise price	Balance at start of the year	Granted during the year	Forfeited during the year	Exercised during the year	Unvested balance at end of the year	Vested balance not exercised
			Number	Number	Number	Number	Number	Number
2021								
25-Sep-14	$1.65	$1.65	7,078,236	-	-	(7,078,236)	-	-
2020								
25-Sep-08	$0.90	$0.90	33,645	-	-	(33,645)	-	-
08-May-13	$2.03	$2.03	129,744	-	-	(129,744)	-	-
25-Sep-14	$1.25-$1.65	$2.30	8,668,207	-	(679,162)	(910,809)	-	7,078,236
10-Mar-15	$2.30	$2.30	250,000	-	-	(250,000)	-	-
22-Apr-15	$2.30	$2.30	5,000,000	-	(5,000,000)	-	-	-

5.0 EMPLOYEE REMUNERATION AND BENEFITS (continued)

5.1 Share based payments (continued)

(i) Long Term Incentive Plan (continued)

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
2021									
08-Nov-17	15-Nov-21	$4.18	$4.18	555,000	-	(5,000)	-	550,000	-
24-Aug-18	30-Sep-20	$4.18	$4.18	150,000	-	(150,000)	-	-	-
8-Jan-19	15-Nov-21	$2.54	$2.54	1,240,000	-	(20,000)	-	1,220,000	-
31-May-19	23-May-20	$1.20	$1.20	1,016,184	-	-	(1,016,184)	-	-
24-May-19	24-May-22	$1.20	$1.20	9,204,547	-	-	-	9,204,547	-
18-Jul-19	17-Jul-22	$1.60	$1.60	2,356,321	-	-	-	2,356,321	-
27-Nov-19	27-Nov-22	$1.63	$1.63	12,184,558	-	-	-	12,184,558	-
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	-

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
2020									
22-Apr-15	-	$2.30	$2.30	700,000	-	(700,000)	-	-	-
10-Nov-15	30-Sep-18	$3.06	$3.06	995,000	-	(995,000)	-	-	-
19-Feb-16	30-Sep-18	$3.06	$3.06	400,000	-	(400,000)	-	-	-
5-Sep-16	30-Sep-19	$3.80	$3.80	1,000,000	-	(1,000,000)	-	-	-
4-Nov-16	30-Sep-19	$3.60	$3.60	2,740,000	-	(2,740,000)	-	-	-
17-Feb-17	30-Sep-19	$3.60	$3.60	880,000	-	(880,000)	-	-	-
08-Nov-17	30-Sep-20	$4.18	$4.18	2,250,000	-	(1,695,000)	-	555,000	-
22-Feb-18	30-Sep-20	$4.18	$4.18	632,000	-	(632,000)	-	-	-
24-Aug-18	30-Sep-20	$4.18	$4.18	300,000	-	(150,000)	-	150,000	-
8-Jan-19	30-Sep-21	$2.54	$2.54	2,520,000	-	(1,280,000)	-	1,240,000	-
11-Feb-19	30-Sep-21	$2.54	$2.54	1,160,000	-	(1,160,000)	-	-	-
31-May-19	23-May-20	$1.20	$1.20	1,690,822	-	(241,546)	(433,092)	-	1,016,184

5.0 EMPLOYEE REMUNERATION AND BENEFITS (continued)

5.1 Share based payments (continued)

(i) Long Term Incentive Plan (continued)

24-May-19	24-May-22	$1.20	$1.20	9,204,547	-	-	-	9,204,547	-
18-Jul-19	17-Jul-22	$1.60	$1.60	3,448,275	-	(1,091,954)	-	2,356,321	-
27-Nov-19	27-Nov-22	$1.63	$1.63	-	14,117,344	(1,932,786)	-	12,184,558	-
4-Apr-20	30-Sep-21	$0.75	$0.75	-	12,361,635	(204,402)	-	12,157,233	-
4-Apr-20	30-Sep-21	$0.85	$0.85	-	14,452,206	(238,970)	-	14,212,236	-

5.0 EMPLOYEE REMUNERATION AND BENEFITS (continued)

5.1 Share based payments (continued)

(i) Long Term Incentive Plan (continued)

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 not exercised Number
2020							
08-Nov-17	15-Nov-21	157,500	-	(12,500)	-	145,000	-
24-Aug-18	17-Aug-21	200,000	-	-	-		200,000
08-Jan-19	15-Nov-21	560,000	-	(10,000)	-	550,000	-
31-May-19	31-May-20	49,286	-	-	(49,286)	-	-
27-Nov-19	27-Nov-20	428,548	-	-	(428,548)	-	-
27-Nov-19	15-Nov-21	206,940	-	(8,412)	-	198,528	-

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 not exercised Number
2020							
10-Nov-15	30-Sep-18	252,500	-	(252,500)	-	-	-
19-Feb-16	30-Sep-18	92,500	-	(92,500)	-	-	-
4-Nov-16	30-Sep-19	321,000	-	(321,000)	-	-	-
17-Feb-17	30-Sep-19	143,000	-	(143,000)	-	-	-
08-Nov-17	30-Sep-20	625,000	-	(467,500)	-	157,500	-
22-Feb-18	30-Sep-20	158,000	-	(158,000)	-	-	-
24-Aug-18	17-Aug-21	200,000	-	-	-	200,000	-
08-Jan-19	30-Sep-21	1,180,000	-	(620,000)	-	560,000	-
11-Feb-19	30-Sep-21	290,000	-	(290,000)	-	-	-
31-May-19	31-May-20	312,500	-	(44,642)	(218,572)	-	49,286
27-Nov-19	27-Nov-20	-	461,986	(33,438)	-	428,548	-
27-Nov-19	15-Nov-21	-	295,268	(88,328)	-	206,940	-
9-Dec-19	9-Dec-19	-	368,898	-	(368,898)	-	-
4-Apr-20	4-Apr-21	-	243,898	(243,898)	-	-	-

5.0 EMPLOYEE REMUNERATION AND BENEFITS (continued)

5.1 Share based payments (continued)

(i) Long Term Incentive Plan (continued)

(i) *Fair value of options granted*

The fair value for awards granted under EPS Hurdle vesting conditions is independently determined using the Black-Scholes pricing model. Fair value of awards granted subject only to service conditions is independently determined using the Black-Scholes pricing model. The models take into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option. The model inputs for options and rights granted during FY 2020 are as follows:

Grant date	**4-Apr-20**	**4-Apr-20**	**4-Apr-20**	**9-Dec-19**	**27-Nov-19**	**27-Nov-19**	**27-Nov-19**
Award type	**Options**	**Options**	**Rights**	**Rights**	**Options**	**Rights**	**Rights**
First test date	N/A	N/A	N/A	N/A	30-Sep-22	30-Sep-21	30-Sep-20
Vesting date	30-Sep-21	30-Sep-21	4-Apr-20	9-Dec-19	27-Nov-22	27-Nov-21	27-Nov-20
Expiry date	30-Sep-22	30-Sep-22	Cancelled	3-Feb-20	26-Nov-24	26-Nov-24	15-Feb-21
Share price at grant	$0.65	$0.65	$0.65	$1.61	$1.59	$1.59	$1.59
Exercise price	$0.75	$0.85	Nil	Nil	$1.63	Nil	Nil
Expected life	2 years	2 years	1 year	N/A	3.5 years	2 years	1 year
Volatility	57.30%	57.30%	-	40%	-	-	-
Risk free interest rate	0.24%	0.24%	0.24%	0.65%	0.65%	0.65%	0.65%
Dividend yield (p.a)	5.05%	5.05%	-	-	5.05%	5.05%	5.05%
Average assessed fair value per instrument	$0.14	$0.12	$0.65	$1.61	$0.31	$1.51	$1.59

N/A: Not Applicable

5.0 EMPLOYEE REMUNERATION AND BENEFITS (continued)

5.1 Share based payments (continued)

(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	
	2021	**2020**
	$'000	**$'000**
Awards currently issued to employees of controlled entities during the year	**4,503**	5,984

(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	
	2021	**2020**
	$'000	**$'000**
Short-term employee benefits	**2,614**	2,189
Post-employment benefits	**134**	105
Long-term employee benefits	**17**	60
Share-based payments	**3,182**	2,582
	5,947	4,936

6.0 OTHER

6.1 Reserves

Recognition and measurement

Share-based 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 Eclipx Group Limited that have been issued as part of the Eclipx 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	
	2021	**2020**
	$'000	**$'000**
Reconciliation of reserves		
Hedging reserve - cash flow hedges (a)	**(4,124)**	(18,039)
Treasury reserve	**(8,195)**	8,838
Foreign currency translation reserve	**6,845**	110
Share based payments reserve (b)	**31,036**	27,857
Dividend reserve (c)	**158,206**	158,206
Total reserve	**183,768**	176,972
Movements in reserves		
(a) Hedging reserve - cash flow hedges		
Balance at 1 October	**(18,039)**	(19,698)
Revaluation	**19,760**	2,153
Deferred tax	**(5,845)**	(494)
Balance as at 30 September	**(4,124)**	(18,039)
(b) Share based payments reserve		
Balance at 1 October	**27,857**	21,873
Awards issued to employees of controlled entities during the year	**4,503**	5,984
Employee share scheme cash settlements	**(1,324)**	-
Balance at 30 September	**31,036**	27,857

6.0 OTHER (continued)

6.1 Reserves (continued)

	Consolidated 2021 $'000	Consolidated 2020 $'000
(c) Dividend reserve		
Balance at 1 October	**158,206**	158,206
Balance at 30 September	**158,206**	158,206

6.2 Parent entity information

(ii) *Summary financial information*

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

	Consolidated 2021 $'000	Consolidated 2020 $'000
Statement of financial position		
Current assets	**162**	158
Non-current assets	**524,423**	596,412
Total assets	**524,585**	596,570
Current liabilities	**(581)**	(9,231)
Non-current liabilities	**(103,904)**	(167,007)
Total liabilities	**(104,485)**	(176,238)
Shareholders equity		
Issued share capital	**639,213**	654,765
Reserve	**100,685**	85,098
Retained earnings	**(319,798)**	(319,531)
	420,100	420,332
Profit/(loss) for the year	**(267)**	(2,792)

(iii) *Guarantees entered into by the parent entity*

As at 30 September 2021 there were cross guarantees given by Eclipx 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.

6.0 OTHER (continued)

6.2 Parent entity information (continued)

(iv) *Contingent liabilities of the parent entity*

The parent entity did not have any contingent liabilities as at 30 September 2021 or 2020. 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 Eclipx 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	CLFC Pty Ltd (a)
FleetPlus Novated Pty Ltd	CarLoans.com.au Pty Ltd (a)
PackagePlus Australia Pty Ltd	Fleet Choice Pty Ltd
CLFC Media Holdings Pty Ltd (a)	Accident Services Pty Ltd
Eclipx Commercial Pty Ltd	FleetPlus Asset Securisation Pty Ltd (c)
Right2Drive Pty Ltd (b)	FP Turbo Government Lease Trust 2016-1
Anrace Pty Ltd (b)	Leasing Finance Services Pty Ltd
FP Turbo Series 2016-1 Trust	Eclipx - MIPS Member Finance Trust
FP Turbo Series 2021-1 Trust	FP Turbo EV Warehouse Trust 2021-1

New Zealand	
FleetPlus Ltd (NZ)	Fleetpartners NZ Trustee Ltd
CarLoans.co.nz Ltd (a)	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
Right2Drive (New Zealand) Ltd (b)	FP Ignition 2017 B Trust
Eclipx NZ Ltd	Eclipx Fleet Holding (NZ) Ltd

(a) On 6 May 2020, the Group completed the 100% disposal of CLFC Pty Ltd, CarLoans.com.au Pty Ltd, CLFC Media Holdings Pty Ltd and Carloans.co, nz Ltd.

(b) On 6 August 2020, the Group completed the 100% disposal of Right2Drive Pty Ltd, Anrace Pty Ltd and Right2Drive (New Zealand) Ltd.

(c) The Group does not have control of FleetPlus Asset Securisation Pty Ltd.

(iii) *Transactions with other related parties*

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

6.0 OTHER (continued)

6.4 Government subsidies

The Group claimed subsidies relating to the period ending 30 September 2020. At the time of the announcement of the government subsidies the Group worked with its advisors to assess its eligibility under the schemes. Where the Group met the requirements, it applied for the available government subsidies. The subsidies allowed the Group to retain all its employees and no staff were furloughed as a result of COVID-19.

While not a requirement under JobKeeper the Group's actual trading performance was tested against the estimated turnover on a monthly basis and the Group stopped making claims under the scheme where actual performance was better than estimated. For the year ended 30 September 2020 the Group claimed the following government subsidies.

Subsidy name	**Country**	**Continuing operations**	**Discontinued operations**
		2020 $'000	**2020 $000**
JobKeeper Payment	Australia	1,998	2,003
COVID-19 Wage Subsidy	New Zealand	640	94
		2,638	**2,097**

The discontinued operations includes an amount of $483,000 that was received by Right2Drive post the exit from the Group.

The subsidies have been accounted for as a reduction to employee benefit expense in the Statement of Profit or Loss and Other Comprehensive Income.

6.5 Remuneration of auditors

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

	Consolidated	
	2021	**2020**
	$	**$**
(a) Audit and assurance services		
Audit Services		
KPMG Australian firm:		
Audit and reveiw of financials	**1,160,470**	1,029,145
(b) Non-audit services		
KPMG Australian firm:		
Debt restructuring	**-**	81,298
Other	**8,000**	-
Total remuneration for non-audit services for KPMG	**8,000**	81,298
Total remuneration for KPMG	**1,168,470**	1,110,443

6.6 Deed of cross guarantee

Eclipx 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 Eclipx Group Limited, they also represent the 'Extended Closed Group'.

6.0 OTHER (continued)

6.6 Deed of cross guarantee (continued)

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

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Statement of profit or loss and other comprehensive income		
Revenue from continuing operations	**424,803**	451,887
Cost of revenue	**(237,051)**	(288,280)
Lease finance costs	**(26,695)**	(36,323)
Net operating income before operating expenses and impairment charges	**161,057**	127,284
Impairment losses on loans and receivables	**(1,129)**	(1,300)
Other Intangible Impairment	**-**	(398)
Total impairment	**(1,129)**	(1,698)
Employee benefit expense	**(45,071)**	(50,430)
Depreciation and amortisation expense	**(9,379)**	(9,464)
Operating overheads	**(18,764)**	(23,342)
Total overheads	**(73,214)**	(83,236)
Operating finance costs	**(14,740)**	(18,601)
Profit before income tax	**71,974**	23,749
Income tax expense	**(21,633)**	(7,051)
Profit for the year from continuing operations	**50,341**	16,698
Discontinued operations	**-**	(9,421)
Profit for the year, net of tax	**50,341**	7,277
Other comprehensive income, net of tax	**7,177**	1,815
Total comprehensive income for the year	**57,518**	9,092

6.0 OTHER (continued)

6.6 Deed of cross guarantee (continued)

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

	Consolidated	
	2021	**2020**
	$'000	**$'000**
ASSETS		
Cash and cash equivalents	**56,087**	33,968
Restricted cash and cash equivalents	**108,725**	107,758
Trade and other receivables	**46,481**	56,311
Inventory	**13,353**	9,401
Finance leases	**323,802**	338,608
Operating leases reported as porperty, plant and equipment	**462,508**	495,899
Property, plant and equipment	**1,810**	2,948
Receivables - advances to related parties	**108,838**	151,950
Deferred tax assets	**-**	26,620
Right-of-use assets	**4,691**	7,502
Intangibles	**347,921**	348,377
Total assets	**1,474,216**	1,579,342
LIABILITIES		
Trade and other liabilities	**100,783**	85,224
Provisions	**7,169**	7,582
Derivative financial instruments	**7,398**	18,923
Borrowings	**834,105**	960,748
Lease liabilities	**6,025**	8,651
Payable - advances from related parties	**16,202**	16,870
Deferred tax liabilities	**2,636**	9,563
Total liabilities	**974,318**	1,107,561
Net assets	**499,898**	471,781
EQUITY		
Contributed equity	**639,213**	654,765
Reserves	**165,136**	171,808
Retained earnings	**(304,451)**	(354,792)
Total equity	**499,898**	471,781

6.0 OTHER (continued)

6.7 Reconciliation of cash flow from operating activities

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Profit after tax for the year	**75,950**	18,205
Loss from disposal of discontinued operations	**-**	12,025
Depreciation and amortisation	**180,028**	193,996
Amortisation of capitalised borrowing costs	**6,259**	2,692
Credit impairment provision (release)/expense	**(440)**	4,428
Impairment expenses	**-**	398
Share based payments expense	**4,503**	5,984
Unwind on contingent consideration	**(107)**	-
Fleet and stock impairment (release)/expense	**(2,190)**	321
Net gain on sale of non-current assets	**(53,603)**	(25,057)
Hedging gain	**(1,745)**	(1,258)
Exchange rate variations on New Zealand cash and cash equivalents	**(2,290)**	(280)
Net cash inflow from operating activities before change in assets and liabilities	**206,365**	211,454
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	**(27,498)**	28,004
Principal settlement of finance leases	**164,559**	178,463
Decrease/(increase) in deferred tax assets/liabilities	**29,722**	(2,413)
Increase in trade and other liabilities	**22,598**	3,598
Decrease in current provisions	**(96)**	(1,512)
Increase/(decrease) in other current liabilities	**1,274**	(775)
Net cash inflow from operating activities	**396,924**	416,819

6.8 Events occurring after the reporting period

On 15 October 2021, the Group established and executed a new Australian warehouse trust under its FP Turbo program. The new warehouse trust, FP Turbo Warehouse Trust 2021-1, has similar terms and conditions to the two Australian warehouse trusts that it replaced, albeit executed at lower cost of funds and has increased the available undrawn facilities at 30 September by A$109 million.

Except for the matters disclosed above, no other matters or circumstances that 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 Eclipx Group Limited (Group):

(a) The consolidated Financial Statements and notes of the Group that are set out on pages 35 to 90 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 2021 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 6.6 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 2021.

(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

Independent Auditor's Report

To the shareholders of Eclipx Group Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Eclipx 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 2021 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 Statement of financial position as at 30 September 2021;
- 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; and
- 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 the Code.

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 ($444.1m)

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 22% of total assets) and the estimation uncertainty continuing from the business disruption impact of the COVID-19 global pandemic. We focused on the significant forward-looking assumptions the Group applied in their value in use models, including: • 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 new business writings but higher lease extensions, which is increasing margins earned and income is earned on a lower asset base as extended leases continue to depreciate. Demand for second-hand vehicles increased, resulting in increasing 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, 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	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/those charged with governance to understand the impact of COVID-19 to the Group and the impact of global supply shortages of new vehicles on the Group's business and the expected 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. • We challenged the Group's cash flow forecast and growth assumptions, including those relating to the ability to write new business going forward to offset the reduction in the current period and the level at which increased second-

KPMG

and the environment the specific CGUs are subject to from time to time. We involved valuation specialists to supplement our senior audit team members in assessing this Key Audit Matter.	hand motor vehicle prices would impact end-of-lease income using our knowledge of the Group. We also used our knowledge of the Group's industry and past performance including under COVID-19 conditions, industry growth projections and inflation expectations across different geographies to assess the cash flow forecast. • 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 uncertainty of business disruption. We compared forecast growth rates and terminal growth rates to authoritative published studies of industry 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.

Setting of vehicle residual values	
Refer to Critical Accounting Estimates and Assumptions and disclosures over 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 • 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 focused on vehicle impairment testing as well as the robustness of the residual value setting process as indicators of the Group's ability to set accurate residual values. We considered the Group's following significant judgements used in the vehicle impairment model: • expected forecast residual value at the end of the lease term, in particular how the economic impacts of the COVID-19 pandemic may alter residual values; • 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.	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 approved residual value changes to the updated residual values in the lease system. • Assessing the Group's judgement on future lease-related fee cash flows and 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 economic impact of COVID-19 on the extension of leases and comparing the estimated cash flows to the historical cash flow experience for a sample of previous leases. • Assessing the forecast sales prices ascribed to vehicles at the end of their lease and the associated cash flows against recent prices achieved and trends in the market. • Assessing the reduction of the Group's COVID-19 overlay in the prior year to address the economic impact of the COVID-19 pandemic and how this reflects the relationship between current sales prices of vehicles and forecast sales prices. • 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 sales invoices for accuracy, and then compared it to the recorded written down values as assessed in prior periods, enabling us to assess the ability of the Group to accurately estimate values of assets forecast into the end of the lease term.

	• Comparing a sample of the current recorded residual values 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 ($104.5m)	
Refer to Note 2.3 *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 Note 2.3 of the financial report, includes a high level of estimation and accounting complexity. This area is a Key Audit Matter due to increased audit effort arising from: • Stage of completion accounting which inherently requires judgement by the Group to determine where in the lifecycle of maintenance the vehicle is at reporting date, along with potential re-estimations of total lifecycle maintenance. • Increased estimation uncertainty particularly in forecasting the timing and cost of lifetime maintenance services, taking into consideration any changed customer behaviours from the economic impacts of the COVID-19 pandemic, compared to historic patterns. This includes the reduction of the Group's overlay to address these impacts. • We focused on the Group's key assumptions of the average age, term and usage of the vehicle fleet, as well as the proportion of maintenance costs incurred compared to expected for the vehicle type.	Our procedures included: • Assessing the Group's revenue recognition policies against relevant accounting standards. • Recalculating and assessing the Group's estimates of the stage of completion of the contracted maintenance for a sample of leased assets. We checked the mathematical accuracy of the stage of completion model. For a sample of maintenance leases, we checked the average age, term and usage assumptions in the model for consistency with the servicing and maintenance profile, which is based on internal lease portfolio statistics of the vehicle type. The completeness and accuracy of these statistics of the internal lease portfolio was assessed through the testing of relevant IT application controls. • Challenging the Group's judgement in determining the key assumptions by comparing the average cost of lifetime maintenance activities performed to publicly available market costs of servicing vehicles. • Assessing the reasonableness of the assumptions associated with the reduction in the COVID-19 maintenance overlay by comparing the profit margins on maintenance work performed to historical maintenance profit margins. • We assessed the disclosures in the financial report against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in Eclipx 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 About Eclipx Group, The Chairman's Letter, Chief Executive Officer's Letter, Business Overview, Year in Review, Environmental Social and Governance, Board of Directors, Corporate Directory and Shareholder Information sections of the Annual Report 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.

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 Eclipx Group Limited for the year ended 30 September 2021, 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 19 to 34 of the Directors' report for the year ended 30 September 2021.

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

KPMG

KPMG

Peter Zabaks
Partner

Sydney
2 November 2021