McMillanShakespeareGroup

The Tower, Melbourne Central,
Floor 21, 360 Elizabeth Street, Melbourne VIC 3000
Phone: 03 9097 3000 Fax: 03 9097 3048
www.mmsg.com.au

22 February 2023

Manager Company Announcements
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

By E-lodgement

McMillan Shakespeare Limited (MMS) 1H FY23 Interim Results

Please find attached the Appendix 4D Half-year Report, Directors' Report, Financial Report and Auditor's Independent Review Report for the half-year ended 31 December 2022.

This announcement comprises the information required by ASX Listing Rule 4.2A and the statement required by Rule 4.2C.2.

This announcement was authorised for release by the Board of MMS.

Ashley Conn
CFO and Company Secretary
McMillan Shakespeare Limited

Appendix 4D and Consolidated Interim Financial Report

Half-year ended
31 December 2022

Appendix 4D

Half-year ended 31 December 2022

Name of entity	McMillan Shakespeare Limited
ACN	107 233 983
Reporting period	Half year ended 31 December 2022
Previous corresponding period	Half year ended 31 December 2021

Results for announcement to the market

	Half-Year ended 31 Dec 2022 $'000	Change on previous period (%)
Revenues from ordinary activities	312,926	0.4%
Profit from ordinary activities after tax attributable to members	35,537	18.1%
Net profit after tax attributable to members	35,537	18.1%
Underlying net profit after tax and acquisition amortisation (UNPATA) attributable to members [1]	37,072	(7.3%)
Normalised underlying net profit after tax and acquisition amortisation (UNPATA) attributable to members [2]	40,381	0.3%

1. UNPATA is calculated as net profit before-tax but before the after-tax impact of acquisition and divestment related activities, accounting standard changes, and non operational items. The Group believes this measure of performance best represents the underlying operating results of the Group.
2. Normalised refers to adjustments made for the negative earnings transitional period for the implementation of the funding warehouse, OnBoard Finance ("Warehouse"). It normalises for the Warehouse's in year operating and establishment expenses and for an adjustment for current commissions that would have otherwise been received in period had the sales been financed via a principal and agency funder rather than through the Warehouse.

Dividend information	Amount per share (cents)	Franked amount per share (cents)
Final 2022 dividend per share (paid 23 September 2022)	74.0	74.0
Interim dividend 2023 dividend per share (payable 24 March 2023)	58.0	58.0

The record date for determining entitlement to the interim dividend is 10 March 2023.
The ex-dividend date is 9 March 2023. There is no dividend reinvestment plan in place.

Net tangible assets	31 Dec 2022	30 Jun 2022
Net tangible assets per ordinary share [1], cents per share	0.74	1.79

1. Net tangible assets per share is calculated including the lease right-of-use asset.

Appendix 4D

Half-year ended 31 December 2022

Control gained or lost over entities during the period

There were no entities for which control was gained or lost in this period.

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' report and the consolidated interim financial statements for the half year ended 31 December 2022.

Independent auditors' review

The Consolidated Interim Financial report for the half year ended 31 December 2022 has been reviewed by EY and there is no dispute or qualification.

Consolidated Interim Financial Report

Half-year ended 31 December 2022

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Directors' Report

Directors

The Directors of McMillan Shakespeare Limited (the Company) present their report on the consolidated entity consisting of the Company and the entities it controlled at the end of, or during, the half-year ended 31 December 2022 (the Group or Consolidated Group) and the auditor's report thereon.

The names of the Directors of the Company during the whole of the reporting period and up to the date of this report are as follows:

Ms H. Kurincic

Mr B. Akhurst

Mr J. Bennetts

Mr R. Chessari

Ms K. Parsons

Mr T. Poole (resigned 31 August 2022)

Ms A. Tansey (appointed 7 November 2022)

Mr R. De Luca

Principal activities

The principal activities of the Company and its controlled entities were the provision of salary packaging, novated leasing, disability plan management and support co-ordination, asset management and related financial products and services.

In the opinion of the Directors, there were no significant changes in the nature of activities of the Company and its controlled entities during the course of the half year ended 31 December 2022 that are not otherwise disclosed in the consolidated interim financial report.

Review of Operations

The consolidated net profit for the half-year ended 31 December 2022 attributable to the members of the Company after providing for income tax was $35,537,000 (1HFY22: $30,101,000).

	1HFY23	1HFY22	Change %
Statutory revenue ($m)	312.9	311.6	0.4%
Normalised Revenue [1] ($m)	314.8	311.6	1.0%
Normalised EBITDA [1,2,3] ($m)	**67.2**	**63.6**	**5.7%**
Normalised UNPATA [1,2,4] ($m)	**40.4**	**40.3**	**0.3%**
Normalised UNPATA [1,2,4] margin (%)	12.8%	12.9%	
UNPATA [1,4] ($m)	37.1	40.0	(7.3%)
Statutory NPAT ($m)	**35.5**	**30.1**	**18.1%**
Normalised EPS [1,2] (cents)	54.2	52.0	4.1%
Interim dividend per share (cents)	58.0	34.0	70.5%
Normalised Payout ratio [1,2,6] (%)	100%	65%	
Return on equity [5] (%)	36.1%	28.4%	
Return on capital employed [5] (%)	38.7%	34.2%	
Net cash [7] ($m)	43.7	115.7	(62.2%)

Directors' Report

1. Normalised revenue, Normalised EBITDA, Normalised UNPATA, UNPATA and Normalised EPS are non-IFRS metrics used for management reporting. The Group believes Normalised UNPATA and UNPATA reflects what it considers to be the underlying performance of the business.
2. Normalised refers to adjustments made for the negative earnings transitional period for the implementation of the funding warehouse, OnBoard Finance ("Warehouse"). It normalises for the Warehouse's in year operating and establishment expenses and for an adjustment for current commissions that would have otherwise been received in period had the sales been financed via a principal and agency funder rather than through the Warehouse. Normalised financials are stated for 1HFY23 and 1HFY22 (for comparative purposes) and are currently expected to be stated up to and including FY25. Normalised impacts of 1HFY23 Revenue $(1.8)m, EBITDA $(4.2)m, EBIT $(4.7)m and UNPATA of $(3.3)m and 1HFY22 EBITDA $(0.4)m, EBIT $(0.4)m and UNPATA of $(0.3)m.
3. Earnings before interest, tax, depreciation (excluding fleet and warehouse assets) and amortisation (EBITDA) excludes the pre-tax impact of acquisition and divestment related activities, accounting standard changes and non operational items otherwise excluded from UNPATA on a post-tax basis.
4. Underlying net profit after tax and acquisition amortisation (UNPATA), being net profit after tax but before the after-tax impact of acquisition and divestment related activities, accounting standard changes and non operational items.
5. Return on equity (ROE) and return on capital employed (ROCE), are based on last 12 months' Normalised UNPATA and Normalised earnings before interest and tax (EBIT). Normalised EBIT is before the pre-tax impact of acquisition and divestment related activities, accounting standard changes, and non operational items. Equity and capital employed (excluding lease liabilities) used in the calculations includes the add back of impairment of acquired intangible asset charges incurred in the respective financial period and also includes add back for the Warehouse in 1HFY22 and 1HFY23.
6. Dividend payout ratio is calculated as total dividend for the financial period divided by Normalised UNPATA for the financial period.
7. Cash ($113.5m) less corporate debt and other non-fleet debt ($69.8m) excludes fleet funded debt.
8. The information presented in this Review of Operations has not been audited in accordance with the Australian Auditing Standards.

Group Normalised revenue of $314.8m increased 1.0%, Normalised EBITDA of $67.2m increased 5.7% and Normalised UNPATA of $40.4m increased 0.3% with improvements in the Group Remuneration Services (GRS), Plan and Support Services (PSS) and Asset Management (AMS) ANZ businesses moderated by performance of the AM UK businesses.

Continued focus on the customer across MMS led to growth in key operating metrics. These metrics include novated lease orders and sales, salary packages under management, net amount financed (NAF) and Plan and Support Services customer numbers and support hours.

In addition, the Group progressed onboarding recent client wins, furthered its digital and data and analytics capabilities to enhance the customer experience and enable future growth, whilst increasing the volume of novated leases financed through the Group's funding warehouse, Onboard Finance.

The Group also continued to navigate complex market conditions, including rising interest rates and inflation, the ongoing constrained supply of new motor vehicles, and softer economic conditions, most notably in the UK.

During the period the Commonwealth Government legislated an exemption from Fringe Benefits Tax for eligible low and zero emissions vehicles. The new law helps to address the higher cost of electric vehicles ("EV") and fuel-efficient cars which has acted as one of the key barriers for Australians when considering making the switch to an EV or fuel-efficient car.

The EV legislation became law on 12 December 2022 and is retrospectively applied from 1 July 2022. As a result, the Group saw elevated inquiry during the half from customers regarding novated leases for EVs and fuel-efficient cars. MMS is well positioned to capitalise on these changes to assist customers transition into low and zero emissions vehicles.

The Group continued to progress key sustainability initiatives, including development of a Climate Change Action Plan, becoming a member of Supply Nation to help increase procurement through Indigenous businesses, and reinforcing our efforts on gender diversity leadership by joining the HESTA 40:40:20 Initiative. MMS also achieved an uplift in its Morgan Stanley Capital International Environment, Social and Governance (ESG) Rating, from BBB to an A.

Capital management initiatives undertaken included the completion of a 10% off-market share buyback, which incorporated a significant franked component, and the establishment of a new $60m debt facility to support working capital needs.

With the release of the 1HFY23 financial results, MMS outlined its clear Group strategy aimed at delivering sustainable growth across the three segments, namely GRS, AMS, and PSS. The strategy is focussed on three key priorities across the Group:

1. Excelling in customer experience;
2. Driving technology-enabled productivity; and
3. Delivering competency-led solutions.

Directors' Report

Group Remuneration Services (GRS)

	1HFY23	1HFY22	Change %
Revenue ($m)	108.6	100.5	8.1%
Normalised Revenue [1] ($m)	110.4	100.5	9.9%
Normalised EBITDA [1,2,3] ($m)	40.4	37.7	7.2%
Normalised UNPATA [1,2,4] ($m)	23.1	20.9	10.4%

Refer notes above from previous table

GRS revenue growth was driven by an 11% increase in novated lease sales, an additional 22,149 salary packages by period end and an uplift in interest received from funds administered. Novated lease sales momentum benefited from ongoing customer and client focus, with total novated lease units rising by 3.3% to a record 74,090.

Whilst some stabilisation in vehicle supply occurred, ongoing constraints resulted in a continued growth of novated lease orders carried over beyond 1HFY23. Total carryover revenue to benefit future periods as at 31 December 2022 was $27.4m, up from $25.6m as at 30 June 2022.

Uplift in salary packages was underpinned by the transitioning of recent new client wins achieved in FY22 and growth through increased penetration of existing clients.

Increased GRS revenues were offset by continued investment to support higher order levels and elevated carryover, whilst the Group progressed ongoing investments in digital and data analytics to enhance the customer experience and support future productivity gains.

The Group's new warehouse facility, OnBoard Finance, increased the number of leases written, ultimately targeting 20% of GRS new novated leases by the end of FY23. The warehouse secures and diversifies the Group's funding sources, while delivering higher overall value per transaction for the business and an increase in annuity-based income. During the warehouse transition period, currently expected to be up to and including FY25, the Group will report normalised UNPATA, which excludes the negative earnings impact of the transition to the warehouse. In 1HFY23 the impact was $(3.3m) which has been excluded from normalised UNPATA, whilst for FY23 the total impact is now estimated at (~$10m).

Directors' Report

Asset Management Services (AMS)

	1HFY23	1HFY22	Change %
Revenue ($m)	179.7	191.4	(6.2%)
EBITDA[3] ($m)	22.1	22.3	(1.1%)
UNPATA[4] ($m)	14.8	17.1	(13.7%)

Refer notes above from previous table

The AMS Australia and New Zealand (ANZ) segment benefited from elevated used vehicle pricing with revenues up 16.3% to $107.5m and Normalised UNPATA up 5.6% to $10.3m. In the UK, challenging conditions impacted activity and overall segment performance.

AMS ANZ benefited from the expiration of larger customer contracts whilst experiencing stabilising remarketing yields.

Asset Written Down Value (WDV) of the AMS ANZ segment at $310m (including fleet assets funded utilising principal and agency arrangements) was in line with the previous corresponding period, reflecting automotive supply challenges and their constraint on client vehicle fleet renewal.

In the UK NAF grew against an environment of rising interest rates and challenging economic conditions affecting business confidence. Remarketing yields remained at elevated levels while the continuing run-off of the Maxxia portfolio and associated on-balance sheet assets resulted in reduced sales opportunities.

These factors, together with the previous corresponding period having the benefit of a $2.4m non-recurring taxation credit, saw a decline in the segment's UK revenue and operating profit, with revenues down 28.7% to $52.8m and UNPATA down 52.7% to $2.5m.

In RFS, the Aggregation business benefited from an expanded lending panel and achieved increased commercial volumes driving a 11% increase in NAF to $654m at period end, with total revenues down 4.1% to $19.4m (excluding the sale of Davantage Group Pty Ltd and Presidian Management Services Pty Ltd). Aggregation, whilst adapting well to changes in consumer lending activity, experienced continued competitive pricing and increased labour costs, attributable in part to the re-commencement of on-the-ground client engagement and marketing activity.

Plan and Support Services (PSS)

	1HFY23	1HFY22	Change %
Revenue ($m)	23.4	19.5	19.9%
EBITDA[3] ($m)	4.9	4.5	9.1%
UNPATA[4] ($m)	3.2	2.9	8.6%

Refer to notes above from previous table.

PSS continued to focus on investing in the delivery of a scalable platform for future growth, whilst being well placed to assist the Commonwealth Government optimise outcomes for both individuals living with disability, and the broader National Disability Insurance Scheme (NDIS).

Off the back of strong customer growth, segment revenue increased due to a 27.6% uplift in plan management and support co-ordination customers, and a 45.1% increase in support coordination billable hours.

Profit margins in the segment were impacted by changes to NDIS client renewal policies and support pricing, which saw no annual fee increases, together with ongoing investment by PSS in technology and digital tools to enhance the customer experience and deliver growth.

Migration to a common technology platform across the Plan Tracker business was successfully completed, assisting with the focus of the business on the delivery of future efficiencies for the segment.

Directors' Report

Outlook

MMS expects many of the trading environment experiences of the first half of FY23 to remain similar for the remainder of FY23.

The focus of the Group for the remainder of FY23 will be on executing MMS's three key strategic priorities to drive sustainable growth, together with:

- supporting customer demand and the increasing opportunity for transition to EVs,
- upcoming client renewals and new tenders,
- further investments to enhance the customer experience and generate productivity improvements,
- continued implementation of the Group's funding warehouse,
- continuing to drive organic growth and consider non-organic growth opportunities within the PSS segment, and
- the exploration of exit options for the UK operations.

Dividends and distributions

Dividends paid during the half year ended 31 December 2022 were as follows:

	31 Dec 2022
Final dividend for the year ended 30 June 2022 of 74.0 cents per ordinary share, fully franked ($m)	51.6

On 22 February 2023, the Directors declared an interim fully franked dividend of 58.0 cents per ordinary share, in respect to the half year ended 31 December 2022. The record date is 10 March 2023, and the dividend is payable on 24 March 2023. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is $40.4m.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financials/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 consolidated interim financial report. Amounts in the directors' report and consolidated interim financial report have been rounded off to the nearest thousand dollars in accordance with that Corporations Instrument.

Change of Auditor

In accordance with an ordinary resolution made by the Company's members at the Annual General Meeting held on 28 October 2022 Ernst & Young were appointed as auditor of the Company. This followed the resignation of the Company's previous auditor, Grant Thornton Audit Pty Ltd and ASIC's consent to the resignation in accordance with Section 329(5) of the *Corporations Act 2001*.

Events occurring after the reporting date

Other than the matters disclosed in this report, there were no material events subsequent to the reporting date.

Environmental regulations

The Company and its controlled entities have adequate systems in place for the management of relevant environmental requirements and are not aware of any breach of those environmental requirements as they apply to the Company and its controlled entities.

Directors' Report

Indemnification and Insurance

Under the Company's Constitution, the Company indemnifies the Directors and officers of the Company and its wholly owned subsidiaries to the extent permitted by law against any liability and all legal costs in connection with proceedings incurred by them in their respective capacities.

The Company has also entered into a Deed of Access, Indemnity and Insurance (Deed) with each Director and each Company Secretary which protects individuals acting as officeholders during their term of office and after their resignation. Under the Deed, the Company also indemnifies each officeholder to the full extent permitted by law.

The Company has a Directors & Officer Liability Insurance policy in place for all current and former officers of the Company and its controlled entities. The policy affords cover for loss in respect of liabilities incurred by Directors and officers where the Company is unable to indemnify them and covers the Company for indemnities provided to its Directors and officers. This does not include liabilities that arise from conduct involving dishonesty. The Directors have not included the details of the premium paid with respect to this policy as this information is confidential under the terms of the policy.

Auditor's independence declaration

A copy of the auditor's independence declaration, as required under section 307C of the *Corporations Act 2001* is included on page 9 and forms part of this report.

Signed in accordance with a resolution of the Directors.

Helen Kurincic
Chair

Robert De Luca
Managing Director & Chief Executive Officer

22 February 2023
Melbourne, Australia

Directors' Report

Directors' Declaration

In accordance with a resolution of the directors of McMillan Shakespeare Limited, the Directors declare that:

In the opinion of the Directors:

a) The consolidated interim financial statements and notes of McMillan Shakespeare Limited and its subsidiaries (the Group) for the half-year ended 31 December 2022 are in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and

   ii. complying with Australian Accounting Standard AASB 134 Interim Financial reporting and the *Corporations Regulations 2001*.

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

Signed in accordance with a resolution of the Directors of McMillan Shakespeare Limited.

Yours faithfully,
McMILLAN SHAKESPEARE LIMITED

Helen Kurincic	**Robert De Luca**
Chair	*Managing Director & Chief Executive Officer*

Auditor's Independence Declaration

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Auditor's independence declaration to the directors of McMillan Shakespeare Limited

As lead auditor for the review of the half-year financial report of McMillan Shakespeare Limited for the half-year ended 31 December 2022, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;

b. No contraventions of any applicable code of professional conduct in relation to the review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of McMillan Shakespeare Limited and the entities it controlled during the financial period.

Ernst + Young

Ernst & Young

Brett Kallio

Brett Kallio
Partner
Melbourne
22 February 2023

Statements of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2022

	Notes	31 Dec 2022 $'000	31 Dec 2021 $'000
Revenue	3,4	307,368	310,591
Interest revenue		5,558	1,022
Revenue from continuing operations		**312,926**	311,613
Expenses			
Employee benefit expenses		(83,076)	(76,961)
Leasing and vehicle management expenses		(98,184)	(102,396)
Brokerage commissions and incentives		(13,013)	(12,792)
Depreciation and amortisation expenses		(35,179)	(34,199)
Net claims incurred		-	(3,305)
Other operating expenses		(29,326)	(29,533)
Finance costs		(3,619)	(2,558)
Operational expenses excluding impairment & other		(262,397)	(261,744)
Impairment of intangible assets	5	-	(6,028)
Gain / (loss) on loss of control of subsidiary		-	(1,221)
Impairment & other non-operational items		-	(7,249)
Total expenses		**(262,397)**	(268,993)
Profit before income tax expense		**50,529**	42,620
Income tax expense		(14,992)	(12,519)
Net profit for the period		**35,537**	30,101
Net Profit is attributable to:			
Owners of the Company		35,537	30,101
Net profit attributable to Owners of the Company		**35,537**	30,101
Other comprehensive income			
Items that may be re-classified subsequently to profit or loss:			
Changes in fair value of cash flow hedges		(563)	587
Exchange differences on translating foreign operations		754	537
Income tax on other comprehensive income		169	(176)
Other comprehensive income, net of tax		360	948
Total comprehensive income for the half-year		**35,897**	31,049
Total comprehensive income for the half-year is attributable to:			
Owners of the Company		35,897	31,049
Non-controlling interests		-	-
Total comprehensive income for the half-year		**35,897**	31,049
Basic earnings per share (cents)		47.7	38.9
Diluted earnings per share (cents)		47.5	38.8

Notes to the financial statements are annexed.

Statements of Financial Position

As at 31 December 2022

	Notes	31 Dec 2022 $'000	30 June 2022 $'000
Current assets			
Cash and cash equivalents	6	113,512	160,796
Trade and other receivables		44,760	35,267
Finance lease receivables		8,597	14,609
Inventory		18,559	15,574
Prepayments		8,600	5,525
Derivative financial instruments	10	2,526	2,931
Total current assets		196,554	234,702
Non-current assets			
Finance lease receivables		33,465	13,531
Assets under operating lease	7	204,333	223,667
Right-of use assets		33,193	35,982
Property, plant and equipment		13,996	11,322
Intangible assets	8	133,692	135,548
Deferred tax assets		22,577	25,145
Total non-current assets		441,256	445,195
Total assets		637,810	679,897
Current liabilities			
Trade and other payables		113,818	83,819
Contract liabilities		7,370	7,823
Customer receipts in advance		4,962	18,842
Provisions		12,250	13,383
Current tax liability		9,162	1,158
Borrowings	9	7,997	15,851
Lease Liabilities		6,239	4,212
Total current liabilities		161,798	145,088
Non-current liabilities			
Provisions		1,813	1,195
Borrowings	9	207,960	151,933
Lease Liabilities		44,478	46,852
Deferred tax liabilities		36,461	43,398
Total non-current liabilities		290,712	243,378
Total liabilities		452,510	388,466
Net assets		185,300	291,431
Equity			
Issued capital	12	68,596	76,257
Reserves		(7,126)	(7,248)
Retained earnings		123,830	222,422
Total equity		185,300	291,431

Notes to the financial statements are annexed.

Statements of Changes in Equity

For the half-year ended 31 December 2022

	Issued capital $'000	Retained earnings $'000	Share-based payment reserve $'000	Cash flow hedge reserve $'000	Foreign currency translation reserve $'000	Acquisition reserve $'000	Total $'000
Equity as at 1 July 2022	76,257	222,422	2,861	2,023	(4,928)	(7,204)	291,431
Profit attributable to members of the parent entity	-	35,537	-	-	-	-	35,537
Other comprehensive income after tax	-	-	-	(394)	754	-	360
Total comprehensive income for the period	-	35,537	-	(394)	754	-	35,897
Transactions with owners in their capacity as owners:							
Share-based expense	-	-	1,044	-	-	-	1,044
Treasury shares	-	-	(1,281)	-	-	-	(1,281)
Dividends paid	-	(51,564)	-	-	-	-	(51,564)
Share buy-back	(7,661)	(82,565)	-	-	-	-	(90,226)
Equity as at 31 December 2022	68,596	123,830	2,623	1,629	(4,174)	(7,204)	185,300

	Issued capital $'000	Retained earnings $'000	Share-based payment reserve $'000	Cash flow hedge reserve $'000	Foreign currency translation reserve $'000	Acquisition reserve $'000	Total $'000
Equity as at 1 July 2021	76,257	202,448	1,254	(228)	(3,332)	(7,204)	269,195
Profit attributable to members of the parent entity	-	30,101	-	-	-	-	30,101
Other comprehensive income / (loss) after tax	-	-	-	411	537	-	948
Total comprehensive income / (loss) for the period	-	30,101	-	411	537	-	31,049
Transactions with owners in their capacity as owners:							
Share-based expense	-	-	970	-	-	-	970
Treasury shares	-	-	-	-	-	-	-
Dividends paid	-	(24,066)	-	-	-	-	(24,066)
Equity as at 31 December 2021	76,257	208,483	2,224	183	(2,795)	(7,204)	277,148

Notes to the financial statements are annexed.

Statements of Cash Flows

For the half-year ended 31 December 2022

	Notes	31 Dec 2022 $'000	31 Dec 2021 $'000
Cash flows from operating activities			
Receipts from customers		280,548	297,130
Payments to suppliers and employees		(195,582)	(232,526)
Proceeds from sale of assets previously under lease		49,942	62,774
Proceeds from sale of lease portfolio		-	611
Payments for assets under lease		(65,883)	(63,605)
Interest received		1,453	215
Interest paid		(3,378)	(3,185)
Income taxes paid		(11,357)	(11,995)
Net cash from operating activities		55,743	49,419
Cash flows from investing activities			
Payments for capitalised software		(4,221)	(4,174)
Payments for plant and equipment		(1,293)	(665)
Cash transferred on disposal of net assets of subsidiaries		-	(20,140)
Acquisition of subsidiary, net of cash acquired		-	(10,736)
Net cash used in investing activities		(5,514)	(35,715)
Cash flows from financing activities			
Proceeds from borrowings		60,000	-
Repayments of borrowings		(11,827)	(13,703)
Payments of lease liabilities		(2,832)	(3,083)
Payments for treasury shares		(1,281)	-
Payments in respect of share buy back		(90,226)	-
Dividends paid		(51,559)	(24,066)
Net cash used in financing activities		(97,725)	(40,852)
Effects of foreign currency translation		213	172
Net (decrease) / increase in cash and cash equivalents		(47,283)	(26,976)
Cash and cash equivalents at the beginning of the half-year		160,795	157,997
Cash and cash equivalents at the end of the half-year	6	113,512	131,021

Notes to the Financial Statements

For the half-year ended 31 December 2022

1. Basis of Preparation

McMillan Shakespeare Limited (the Company) is a company limited by shares, incorporated and domiciled in Australia.

The consolidated interim financial report is a general purpose financial report prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*.

This consolidated interim financial report does not include all the information and disclosures required in the annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Company during the half-year period in accordance with the continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*. The Company is a for-profit entity for financial reporting purposes under the Australian Accounting Standards.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

The consolidated interim financial report was approved by the Board of Directors on 22 February 2023.

2. Significant accounting policy changes

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the Group's last annual financial report for the year ended 30 June 2022. There were no new or amended Accounting Standards that are effective for the current period which have a material impact upon the Group.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2022 but do not have an impact on the interim consolidated financial report for the half year ended 31 December 2022.

3. Segment reporting

Operating segments have been identified after considering the nature of the products and services, type of customer and distribution methods.

Reportable Segment	Services provided
Group Remuneration Services (GRS)	Administrative services in respect of salary packaging and facilitates motor vehicle novated leases for customers. Ancillary services associated with motor vehicle novated lease products.
Asset Management Services (AMS)	Financing and ancillary management services associated with motor vehicles, commercial vehicles and equipment with operations in AU, NZ and the UK. Retail brokerage services, aggregation of finance originations (but not the provision of finance).
Plan and Support Services (PSS)	Plan management and support coordination services to participants in the National Disability Insurance Scheme (NDIS)

Underlying net profit after-tax and amortisation (UNPATA), being net profit after-tax but before the after-tax impact of acquisition and divestment related activities, accounting standard changes, and non operational items (as outlined in the following tables), is the key measure by which management monitors the performance of the segments. Segment revenue and expenses are reported as attributable to the shareholders of the Company and excludes outside equity interests share.

Notes to the Financial Statements

For the half-year ended 31 December 2022

31 December 2022	GRS $'000	AMS $'000	PSS $'000	Unallocated $'000	Consolidated $'000
Revenue	104,491	179,468	23,409	-	307,368
Interest revenue	4,127	185	-	1,246	5,558
Segment revenue	**108,618**	**179,653**	**23,409**	**1,246**	**312,926**
Normalised UNPATA	23,085	14,758	3,156	(618)	40,381
Warehouse	(4,727)	-	-	-	(4,727)
Income tax related to normalised UNPATA adjustments	1,418	-	-	-	1,418
UNPATA	19,776	14,758	3,156	(618)	37,072
Reconciliation to statutory net profit/(loss) after tax attributable to members of the parent entity					
Amortisation of intangible assets acquired on business combination	-	(893)	(406)	-	(1,299)
Capital restructure costs	-	-	-	(435)	(435)
Loss on disposal of subsidiaries	-	-	-	-	-
Acquisition & disposal related expenses[1]	-	(130)	(160)	(170)	(460)
Income tax related to UNPATA adjustments	-	306	170	182	658
UNPATA adjustments after-tax	-	(717)	(396)	(423)	(1,536)
Statutory net profit/(loss) after-tax attributable to members of the parent entity	**19,776**	**14,041**	**2,760**	**(1,041)**	**35,536**

1. Costs incurred in relation to potential acquisition and disposal transactions and integration related costs.

Notes to the Financial Statements

For the half-year ended 31 December 2022

31 December 2021	GRS $'000	AMS $'000	PSS $'000	Unallocated $'000	Consolidated $'000
Revenue from contracts with customers	99,652	191,423	19,516	-	310,591
Interest revenue	807	8	-	207	1,022
Segment revenue	**100,459**	**191,431**	**19,516**	**207**	**311,613**
Normalised UNPATA	20,908	17,105	2,906	(660)	40,259
Warehouse	(405)	-	-	-	(405)
Income tax related to normalised UNPATA adjustments	122	-	-	-	122
UNPATA	**20,624**	**17,105**	**2,906**	**(660)**	**39,975**
Reconciliation to statutory net profit/(loss) after tax attributable to members of the parent entity					
Amortisation of intangible assets acquired on business combination	-	(929)	(431)	-	(1,360)
Impairment of CLM goodwill	-	(8,611)	-	-	(8,611)
Loss on disposal of subsidiaries	-	(1,810)	-	-	(1,810)
Acquisition & disposal related expenses [1]	-	-	(669)	(1,093)	(1,761)
Accounting standard agenda decisions [2]		(563)	-	-	(563)
Income tax related to UNPATA adjustments	-	3,574	330	328	4,232
UNPATA adjustments after-tax	-	(8,339)	(770)	(765)	(9,874)
Statutory net profit/(loss) after-tax attributable to members of the parent entity	**20,624**	**8,766**	**2,136**	**(1,425)**	**30,101**

1. Costs incurred in relation to the acquisition and disposal of Group subsidiaries which included the acquisition of Plan Tracker Pty Ltd which completed on 1 July 2021 and the disposal of Davantage Group Pty Ltd and Presidian Management Services Pty Ltd (the RFS Retail business) which completed on 30 September 2021.
2. Impact of IFRIC and IFRS Interpretation Committee agenda decisions adopted during the period.

Notes to the Financial Statements

For the half-year ended 31 December 2022

4. Revenue

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	31 Dec 2022 $'000	31 Dec 2021 $'000
Revenue from contracts with customer		
Remuneration services	103,647	99,650
Sale of leased and other assets	88,926	97,782
Brokerage commissions and financial services	33,317	38,778
Plan and support services	23,409	19,516
	249,299	255,727
Lease rental services	57,927	53,415
Other revenue	142	1,450
	307,368	310,591

The Group has disaggregated revenue recognised from contracts with customers into categories that relate to the services performed across the business segments such as remuneration services including salary packaging and novated leases, sale of leased and other assets, lease rental services, and disability plan and support services. Revenue is recognised as services are rendered.

5. Profit and loss information

Significant items	31 Dec 2022 $'000	31 Dec 2021 $'000
UK Impairment		
Impairment of goodwill and other restructuring expenses, net of tax [1]	-	6,028
	-	6,028

1. The prior period includes the impairment of CLM and Maxxia Ltd goodwill. Impairment of Maxxia Ltd goodwill included $1,805,000 cost for the acquisition of remaining JV interest which was based on an historic incentive arrangement to retain prior management.

6. Cash and Cash Equivalents

	31 Dec 2022 $'000	30 Jun 2022 $'000
Cash on hand	-	-
Bank balances	113,260	160,543
Short term deposits	252	253
	113,512	160,796

Cash and cash equivalents held in trust and not recognised in the Consolidated Statement of Financial Position

Pursuant to contractual arrangements with clients, GRS administers cash flows on behalf of clients as part of the remuneration benefits administration service. Cash held in trust for clients are therefore not available for use in the Group's operations. For some clients, cash is held in bank accounts specified in their name and other client monies are held in bank accounts specially designated as monies in trust for clients. All client monies are segregated from the Group's own cash and not included in the Consolidated Statement of Financial Position.

At reporting date, the balance of monies held in bank accounts in trust for clients representing all client contributions to operate their accounts were as follows:

	31 December 2022		30 June 2022	
	Average interest rate	$'000	Average interest rate	$'000
Client monies in trust, accruing to the Group	2.25%	418,161	0.40%	418,944
Client monies in trust, accruing to clients	-	17,144	0.32%	20,750
		435,305		439,694

Pursuant to contractual agreement with clients, the Company received interest of $4,105,000 at an average interest rate of 2.25% (half-year ended 31 December 2021: $807,000 at an average interest rate of 0.28%) for managing client monies and as part substitute for administration fees.

7. Assets Under Operating Lease

	31 Dec 2022 $'000	30 Jun 2022 $'000
Assets held under operating lease terminating within the next 12 months	62,785	73,945
Assets held under operating lease terminating after more than 12 months	141,548	149,722
	204,333	223,667

8. Intangible assets

The Group's intangible assets comprise brands, dealer relationships, customer lists and relationships, software development costs, contract rights and goodwill.

	Consolidated Group						
31 December 2022	Goodwill $'000	Brands – indefinite life $'000	Dealer relationships $'000	Customer lists and relationships $'000	Software development costs $'000	Contract rights $'000	Total $'000
Useful life range	Not applicable	Indefinite	6-13 years	5-13 years	3-5 years	Contract life	
Cost	201,158	23,073	14,085	7,942	81,860	13,139	334,715
Accumulated depreciation	-	-	(3,099)	(4,500)	(54,064)	(13,139)	(68,260)
Accumulated impairment loss	(112,601)	(13,171)	(6,990)	-	-	-	(132,762)
Net carrying value	88,557	9,902	3,997	3,442	27,796	-	133,693
Reconciliation of written down values							
Balance as at 1 Jul 2022	88,425	9,902	4,621	3,918	28,682	-	135,548
Additions	-	-	-	-	4,222	-	4,222
Amortisation	-	-	(648)	(476)	(5,108)	-	(6,233)
Changes in foreign currency	132	-	24	-	-	-	156
Closing balance as at 31 Dec 2022	88,557	9,902	3,997	3,442	27,796	-	133,693

	Consolidated Group						
30 June 2022	Goodwill $'000	Brands – indefinite life $'000	Dealer relationships $'000	Customer lists and relationships $'000	Software development costs $'000	Contract rights $'000	Total $'000
Useful life range	Not applicable	Indefinite	6-13 years	5-13 years	3-5 years	Contract life	
Cost	201,026	23,073	14,010	7,942	77,972	13,139	343,761
Accumulated depreciation	-	-	(2,399)	(4,024)	(49,290)	(13,139)	(75,451)
Accumulated impairment loss	(112,601)	(13,171)	(6,990)	-	-	-	(132,762)
Net carrying value	88,425	9,902	4,621	3,918	28,682	-	135,548
Reconciliation of written down values							
Balance as at 1 Jul 2021	87,862	9,272	6,106	965	30,647	-	134,852
Additions	-	-	-	-	8,188	-	8,188
Additions from business combinations	7,215	630	-	4,057	377	-	12,279
Disposal of subsidiary	-	-	-	-	(291)	-	(291)
Impairment	(6,028)	-	-	-	-	-	(6,028)
Amortisation	-	-	(1,345)	(1,085)	(9,444)	-	(11,874)
Accounting standard adoption reclassification	-	-	-	-	(795)	-	(795)
Changes in foreign currency	(624)	-	(140)	19	-	-	(783)
Closing balance as at 30 Jun 2022	88,425	9,902	4,621	3,918	28,682	-	135,548

(a) Impairment test of Goodwill

An impairment loss is recognised in the profit or loss for the amount that the asset's carrying value exceeds the recoverable amount. Recoverable amount is determined as the higher of the asset's fair value less costs to sell and value-in-use (VIU). For the purpose of assessing fair value, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of cash inflows from other assets (cash-generating units). Where the asset does not generate independent cash flows, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of goodwill is allocated to the Group's cash-generating units (CGUs) listed below based on the organisation and management of its businesses.

	Consolidated Group					
	31 Dec 2022			30 Jun 2022		
30 June 2022	Goodwill $'000	Intangibles $'000	Total $'000	Goodwill $'000	Intangibles $'000	Total $'000
Maxxia Pty Limited (Maxxia)	24,190	17,117	41,307	24,190	16,733	40,923
Remuneration Services (Qld) Pty Limited (RemServ)	9,102	3,727	12,829	9,102	5,077	14,179
Anglo Scottish Asset Finance Limited (ASF)	16,156	3,168	19,324	16,024	3,592	19,616
Retail Financial Services aggregation business (RFS Aggregation)	31,894	11,031	42,925	31,894	11,536	43,430
Plan Tracker Pty Ltd (Plan Tracker)	7,215	4,541	11,756	7,215	4,160	11,375
OnBoard Finance Pty Ltd	-	5,060	5,060	-	4,588	4,588
Other	-	492	492	-	1,437	1,437
	88,557	45,136	133,693	88,425	47,123	135,548

(b) Key Assumptions used for Value-in-Use ("VIU") calculations

Cash flow projections

The cash flow projections are based on the financial year 2023 (FY2023) budgets. Growth assumptions used for subsequent years reflect strategic business plans and forecast growth rates. Financial projections also take into account any risk exposures in changes to the trading, market and regulatory environments.

The after-tax discounted cash flow models were based on after-tax cash flows discounted by an after-tax discount rate of 14.4%.

Cashflows beyond five years are extrapolated using conservative growth rates of 2.0% (30 June 2022: 2.0%), which is lower than long term CPI).

There are no significant changes to the sensitivity information disclosed in the annual consolidated financial statements for the year ended 30 June 2022 other than the following:

RFS Aggregation CGU

During the half year ended 31 December 2022, RFS Aggregation was tracking in line with budget expectations. The outlook for the business remains consistent with the information disclosed in the annual consolidated financial statements for the year ended 30 June 2022.

An equivalent pre-tax discount rate of 21% (30 June 2022: 20%) was applied in the VIU calculation. From sensitivity tests applied, a 0.25% increase in the discount rate caused a reduction in the VIU of $0.7m, and a 5% reduction in the gross margin reduced the VIU by $1.7m. Under the sensitivity scenarios, an impairment would arise.

9. Borrowings

	31 Dec 2022 $'000	30 Jun 2022 $'000
Current		
Bank borrowings	7,997	15,851
Non-current		
Bank borrowings	198,158	142,222
Other external loans payable	9,802	9,711
Total non-current borrowings	207,960	151,933
Total borrowings	**215,957**	**167,784**

Borrowings are initially recorded at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest rate method. The effective interest rate method exactly discounts the estimated cash flows through the expected life of the borrowing. Transaction costs comprise fees paid for the establishment of loan facilities and are amortised over the term of the borrowing facilities.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of current borrowings approximates the carrying amount, as the impact of discounting is not significant.

Other external loans payable relates to the promissory note payable to Davantage Group Pty Ltd as a result of the conversion of the amount payable to wholly owned entities of the Group upon disposal of the subsidiary. The loan has been discounted to present value based on an average interest rate of 1.86%.

Bank borrowings

Details of the Group's facilities and amounts drawn to are as follows.

Borrowing	Maturity dates	Facility in Local Currency '000	Facility $'000	Used [1] $'000	Unused $'000
Revolving	31/03/2024	AUD 58,000	58,000	58,000	-
Revolving	31/03/2025	AUD 95,000	95,000	51,600	43,400
Revolving	31/03/2024	NZD 29,000	27,075	21,567	5,508
Revolving	31/03/2025	NZD 11,000	10,270	7,096	3,174
Amortising	31/03/2023	GBP 4,500	8,000	8,000	-
Revolving	25/08/2027	AUD 60,000	60,000	60,000	-
			258,345	206,262	52,083

1. Drawn amounts are before borrowing costs.

10. Financial assets and financial liabilities

Fair values

Information on the Group's financial assets and financial liabilities measured at fair value are provided below.

The carrying amount of cash, trade and other receivables, trade and other payables are assumed to be the same as their fair values, due to their short term nature.

	Fair Value Hierarchy	31 Dec 2022 $'000	30 June 2022 $'000
Current financial assets			
Finance lease receivables measured at amortised cost	3	8,597	14,609
Derivatives used for hedging	2	2,526	2,931
		11,123	17,540
Non-current financial assets			
Finance lease receivables measured at amortised cost	3	33,465	13,531
		33,465	13,531
Current financial liabilities			
Contract liabilities measured at amortised cost	3	7,370	7,823
Customer receipts in advance measured at amortised cost	3	4,962	18,842
Borrowings measured at amortised cost	2	7,997	15,851
Lease liabilities measured at amortised cost	3	6,239	4,212
		26,568	46,728
Non-current financial liabilities			
Borrowings measured at amortised cost	2	207,960	151,933
Lease liabilities measured at amortised cost	3	44,478	46,852
		252,438	198,785

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the half year ended 31 December 2022.

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

Financial risk management

Credit risk

Finance lease, trade and other receivables are assessed for impairment at the end of each reporting period on an expected credit loss (ECL) basis. The Group applies the AASB 9 simplified model of recognising lifetime expected credit losses for all receivables as these items do not have a significant financing component. In measuring the expected credit losses, the trade receivables and finance lease receivables have been grouped based on substantially shared credit risk characteristics. Trade receivables include a total loss allowance of $726,000 (30 June 2022: $1,262,000) which includes a specific doubtful debts allowance of $154,000 (30 June 2022: $284,000).

Asset risk

The portfolio of motor vehicles under operating lease and the residual value of assets under P&A arrangements and other facilities of $302,193,000 (30 June 2022: $317,766,000) include a residual value provision of $3,337,000 (30 June 2022: $4,239,000).

11. Financial Instruments

The table below sets out the analysis of financial instruments that are measured at fair value on a recurring basis subsequent to initial recognition grouped into the level based on the degree to which the fair value is observable.

Financial asset / (financial liability)	Fair value at 31 Dec 2022 $'000	Fair value at 30 Jun 2022 $'000	Fair value hierarchy	Valuation technique and key input
Interest rate swaps	2,526	2,931	2	Discounted cash flow using estimated future cash flows based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted to reflect the credit risk of various counterparties.

12. Issued Capital

Movements in share capital are shown below:

	Number of Shares	Issue Price	Ordinary Shares $'000
Shares issued at 1 July 2022	77,381,107		76,419
Treasury shares acquired on-market	(92,759)		-
Shares held by external shareholders at the beginning of the year	77,288,348		76,257
Treasury shares distributed in the period on the exercise of employee rights	92,759		-
Shares distributed in the period from the off-market Share Buy Back	(7,738,083)	$0.99	(7,661)
Shares held by external shareholders at 31 December 2022	**63,643,024**		**68,596**
Shares held by external shareholders at 30 June 2022	**77,381,107**		**76,257**

On 24 October 2022, the Company completed an off-market share buy-back of fully paid ordinary shares at $11.66 per share that was funded from existing cash reserves of $90,226,048. The share buy-back comprised a capital component of $0.99 per share which reduced share capital by $7,660,702, and a fully franked dividend per share of $10.67 that was distributed out of retained earnings of $82,565,346.

13. Dividends

	Cents per share	Total $'000	Cents per share	Total $'000
Recognised amounts				
Fully paid ordinary shares - Final dividend	74.0	51,536	31.1	24,066
Unrecognised amounts				
Fully paid ordinary shares - Interim dividend	58.0	36,913	34.0	26,310

	31 Dec 2022 $'000	30 June 2022 $'000
Franking credits available for subsequent financial years based on a tax rate of 30% (30 June 2022: 30%)	65,062	111,500
	65,062	111,500

On 22 February 2023, the Board of Directors declared a fully franked dividend of 58 cents per ordinary share. The record date is 10 March 2023 and the dividend will be paid on 24 March 2023.

14. Reserves – Share based payments

Employee performance rights granted under the Company's Long-Term Incentive Plan ("LTIP") at 31 December 2022 are as follows:

	Number	Exercise price	Exercise date
Employee Performance Rights	277,768	-	30 September 2023
Employee Performance Rights	229,822	-	30 September 2024
Employee Performance Rights [1]	216,042	-	30 September 2025
	723,632		

1. Performance rights granted during the period under the company's LTIP

15. Commitments

Operating lease commitments

All non-cancellable property leases have been recognised in the Statement of Financial Position.

Notes to the Financial Statements

For the half-year ended 31 December 2022

16. Related party transactions

Transactions between the Company and other entities within the wholly owned group during the half year period ended 31 December 2022 and 31 December 2021 consisted of:

(a) Loans advanced to the Company; and

(b) Payment of dividends to the Company.

Aggregate amounts included in the determination of profit from ordinary activities before income tax that resulted from transactions with entities in the wholly owned group.

	Parent entity	
	31 Dec 2022 $'000	31 Dec 2021 $'000
Dividend revenue	51,536	24,066

	31 Dec 2022 $'000	30 Jun 2022 $'000
Aggregate amounts payable to entities within the wholly owned group at balance date:		
Current receivables	513	498
Current payables	64,389	25,576

17. Events occurring after the reporting date

Other than the above and the matters disclosed in this report, there were no material events subsequent to the reporting date.

Independent Auditors' Report

Building a better working world

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Independent auditor's review report to the members of McMillan Shakespeare Limited

Conclusion

We have reviewed the accompanying half-year financial report of McMillan Shakespeare Limited (the Company) and its subsidiaries (collectively the "Group"), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Independent Auditors’ Report

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst + Young

Ernst & Young

Brett Kallio

Brett Kallio
Partner
Melbourne
22 February 2023

MMS

McMillan Shakespeare Limited

ABN 74 107 233 983
AFSL No. 299054
Level 21, 360 Elizabeth Street
Melbourne Victoria 3000
mmsg.com.au