

27 October 2023

Manager Company Announcements
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

By E-lodgement

Chair and CEO Addresses – 2023 Annual General Meeting

Please find attached for immediate release in relation to McMillan Shakespeare Limited (ASX: MMS) the following documents in relation to the Company's 2023 Annual General Meeting:

- Chair's address; and
- Managing Director and CEO's address

Shareholders can attend and participate in the on-line meeting by entering the following URL <https://meetnow.global/MLHJSJQ> on your computer, tablet or smartphone.

The link to the live presentation will be placed on the McMillan Shakespeare website <https://mmsg.com.au/>

Yours faithfully
McMillan Shakespeare Limited



Ashley Conn
Chief Financial Officer and Company Secretary

This document was authorised for release by the MMS Board.

Chair's Address – Helen Kurincic

Slide 5 – Chair Address

MMS is proud to be making a difference to people's lives. The services we provide - salary packaging, novated leasing, asset management, disability plan management and support co-ordination – are essential to helping customers, now more than ever, given increasing cost of living pressures. This importance continues to be reflected in our strategy, our clear customer focus and in turn our financial performance.

Today I'll be providing you with an overview of our FY23 results, capital management and business simplification, progress on our group sustainability strategy and governance overall. Our Group Managing Director and CEO, Rob De Luca, will provide an overview of each segment's financial and operational performance for FY23, highlight our strategic priorities and provide an update on our Q1 FY24 trading performance.

Slide 6 – FY23 overview

In FY23 we delivered growth in our normalised financial and operating performance as the Group focussed on the customer, a set of clear strategic priorities and simplifying our portfolio of businesses. This focus enabled the Group to cement its market leadership position in both salary packaging and novated leasing during the period, whilst helping to position our more focused portfolio for future growth. Our performance in FY23 saw the achievement of customer growth in all three of our segments.

In FY23 your Company delivered Normalised underlying net profit after tax (normalised UNPATA) of \$86.2 million, up 3%, Normalised earnings per share of 119.6 cents up 10.5% and strong Normalised return on capital employed (normalised ROCE) of 40%, up a further 1.4% pts.

Normalised refers to adjustments made for the negative earnings impact during the transitional period for the implementation of our funding warehouse, OnBoard Finance. Importantly our strategic rationale for OnBoard Finance remains unchanged. It secures and diversifies our funding source, it increases annuity-based income which is also a new source of income and captures a greater share of the value of transactions we complete. This warehouse funding initiative launched in FY22, achieved our target of 20% of monthly volume leases financed in June 2023.

Our capital allocation framework has a key priority of reinvesting in the business in order to deliver sustainable growth, after which we will fund any strategic acquisitions, deleverage as appropriate, before returning capital to shareholders as fully franked dividends in the first instance. Consistent with our capital allocation framework, during FY23 we completed a 10% off market share buyback at

\$11.66 per share, which incorporated a significant franked dividend component. We were pleased to have delivered a fully franked dividend of 124 cents per share for the year, inclusive of the final dividend of 66 cents per share. This represents 100% of normalised UNPATA, in line with our previous stated policy of paying between 70 – 100% of UNPATA.

We have simplified our portfolio of businesses through the divestment of our aggregation business, which completed on 31 July 2023, and in relation to our UK businesses we have completed the sale of Maxxia UK on 30 September 2023, with agreements also in place for the sale of Anglo Scottish Asset Finance which we expect to complete during the first half of FY24.

Turning now to the continued delivery of our Group Sustainability Strategy. Now in its third year, the strategy is driving positive environmental and social outcomes across our business and the businesses of our customers.

As a leading provider of novated leasing and fleet management services, promoting the uptake of electric vehicles and supporting our customers to transition to a low carbon future is a key focus for the Group. During FY23, 35% of MMS' own Australian and New Zealand fleet was transitioned to electric vehicles. 21.4% of our customer's novated lease orders in June 2023 were for an electric vehicle up from 1% in June 2022.

Having already committed to reducing our own operational carbon footprint to net zero by 2030, during FY23 we also developed a Climate Change Action Plan which brings together in a clear framework, our proposed actions to respond to climate-related risks and opportunities over the next three years.

As a provider of disability plan management and support co-ordination services, the Group is committed to removing barriers for and improving the lives of people with disabilities. During the financial year we implemented a range of initiatives through our Accessibility and Inclusion Plan to make our products, services and workplaces more inclusive. I also volunteer my own time to mentor a NSW leader with a disability as part of the Australian Network on Disability Directing Change Mentoring Program, which aims to advance the governance knowledge of leaders with a disability while building disability confident boardrooms.

MMS also continued the implementation of our Reflect Reconciliation Action Plan during FY23, including further developing our own cultural awareness and joining Supply Nation, which facilitates procurement through Indigenous businesses to help strengthen economic opportunities for First Nations communities.

We are proud that our Morgan Stanley Capital International Environment, Social and Governance (ESG) Rating increased from BBB to A during FY23.

Turning to Board governance, during FY23 we welcomed Arlene Tansey who joined the Board as an independent Non-Executive Director on 7 November 2022 in a smooth succession from Tim Poole

who we thank for his tremendous contribution to the MMS Board as former Chair and non-executive Director.

Arlene is a highly experienced director of ASX companies, high growth business and government entities, with a financial services background in commercial and investment banking. She is a member of our Audit, Risk and Compliance Committee and our People, Culture and Remuneration Committee. I also take this opportunity to formally thank my fellow non-executive Directors for their commitment and contribution to the Group over the past year. We have a high calibre and diverse skills and experience mix on the MMS Board.

The Board has set a clear, focused and ambitious strategy to achieve our vision to be the trusted partner, providing solutions in making complex matters simple. Our performance is achieved through the work and commitment of every single one of our MMS people led by our CEO and MD Rob De Luca and his executive team. On behalf of the Board, thank you.

We enter FY24 with positions in large and growing markets and with businesses well positioned to meet the challenges and capture the opportunities we see for MMS.

Thank you to all our customers and clients who entrust us as their partner as we continue to focus on enhancing the quality and access of the important services we provide given the current macroeconomic environment.

Thank you also to our shareholders for your support of the Company.
I'll now pass over to our CEO and MD Rob De Luca.

CEO Address – Rob De Luca

Slide 7 – Management Presentation

Thankyou Helen, good morning and welcome everyone.

It is a privilege to be here today as MMS CEO and Managing Director as we enter an exciting period for the company.

In my presentation this morning, I will provide you with an overview of each of our continuing operations segment's financial and operating performance during FY23, provide an update on our 1st quarter FY24 performance, and highlight our strategic priorities and outlook.

Slide 8 – FY23 Business Overview

Firstly, by placing our customers at the core of our focus we have achieved some strong metrics.

Our Group Remuneration Services segment achieved total normalised revenue of \$232.8 million for FY23, reflecting growth of 12.7%, whilst normalised UNPATA grew by 8.5% to \$52.5 million. Revenue growth was driven by a 13.3% increase in novated lease sales, an additional 23,300 salary packages and an uplift in interest received from salary packaging funds administered.

As Helen mentioned, as the cost of living continues to rise our services take on increased relevance for our customers as they seek to maximise their after-tax income, with employers seeing the true value of salary packaging and novated leasing when it comes to creating a strong employee value proposition amidst the ongoing labour market dynamics.

During H2FY23, EVs comprised 18.2% of our total novated lease orders, up from just 1.7% in H2FY22. We saw interest in EVs gain momentum as the year progressed, driven by our increased focus on supporting customers through the transition and the Federal Government's Treasury Laws Amendment (Electric Car Discount) Act, legislated in December 2022.

This legislation, which relates to employer provided low and zero emissions vehicles, intends to remove one of the key barriers that may prevent consumers from transitioning to an EV, which is their higher average price when compared to similar vehicles with an internal combustion engine. Asset Management Services, which refers specifically to our AMS Australian and NZ continuing operations, benefited from a 4.1% increase in net amount financed (NAF) and sustained remarketing yields, achieving revenue of \$187.4 million, an increase of 9.9%, while UNPATA rose 4% to \$18.7 million.

Our Plan and Support Services segment, which supports participants in the National Disability Insurance Scheme, achieved 21.3% growth in normalised UNPATA during the year, which increased to \$8 million. This result was largely attributable to strong customer growth of 22.8% and margin expansion resulting from our continued investment in execution of a scalable platform. Importantly, last year we also announced and began implementing our new set of clear strategic priorities focussed at delivering sustainable growth and helping us to achieve our vision. Our strategic ambition has clear intent to deliver increased productivity, continuing to drive customer advocacy through strong Net Promoter Scores, and generating high ROCE and EPS growth.

In support of our strategy, we initiated our Simply Stronger program during the year which has three areas of focus across the FY23-FY25 years – namely, excelling in customer experience through digital and insights-led experiences, driving simplicity and technology enablement to increase productivity, and leveraging our culture and competency-led solutions to extend and enhance value. Whilst early in the program, Simply Stronger FY23 initiatives included the design of new mobile apps and web-portals to facilitate greater digital self-service for our customers, commencement of the modernisation and simplification of our technology infrastructure, digitising some of our existing manual processes, and leveraging and extending our eco-system of relationships to extend our market and offering, particularly regarding EVs.

Slide 9 –Q1FY24 update

Now moving to the next slide.

I'd firstly like to mention that new vehicle sales in the Australian market have been at high levels for each of the months of July, August and September in the first quarter of FY24 as reported by VFacts up 16.2% on pcp.

This unprecedented sales activity level, together with the ongoing vehicle supply dynamic and continued strong upwards momentum in demand for the purchase of EV's via a novated lease, is generating material benefit to our business with Group Normalised revenue from continuing operations up 15% in the 1st quarter of FY24 versus the previous corresponding period.

In the 1st quarter of FY24 within our GRS segment our novated lease orders were up 12.3% on pcp. This continued growth in order activity further stems from client growth and the increasing customer demand and contribution from EVs as mentioned. Novated lease unit sales in the 1st quarter of FY24 were up 27.6% on pcp, well in advance of that experienced in the broader new vehicle market. This activity was underpinned by strong activity levels, particularly towards the back end of the FY23 period, with the increasing EV uptake.

To demonstrate the strength of this increasing uptake for EVs via our channel, that is a novated lease arrangement, in quarter 1 FY24, 36.3% of our new novated lease sales were for an EV, up from only 4.3% in the prior corresponding period. This performance also compares favourably with the volume of EV's being sold as a percentage of all new passenger and SUV car sales in the Australian market, which sat at 10.8% in quarter 1 FY24 as reported by VFacts.

We remain pleased with this activity and continue to work hard on capturing this momentum, and in particular helping our customers in their consideration and transition to low and zero emissions vehicles.

During the quarter we continued to grow our customer base across all MMS's segments and for the remainder of the year we will continue to respond to market conditions and focus on our three strategic priorities.

Slide 10 – FY24 Outlook and priorities

Turning to the next slide, I'd like to now touch on our outlook and priorities for FY24.

In relation to our GRS segment, the value of our carryover which is expected to benefit future periods remains at similar levels to that reported at the FY23 results. . This is consistent with an auto supply dynamic we expect to remain with increasing demand and uptake for EVs to continue.

From a broader environment perspective, we expect labour market, interest rate and inflationary pressures to remain.

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In relation to our PSS segment, we're pleased with the fundamentals of our business which as a Plan Manager plays an integral role in helping to address challenges being experienced by the NDIS, including helping to detect and mitigate fraudulent behaviours, and in doing so supporting scheme integrity, sustainability and improved participant outcomes.

As the scheme and plan management continues to grow and mature, together with our continued focus on the customer experience and leveraging our scalable platform, we look forward to achieving further participant growth.

We also note that the Government Agency administering the scheme, the NDIA, is rolling out a new technology platform called PACE which is a customer relationship management system designed to improve participant and provider experience. Whilst we expect some teething issues during rollout of the new platform, our own PSS technology platform and business model is concurrently being updated in order to best align with the required PACE changes, aiming to enable us to continue to transact and support our customers in a timely manner.

Additionally, whilst we remain in regular dialogue with policy makers and the NDIA, we note that the findings and recommendations of the NDIS independent review are due for release shortly. We have made a submission to the Review outlining where we believe further Scheme improvements are possible. We await the findings of the Review and will work accordingly in response should there be any matters arising relevant to our PSS business and its services.

At an operational level, we will continue to invest in our Simply Stronger program with FY24 capex spend forecast to be around \$23m.

We are also continuing to focus on key client renewals and pursuing new tender opportunities to underpin organic growth.

Our funding warehouse, OnBoard Finance, will continue to evolve as an important plank in our business strategy aiming to continue to represent approximately 20% of our novated lease volume. Based on our growth in novated leases, we currently expect the Warehouse normalisation adjustment for FY24 to increase to approximately \$(15m).

Finally, whilst the strength of our balance sheet allows us to make important capex commitments like the Simply Stronger program, to enhance the customer experience, help drive organic growth and generate efficiencies, it also provides us with the flexibility to consider and pursue appropriate non-organic growth opportunities which we will continue to do, particularly within the PSS segment.

We are optimistic about the future and the opportunities for long-term sustainable growth.

Before I close, I'd like to thank our loyal customers, our people, our shareholders and our Board of Directors for their ongoing support and commitment. Thank you.