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29 August 2024

Manager Company Announcements
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

By E-lodgement

McMillan Shakespeare Limited 2024 Annual Report - correction of typographical error

McMillan Shakespeare Limited (MMS) advises of a typographical correction on pages 28 and 31 of the Remuneration Report in the FY24 Annual Report. The average Normalised ROCE target has been corrected to 45% and maximum 50%. The correction is made in the Annual Report attached to this release.

This announcement was authorised for release by the Company Secretary.

For more information please contact:

Ashley Conn

CFO and Company Secretary

McMillan Shakespeare Limited

MMS
McMillanShakespeareGroup

Annual Report 2024

McMillan Shakespeare (MMS) is a provider of salary packaging, novated leasing, disability plan management, support coordination, asset management and related financial products and services. MMS is publicly listed on the Australian Securities Exchange, trading as McMillan Shakespeare Limited (ASX:MMS).

MMS employs a highly committed team of over 1,300 people across Australia and New Zealand and domestically manages programs for some of the largest public sector, corporate and charitable organisations.

Our Brands

With eight brands across employee benefits, fleet management and disability support services, MMS operates three segments being:

- Group Remuneration Services (Maxxia, RemServ, Oly, Onboard Finance)
- Asset Management Services (Interleasing, Just Honk)
- Plan and Support Services (Plan Partners, Plan Tracker)

Acknowledgement of Country

McMillan Shakespeare Group acknowledges Aboriginal and Torres Strait Islander Peoples as the Traditional Owners and Custodians of the land. We recognise their connection to land, water and community, and pay our respects to Elders past, present and emerging. We extend our respect to Aboriginal and Torres Strait Islander Peoples living today.

McMillan Shakespeare Group pays respects to and acknowledges Māori as tangata whenua and Treaty of Waitangi partners in Aotearoa New Zealand.

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Annual General Meeting

The Annual General Meeting of the members of McMillan Shakespeare Limited A.B.N. 74 107 233 983 will be held virtually and in person on 25 October 2024 at 10.00am ADST. Please refer to the AGM notice for further details at www.mmsg.com.au/investor.

mmsg.com.au

Our strategy

Our Purpose	To make a difference to people's lives				
Our Vision	To be the trusted partner, providing solutions in ***making* complex *matters simple***				
Our Strategic Priorities	1 Excel in customer experience		2 Drive technology-enabled productivity	3 Broaden our competency-led solutions	
Our Outcomes	Strong NPS	Increase Productivity	High ROCE	Employer of Choice	EPS Growth

Our cultural statement

At MMS, we're proud of our history, our heart, and our commitment to making a difference to people's lives.

We care because people matter.

We collaborate because the greatest achievements are made together, and we continuously create because some of the best innovations have yet to be imagined.

Our values

CUSTOMER ALWAYS

We know our reason for being and go above and beyond.

EVERYONE MATTERS

We care for each other and value each person's unique contribution.

BETTER TOGETHER

We work together to do the right thing and deliver better outcomes.

STRIVE FOR GREATNESS

We act with integrity, pursue excellence and constantly raise the bar.

FY24 Highlights

FY24 dividend fully franked	Normalised ROCE	Normalised EPS	Normalised UNPATA
$1.54	62.1%	154.5c	$107.6m
↑ 24.2%	↑ 22.1% pts	↑ 42.9%	↑ 38.2%

Normalised Revenue	Statutory NPAT	Normalised EBITDA margin
$525.8m	$83.5m	33.7%
↑ 11.5%	↑ 158.9%	↑ 5.8% points

GRS Salary Packages	GRS Novated Leases	AMS Managed Assets	PSS Customers
412,914	79,228	15,074	35,030
↑ 4.7%	↑ 7.9%	↑ 4.9%	↑ 10.3%

High customer satisfaction GRS	High customer satisfaction AMS	High customer satisfaction PSS
+46	+29	+57
Net promoter score	Net promoter score	Net promoter score

Letter to shareholders

On behalf of McMillan Shakespeare (MMS, the Group or the Company), the board of directors, management team and staff, we are pleased to present our 2024 annual report.

Our Normalised[1] Return on Capital Employed (ROCE) improved to 62.1%, up 22.1% points, our Normalised Earnings Per Share (EPS) grew by 42.9% to 154.5 cents, our Normalised UNPATA[2] was up 38.2% to $107.6 million and Statutory Net Profit after tax was up 158.9% to $83.5 million. As a result, we declared a fully franked dividend of 154 cents per share, up 24.2%.

Helen Kurincic
Chair

Rob De Luca
Managing Director & Chief Executive Officer

FY24 has been a year of strong organic growth, supporting our customers during a year of economic and cost of living pressures and one of strategic execution for MMS.

We made good progress on our key strategic initiatives, delivered productivity gains across the business and disposed of non-core operations. We also played an important role in assisting our customers to transition to a low carbon future.

Economic and industry context

Continued cost of living pressures have supported the increased relevance of salary packaging and novated leasing as many working Australians search for meaningful ways to manage the cost of car ownership and to maximise their take home pay and benefit arrangements.

Since the Federal Government passed the *Treasury Laws Amendment (Electric Car Discount) Bill 2022*, which exempts certain non-luxury zero and low emissions vehicles from Fringe Benefits Tax (FBT), we have seen a surge in orders for Electric Vehicles[3] (EVs) from our customers, who can benefit from the environmental benefits and tax savings of switching to EVs.

In March 2024, the Government introduced the “New Vehicle Efficiency Standard” which establishes a vehicle efficiency standard to regulate the carbon dioxide emissions of certain road vehicles and will commence on 1 January 2025. It will apply to new cars sold in the Australian market.

1. 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 FY24 and FY23 and will be stated up to and including FY25.
2. 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 and non-operational items.
3 Electric Vehicles includes Battery Electric Vehicles (BEV) and Plug In Hybrid Electric Vehicles (PHEV).

Letter to shareholders

During the year there were improvements in vehicle supply which has benefited both novated leasing sales and asset management. This has resulted in a decrease in average delivery times and a reduction in carry over.

The National Disability Insurance Scheme (NDIS) continued to grow and evolve, with more than 650,000 participants and circa $41 billion in funding in 2024. The NDIS Independent Review, which assessed the design, operation and sustainability of the scheme, was delivered in late December 2023 with the Federal Government still to deliver its full response. We are closely monitoring the outcomes of the review and engaging with the National Disability Insurance Agency (NDIA) and other stakeholders to ensure our plan management and support co-ordination services continue to be aligned with the scheme objectives and participant needs.

The *National Disability Insurance Scheme Amendment (Getting the NDIS Back on Track) Bill 2024* passed Parliament on 22 August 2024 and is due to gain Royal Assent in September 2024. This is the first tranche of reforms that the Commonwealth Government is proposing and aims to clarify the existing legislation to improve the delivery of the Scheme. It introduces a new planning framework on how the NDIS will operate including lists of what are included and excluded in the Scheme. It also makes changes to how people can access the NDIS, how their needs are assessed and introduces flexible budgets. While there are currently no specific impacts to PSS, we will continue to engage with Government and the NDIA on the proposed future reforms.

Financial performance

In FY24 we delivered strong growth in our financial and operating performance, as we remained focused on the customer and progressed on our Simply Stronger initiatives.

Our statutory NPAT grew by 158.9% to $83.5 million and our Group Normalised revenue increased by 11.5% to $525.8 million, while our Group Normalised UNPATA grew by 38.2% to $107.6 million. We also generated strong cash flow from our operations, which enabled us to invest in our growth initiatives whilst increasing our dividend to shareholders.

All three of our segments delivered organic growth in FY24. Our Group Remuneration Services (GRS) segment achieved Normalised UNPATA of $80.7 million, an increase of 53.7% on FY23, and Normalised revenue of $292.5 million, an increase of 25.7% on FY23. This was driven by growth in novated lease sales with increased demand for EVs and higher novated lease yields. Our Asset Management Services (AMS) segment achieved UNPATA of $19.1 million, an increase of 2.0% on FY23. This result was driven by an increase in net amount financed (NAF) and growth in fleet size. Our Plan and Support Services (PSS) segment achieved UNPATA of $8.5 million, an increase of 6.4% on FY23. This was driven by organic customer growth and operational efficiencies.

We declared a fully franked dividend of $1.54 per share for the year, inclusive of the final dividend of $0.78 per share payable on 27 September 2024. This represents a payout ratio of 100% of Normalised UNPATA. Dividends are paid out of Normalised UNPATA reflecting our aim of avoiding shareholders being negatively impacted during the warehouse transition period.

Strategic priorities

In FY24 we continued to progress our clear strategy and Simply Stronger program aimed at achieving our vision of being a trusted partner and providing solutions which make complex matters simple. This strategic ambition has clear intent to deliver increased productivity, continuing to drive customer advocacy through strong Net Promoter Scores (NPS), whilst also generating high ROCE, EPS growth and to be an employer of choice.

We have three strategic priorities to achieve this vision: excelling in customer experience, driving technology-enabled productivity, and broadening our competency-led solutions.

In FY24 we have delivered a number of key Simply Stronger initiatives that are now driving improvements for our customers and people.

In our GRS segment, the Employer Connect portal is being well received by clients who highlight the ease of use and expanded information provided.

We soft launched Oly, an innovative brand that will enable small and medium sized business employees to access and manage a novated lease directly from a simple digital interface. Oly's brand proposition also includes making the benefits of the EV Discount available to a wider audience. FY25 will see the full rollout and promotion of Oly.

Our investment in technology and artificial intelligence, via our data consolidation initiative in the AMS segment, is delivering better outcomes for our trans-Tasman customers with increased visibility of data enabling better decision making for leasing customers.

In our PSS segment our investments in automation and low-touch channels have delivered business efficiencies and improved processing and turnaround times for customers.

Over the course of the whole Simply Stronger program (FY23–FY25) we expect to invest $35 million in capital expenditure having invested $19 million in FY24. The program is on track for delivery in FY25 with an expected commitment of ~$11m.

Letter to shareholders

Operational highlights

We achieved a number of operational milestones and successes in FY24, reflecting our continued focus on the customer and executing on our strategy. Some of the highlights include:

- **GRS:** We achieved strong novated lease sales up 23.0% on previous corresponding period (pcp) driven by increased demand for EVs, which comprised 41.0% of new novated lease sales during the period, up from 16.0% in FY23. Whilst we were unsuccessful in renewing the South Australian Government contract post 30 June 2024, we renewed our novated leasing services contract with the Queensland Government and soft launched our new Oly brand to provide the benefits of novated leasing into new markets. Improved vehicle supply led to a reduction in delivery times for new vehicles and a reduction in carry over. We also implemented our No Wet Ink initiative, a digital signature solution which reduces paperwork and simplifies the novated lease process.
- **AMS:** We delivered a 16.2% increase in the NAF and a 4.9% growth of assets managed. During the period we launched a new website for Just Honk that enables a fully digital end-to-end search, trade-in and purchase process, a new dealer portal for quoting and delivery vehicles, and new products including green finance for zero and low emissions vehicles.
- **PSS:** We grew our customer base by 10.3% to 35,030, despite slower participant scheme growth and the commencement of the NDIS PACE[4] program rollout, which affected the volume of plan reassessments. We also invested in automating channel processes in our operations to improve integrity checks and the ingestion of invoices that produced faster payment times.

Warehouse and Capital Management

We continued to progress our capital management strategy through the ongoing implementation of Onboard Finance, our warehouse funding initiative launched in FY22, achieving our target of 20% of monthly volume of leases financed. The strategic and financial benefits of Onboard Finance include diversifying our funding sources, increasing annuity-based income, creating a new source of income and generating higher overall value per transaction.

Our capital allocation framework remains unchanged, with our main priority to reinvest in the business in order to deliver sustainable growth. After which we will fund any strategic acquisitions, and deleverage as appropriate, before returning capital to shareholders as fully franked dividends in the first instance. We will do this in alignment with our dividend policy that aims to pay out between 70–100% of Normalised UNPATA.

Our debt to EBITDA ratio was 0.5x (down from 1.3x in FY23).

Our commitment to ESG – environmental, social, and governance.

We are committed to making a positive difference to people's lives through our ESG initiatives. During the period, we continued to deliver on our sustainability strategy, which was introduced in FY21 to provide a clear framework for driving positive environmental and social outcomes for our stakeholders and communities in which we operate.

We have continued to make progress on our sustainability strategy. Over the last year we have reduced our total greenhouse gas emissions by 19% pcp, promoted the uptake of EVs among our customers and clients, achieved gender pay equality in like-for-like roles and implemented our first Reflect Reconciliation Action Plan (RAP) and Accessibility and Inclusion Plan (AIP).

Since establishing our baseline year, we have transitioned to renewable electricity (in offices where we can select the energy retailer), used technology to engage with our stakeholders to reduce our travel footprint and exited our office space in the UK. Our office space at Melbourne Central Towers achieved a 5.5-star NABERs energy rating.

All our people completed required compliance training and we continued to focus on gender equality and our FY30 target of 40-40-20 gender presentation at Board, Other Executives, General Managers and Senior Manager levels. We achieved 43% female gender representation at Board (including the CEO) level.

This year also saw our partnership with Jigsaw Australia come to life with four Jigsaw trainees each completing a skilled work placement across the business. We received positive feedback from Jigsaw Australia and the trainees themselves about the skills they developed and their experience at MMS. We look forward to welcoming future trainees to MMS in FY25.

Through our Reflect RAP, we continued to embed our deliverables and support reconciliation. Our Executive Leadership team and RAP Working Group participated in cultural awareness training. We provided opportunities for our people to continue their education about our shared history through webinars with guest speakers and offering indigenous experiences. Through our membership of Supply Nation, we continue to look for opportunities to purchase goods and services to support economic opportunities for First Nations communities.

As a result of our continued efforts with regards to sustainability practices, our Morgan Stanley Capital International Environment, Social and Governance (ESG) Rating increased from A to AA.

Since the release of our first strategy, the sustainability landscape has evolved and coupled with upcoming reporting changes, we are looking to the future and have updated our Sustainability Strategy for the FY25 – FY28 period which we look forward to sharing in our FY24 Sustainability Report.

4 PACE is NDIA's new system to make it easier and safer for participants to view and manage their NDIS funds and their service providers

Letter to shareholders

Our people

We are proud of our people. They have demonstrated resilience, agility and dedication in delivering positive outcomes for our customers and shareholders.

We are committed to providing a safe, inclusive and rewarding work environment for our people, where they can grow and thrive. We invest in our people's development, wellbeing and engagement, and recognise and reward their performance and achievements. We also foster a culture of feedback and continuous improvement and encourage our people to share their ideas and insights.

This year we embarked on an exciting creative process to reimagine our Company's culture and values, inviting all our people to participate through workshops, focus groups and questionnaires.

Our new values are authentic; they were designed by our people, for our people – making them emblematic not only of MMS but of the passionate team of over 1,300 individuals who make up our businesses.

Focus and outlook

We enter FY25 with a clear strategy focused on our three strategic priorities.

We expect many of the market conditions in FY24 to carry into FY25, including continued inflation and cost of living pressures as well as potential regulatory changes for the NDIS.

We expect continued increases in auto-supply and increased pricing competition throughout FY25. This is coupled with more manufacturers and models with more price-points becoming available within the Australian EV market. Whilst we note that the FBT benefit on plug-in hybrids is scheduled to expire on 1 April 2025, the FBT discount on battery EVs continues with the Government committed to review by mid-2027.

We will continue to pursue organic growth across all our segments and from new channels such as Oly which aims to deliver the benefits of novated leasing to a broader market.

In Onboard Finance we will continue to target ~20% (excluding Oly) of novated lease volume through FY25, with a Normalisation adjustment of ~$(9m) expected (subject to market conditions). The Warehouse is expected to contribute incremental earnings post the Normalisation transition period. FY25 will be the last year our results are Normalised.

In FY25 we will complete the Simply Stronger program deliverables which include new customer facing apps, improved customer self-service capability and progressing technology modernisation with an expected commitment of ~$11m during the year. We will continue to invest in and focus on our strategic priorities: excelling in customer experience, driving technology-enabled productivity, and broadening our competency-led solutions.

We would like to thank our people for their dedication and performance, our customers and clients for their trust and loyalty, and our shareholders for their support and confidence.

Yours sincerely,

Helen Kurincic
Chair

Rob De Luca
Managing Director &
Chief Executive Officer

Directors' Report

The Directors of McMillan Shakespeare Limited (MMS, The Group or Company) present this report on the consolidated entity, consisting of the Company and the entities that it controlled at the end of, and during, the financial year ended 30 June 2024.

Directors

The Directors of the Company during the whole of the financial year and up to the date of this report (Directors) are as follows:

Ms Helen Kurincic
(Independent Non-Executive Director, Chair of the Board)

Mr Rob De Luca
(Managing Director and CEO)

Mr Bruce Akhurst
(Independent Non-Executive Director)

Mr John Bennetts
(Non-Executive Director)

Mr Ross Chessari
(Non-Executive Director)

Ms Kathy Parsons
(Independent Non-Executive Director)

Ms Arlene Tansey
(Independent Non-Executive Director)

Details of the qualifications, experience and special responsibilities of the Directors are set out on pages 20 and 21.

Independent Directors, as determined in accordance with the Company's definition of independence, were independent as at 30 June 2024.

Directors' Report

Directors' meetings

The number of meetings held and attended by the board of Directors (Board) (including meetings of committees of the Board) during the financial year ended 30 June 2024 were as indicated in the table below.

	Board Meetings		Audit, Risk & Compliance Committee Meetings	
Director	Eligible to Attend	Attended	Eligible to Attend	Attended
Ms H. Kurincic (Chair)	14	14	5	5
Mr R. De Luca (Managing Director and CEO)	14	14	-	-
Mr B. Akhurst	14	14	5	5
Mr J. Bennetts	14	13	-	-
Mr R. Chessari	14	14	-	-
Ms K. Parsons	14	14	5	5
Ms A. Tansey	14	14	5	5

	People, Culture and Remuneration Committee		Nomination Committee	
Director	Eligible to Attend	Attended	Eligible to Attend	Attended
Ms H. Kurincic (Chair)	5	5	1	1
Mr R. De Luca (Managing Director and CEO)	-	-	-	-
Mr B. Akhurst	5	5	1	1
Mr J. Bennetts	-	-	-	-
Mr R. Chessari	-	-	-	-
Ms K. Parsons	5	5	-	-
Ms A. Tansey	5	5	1	1

Directors' Report

Principal activities

The principal activities of the Company and its controlled entities were the provision of salary packaging, novated leasing, disability plan management, 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 financial year ended 30 June 2024 that are not otherwise disclosed in this Annual Report.

Results

The Group's profit after income tax for the year amounted to $83,547,072 (2023: $32,272,419). Refer to the Letter to Shareholders (page 5) and the Review of Operations (page 12) for further commentary.

Dividends

Dividends paid by the Company during the financial year ended 30 June 2024 are as follows:

Dividends	2024	2023
Final dividend for the financial year ended 30 June 2023 of 66 cents (2023: 74 cents) per ordinary share paid on 22 September 2023 fully franked at the tax rate of 30% (2023: 30%)	$45,964,396	$51,535,838
Interim dividend for the financial year ended 30 June 2024 of 76 cents (2023: 58 cents) per ordinary share paid on 22 March 2024 fully-franked at the tax rate of 30% (2023: 30%)	$52,928,698	$40,392,954
Total	**$98,893,094**	**$91,928,792**

Subsequent to the financial year ended 30 June 2024, the Directors declared a final dividend of 78 cents per ordinary share (2023: 74 cents per ordinary share) (fully franked at the tax rate of 30%) to be paid on 27 September 2024, bringing the total dividend to be paid for the financial year ended 30 June 2024 to 154 cents per ordinary share (2023: 124 cents per ordinary share).

Ex-dividend date	12 September 2024
Record date for determining entitlements to the dividend	13 September 2024
Dividend payment date	27 September 2024

Directors' Report

Review of operations – Group

MMS delivered strong growth across financial and operating performance in FY24 as the Group progressed and delivered on a number of key strategic initiatives. We continued to support customers during a year of cost-of-living pressures as our service offering helped customers as they looked to maximise their take home pay and benefit arrangements. Through novated leasing and asset management we assisted our clients and customers in their transition to a low-carbon future.

Each segment delivered organic business growth on the prior comparative year with GRS increasing novated lease sales by 23.0%, AMS increasing NAF by 16.2% and PSS increasing customers by 10.3%.

During FY24, MMS continued to make progress on its strategy and Simply Stronger initiatives with a focus on excelling in customer experience, driving technology led productivity and broadening its competency-led solutions.

A key area of focus for the Company in FY24 was supporting Australians looking to transition to lower carbon emission vehicles. Following the passage of the *Treasury Laws Amendment (Electric Car Discount) Bill 2022* on 12 December 2022, MMS has seen elevated inquiry and activity from customers seeking an EV. This growth continued in FY24, with EVs comprising 41.0% of new novated lease sales during the year up from 16.0% in FY23. MMS also soft launched Oly during the year, a new novated leasing brand offering for employees from small and medium sized businesses, to capitalise on a larger market for novated leasing.

In FY24 MMS continued the implementation of its funding warehouse, Onboard Finance. During the year, 20% (excluding Oly) of monthly novated lease volumes were financed through Onboard Finance and as at 30 June 2024, it held receivables of $325.6m in relation to novated leases funded via Onboard Finance.

Directors' Report

Group financial performance summary

Continuing operations[1]	2024 $'000	2023 $'000	Change %
Statutory Revenue	521,018	464,004	12.3%
Normalised Revenue[2,3]	**525,811**	**471,375**	**11.5%**
Normalised EBITDA[2,3,4]	**177,019**	**131,283**	**34.8%**
Normalised UNPATA[2,3,5]	**107,649**	**77,920**	**38.2%**
UNPATA[2,5]	90,402	66,413	36.1%
Statutory NPAT	**90,057**	**64,449**	**39.7%**
Discontinued operations[1]			
Statutory NPAT	(6,510)	(32,177)	79.8%
Total operations			
Statutory NPAT	**83,547**	**32,272**	**158.9%**
Normalised EPS[2,3] (cents)	145.2	119.6	21.4%
Total dividend per share (cents)	154.0	124.0	24.2%
Normalised ROCE[3,6] (%)	62.1%	40.0%	22.1%

1 Continuing operations. All financial information and metrics in the review of operations are from continuing operations only unless otherwise stated. In relation to discontinued operations, on 31 July 2023, the Group completed the sale of its Australian Asset Finance Aggregation business (trading as UFS and NFC), and on 30 November 2023 the Group also completed the sale of its Asset Management Services UK businesses. As a result of these sales the Aggregation and UK businesses are no longer presented in the segment note and are discontinued operations.

2 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.

3 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 FY24 and FY23 and to be stated up to and including FY25. Normalised impacts in FY24 were Revenue $(4.8)m, EBITDA $(23.2)m, EBIT $(24.6)m and UNPATA of $(17.2)m and FY23 Revenue $(7.4)m, EBITDA $(15.3m), EBIT $(16.4)m and UNPATA of $(11.5)m.

4 Earnings before interest, tax, depreciation (excluding fleet and warehouse depreciation) and amortisation (EBITDA) excludes the pre-tax impact of acquisition and divestment related activities, and non-operational items otherwise excluded from UNPATA on a post-tax basis.

5 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 and non-operational items.

6 Normalised return on capital employed (ROCE), is based on last 12 months' Normalised earnings before interest and tax (EBIT). Normalised EBIT (continuing operations for FY24 and total operations for FY23) is before the pre-tax impact of acquisition and divestment related activities and non-operational items otherwise excluded from UNPATA on a post-tax basis. 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.

Note: The non-IFRS metrics presented in this Review of Operations have not been audited in accordance with the Australian Auditing Standards.

Directors' Report

Segment review

Group Remuneration Services (GRS)

Growth in GRS revenue was supported by a 23.0% increase in novated lease sales, a 10.0% increase in novated lease yield and full year benefit of elevated interest rates on the salary packaging float.

The Group continued to capture the EV opportunity presented by the Federal Government's electric car discount, as more Australians look to transition to lower carbon emission vehicles, whilst also capitalising on the value proposition of novated leasing. The uplift in demand for EVs continued during FY24, with EVs making up 43.2% of new novated lease orders, up from 21.4% in FY23.

Vehicle supply, which has been constrained for several years, saw improvements during the year. This resulted in a decrease in average delivery times and a reduction in carry over in the year. Total carry over revenue to benefit future years as at 30 June 2024 was $24.8m, down from $32.3m as at 30 June 2023.

During the year, MMS introduced a new brand making novated leases available to employees of small and medium-sized businesses to help fulfil this segment's demand. Oly is an innovative brand that will enable employees to access and manage a novated lease directly from a simple and digital interface. Part of Oly's brand proposition is to make the benefits of the EV FBT discount available to a wider audience. Oly was soft launched in market ahead of its full rollout in FY25. Oly is one of the key Simply Stronger initiatives and is already showing early positive customer interest.

Following tender processes, RemServ renewed its longstanding Queensland Government Novated Leasing Services contract whilst Maxxia was unsuccessful in renewing the South Australia Government contract (ended 30 June 2024). GRS continues to take appropriate measures to minimise the impact on future earnings.

GRS introduced a number of other initiatives during FY24 including a digital signature solution improving efficiencies and the novated leasing customer experience. The business rolled out Employer Connect, an online portal providing expanded reporting for employers.

Group Remuneration Services (GRS)	2024 $m	2023 $m	Change %
Revenue	289.1	225.5	28.2%
Normalised Revenue[2,3]	292.5	232.8	25.7%
Normalised EBITDA[2,3,4]	131.8	90.2	46.2%
Normalised UNPATA[2,3,5]	80.7	52.5	53.7%

Refer notes on the Group Financial performance summary table above.

Directors' Report

Asset Management Services (AMS)

The AMS segment experienced improvements in the availability of supply and delivery of vehicles within the business buyer market to pre-pandemic levels. This underpinned a 16.2% increase in the net amount financed and a 4.9% growth in managed assets.

Strong and sustained demand for high quality used vehicles supported remarketing yields remaining elevated.

The Asset Written Down Value (WDV) of $363.2m (including fleet assets funded utilising principal and agency arrangements) was up 13.2% on FY23. This was underpinned by improved vehicle supply and customers replacing units that have been out of contract with new vehicles.

AMS's FY23 result included ~$1.6m EBITDA from a one off financial benefit from the expiration of larger customer contracts. Excluding this impact, AMS growth in FY24 would have been 8.8%.

In response to organisations and governments increasingly looking to reduce their carbon footprint, AMS introduced a new green financing product for zero and low emissions vehicles available to our fleet customers.

Throughout the year, AMS continued its focus on introducing digital tools to enhance customer interactions and increase efficiencies. Initiatives included the launch of a new Just Honk website that enables a fully digital end-to-end sales process, a new dealer portal, and an enhanced data platform that utilises artificial intelligence to enable enhanced decision making for our trans-Tasman customers.

Asset Management Services (AMS)	2024 $m	2023 $m	Change %
Revenue	177.8	187.4	(5.1%)
EBITDA[4]	29.5	28.7	2.7%
UNPATA[5]	19.1	18.7	2.0%

Refer notes on the Group Financial performance summary table above.

Plan and Support Services (PSS)

Growth in PSS revenue was achieved via organic growth with a 10.3% increase in plan management and support coordination customers to 35,030. The performance was achieved despite the slowing entry to the scheme and the commenced rollout of the NDIS's system called PACE, which affected the volume of plan assessments and reviews, impacting the uptake of plan management services.

PSS continued its focus on enhancing digital tools to improve customer experiences and outcomes and operational efficiencies. In FY24, investments were made in integrity checks, automation and low-touch channels to improve the ingestion of invoices and reduce payment time frames.

Continued investment in our scalable platform enabled PSS to grow despite there being no increase made by the NDIA to pricing arrangements for plan management and support coordination during the year.

PSS fully supports the NDIA's ongoing focus on preventing fraud and conflicts of interest and ensuring the NDIS delivers value for money. During the year $53.3m of invoices identified by PSS integrity checks were withheld for further investigation prior to any payment whilst PSS supported Scheme savings of $88.9 million year for services customers received under the price guide limit.

The National Disability Insurance Scheme Independent Review report was handed to Minister Shorten in December 2023 for review and consultation within Government. The Report made 26 recommendations with 139 action points for the Government to consider with recommended actions 4.1, 10.3 and 10.5 to potentially have implications for MMS if the Government adopts these recommendations in full. Subsequently the *National Disability Insurance Scheme Amendment (Getting the NDIS Back on Track) Bill 2024* was passed on 22 August 2024 and is due for Royal Assent in September 2024.

MMS will continue to engage with the NDIA, Government and the sector regarding the Independent Review and the *Getting the NDIS Back on Track* Bill.

Plan and Support Services (PSS)	2024 $m	2023 $m	Change %
Revenue	50.6	48.6	4.3%
EBITDA[4]	13.1	12.3	6.7%
UNPATA[5]	8.5	8.0	6.4%

Refer notes on Group Financial Performance Summary table above.

Directors' Report

Discontinued operations

On 31 July 2023, the Group completed the sale of its Australian Asset Finance Aggregation business (trading as UFS and NFC, Aggregation Business). On 30 November 2023, MMS also completed the sale of its Asset Management Services UK business. As a result of these sales the Aggregation and UK businesses are no longer presented in the segment note and are discontinued operations.

Outlook

We enter FY25 with a clear strategy focused on our three strategic priorities.

We expect many of the market conditions in FY24 to carry into FY25, including continued inflation and cost of living pressures as well as potential regulatory changes for the NDIS.

We expect continued increases in auto-supply and increased pricing competition throughout FY25. This is coupled with more manufacturers and models with more price-points becoming available within the Australian EV market. Whilst we note that the FBT benefit on plug-in hybrids is scheduled to expire on 1 April 2025, the FBT discount on battery EVs continues with the Government committed to review by mid-2027.

We will continue to pursue organic growth across all our segments and from new channels such as Oly which aims to deliver the benefits of novated leasing to a broader market.

In Onboard Finance we will continue to target ~20% (excluding Oly) of novated lease volume through FY25, with a Normalisation adjustment of ~$(9m) expected (subject to market conditions). The Warehouse is expected to contribute incremental earnings post the Normalisation transition period. FY25 will be the last year our results are Normalised.

In FY25 we will complete the Simply Stronger program deliverables which include new customer facing apps, improved customer self-service capability and progressing technology modernisation with an expected commitment of ~$11m during the year. We will continue to invest in and focus on our strategic priorities: excelling in customer experience, driving technology-enabled productivity, and broadening our competency-led solutions.

Risk management and key business risks

MMS maintains a Risk Management Framework (the Framework) to support the identification, assessment, management, monitoring, and reporting of internal and external sources of risk that could impact on the Group's operations and strategic objectives. The Framework is based on the principles and guidelines identified in Risk Management Standard AS ISO 31000:2018 and is underpinned by a proactive risk management culture.

Risk management is a continuous process that is embedded within day-to-day operational activities of the Group with active involvement of the Executive Leadership Team and oversight from the Board Audit, Risk and Compliance Committee (ARCC), and the Board. The Group's Risk Management Policy and the ARCC Charter can be found on the Company's website: **https://mmsg.com.au/governance**. The Group's internal audit function also periodically reviews and provides independent assurance regarding the adequacy of controls and processes for managing risks and compliance obligations.

Outlined below are key risks to which the Group is exposed together with the strategies employed to mitigate and manage those risks. This is not an exhaustive list of all actual or potential risks that may affect the Group and the strategies employed to mitigate these risks cannot provide absolute assurance that a risk will not materialise. Risks presented in this section are in no particular order.

Directors' Report

Risk description	Risk management strategy
Macroeconomic environment A downturn in economic conditions may affect customer demand for our products and services, our access to and cost of funding, and the financial condition of our customers, partners, and suppliers, resulting in an adverse impact to the Group's operations and/or financial performance.	– Regular monitoring of the external environment including the economic outlook to inform strategic planning, portfolio management, corporate treasury and credit activities. – Active management of financial risks in line with policies approved by the Board. – Ongoing oversight of the Group's financial risk profile by the Executive Credit, Residual Value and Treasury Committees. – Client diversification to reduce reliance on any single client relationship.
Changes in government policy and regulation Changes to government policy and regulation and particularly those applicable to Financial Services, the National Disability Insurance Scheme (NDIS), taxation (including Fringe Benefits Tax (FBT)), consumer data and privacy, and Climate Change may have an adverse impact on the Group's operations and/or financial performance.	– The Group has dedicated legal, government and industry affairs teams with responsibility for monitoring and advising on legislative, regulatory and industry developments to enable the Group to adapt and respond. – Proactive engagement across state and federal governments and regulators, including making submissions relating to proposed changes in laws, regulatory and licensing environments which may impact the Group. – Active participation and support of peak industry bodies such as the National Automotive Leasing and Salary Packaging Association (NALSPA), the Australian Finance Industry Association (AFIA), and Disability Intermediaries Australia (DIA). – Business model diversification and development of products and services to support clients and customers transition to EVs.
Competition and customer contracts The Group's businesses are affected by competing suppliers of salary packaging, novated leasing, asset financing, and NDIS plan management and support coordination products and services. A sustained increase in competition from existing competitors, new entrants or disruptors, or loss of a material client contract(s), may result in a failure to grow and/or loss of market share or revenues in some segments.	– Focus on continual improvement in our product and service offerings to attract and retain customers through proactive client engagement and relationship management, product and digital innovation and appropriate customer service. – Ongoing monitoring of market trends (e.g., customer, competitor and technology) and maintaining a disciplined approach to pricing. – Client diversification to reduce reliance on any single client relationship.
Global motor vehicle supply chain dynamics Global motor vehicle supply chain dynamics may affect business segment sales volumes, customer order backlogs and new and used vehicle pricing resulting in potential adverse impacts to the Group's financial condition and performance.	– The Group closely monitors supply chain risks and maintains a strategic approach to procurement which aims to strengthen and broaden our relationships with supply chain partners including original equipment manufacturers (OEMs) and dealer groups. – Active management of residual value risk taken by the AMS segment in line with the Group's Asset Risk Policy with oversight from the Executive Residual Value Committee.
Transformation and delivery of strategic initiatives The Group's growth strategy is underpinned by a comprehensive transformation program aimed at delivering innovation of products and services and productivity benefits through digitisation. These initiatives may not be delivered in line with the planned scope, timeline, or budget, and/or the anticipated benefits may not be realised.	– The Group has appointed a Chief Transformation Officer and established a Transformation Office to oversee the Group's strategic projects program. – Development and implementation of Project and Organisational Change Frameworks, Methodologies and Tools to support the successful delivery of initiatives and realisation of anticipated benefits. – Transformation initiatives are oversighted by project steering committees, the Executive Program Governance Committee (PGC) and the Board.

Directors' Report

Risk description	Risk management strategy
Sustainability and climate change The Group's stakeholders are increasingly informing their decisions based on our ESG credentials. A failure to appropriately respond to and address ESG topics that are significant to our business and key stakeholders could have an adverse impact on the Group's operations, financial performance and/or reputation including our social licence to operate.	– The Board is responsible for approving the Group's sustainability strategy, targets and approving external communications relating to MMS strategy and performance. – The Group has established a Sustainability Committee chaired by the CEO and comprising representatives from Finance, Risk, Sustainability and Procurement which is responsible for driving and supporting the implementation of programs and initiatives that support the sustainability strategy. – Materiality reviews are undertaken at periodic intervals to identify the most relevant risks and opportunities (topics) for the Group. – CEO and key executives have performance metrics and targets addressing sustainability priorities. – Refer to our website www.mmsg.com.au/sustainability for further information about sustainability at MMS.
Financial and balance sheet risks The Group is exposed to various financial risks arising from its operations including risks associated with access to equity capital and debt funding, liquidity management, interest rates and credit spreads, the provision of credit and the residual value of leased assets. These risks have the potential to affect the Group's competitive position, operations, financial condition and performance.	– The Group actively manages its material financial risks in line with policies approved by the Board. – Active oversight of the Group's financial risk profile and adherence to relevant financial covenants by the Executive Credit, Residual Value and Treasury Committees. – The Group has established a diversified panel of third party lenders and internal funding capability through Onboard Finance for novated leasing. – Refer also to the section titled 'Financial Risk Management' on page 78.
Technology, data availability, and integrity A failure or disruption of information technology services (including infrastructure, hardware, software, digital platforms) and/or the availability and integrity of data could have a material adverse impact on the Group's reputation, operations and financial performance.	– The Group's Technology and Digital team have dedicated resources, systems, and technical expertise to manage and mitigate technology and data risks. – Ongoing oversight of technology risk by the Information and Communications Technology Risk Committee, the Executive Risk and Compliance Committee and the Board. – The Group maintains a comprehensive crisis management framework incorporating business continuity plans, disaster recovery plan, and cyber security incident response plan to respond to major technology failures and other unplanned disruptions to the Group's operations. This includes the regular review of plans, completion of exercises / simulations, and training.
Cybersecurity, data protection, and privacy A cyber incident could disrupt the Group's operations and result in the loss or compromise of information assets. In addition, any unauthorised disclosure or misuse of confidential information and/or a failure to maintain adequate data protection and privacy controls may have an adverse impact on the Group's reputation, operations and financial performance and expose the Group to regulatory enforcement action, litigation and other disputes.	– Active management of cyber security risk through policies and standards, technical controls, operating procedures, and compulsory training. – A dedicated Cyber Security Team is tasked with protecting key information assets, identifying, and effectively responding to threats. Third party support arrangements for cyber incident response and recovery are also in place. – The Group maintains a privacy compliance framework including a Privacy Policy, supporting procedures, training, and other controls including regular internal monitoring of privacy compliance. – Ongoing oversight of the Group's cybersecurity, data protection and privacy compliance risk profile by the Executive Risk and Compliance Committee and the Board.

Directors' Report

Risk description	Risk management strategy
Key suppliers A sustained interruption to or reduction in the quality of the products and services that are provided by our key suppliers may have an adverse impact on the Group's reputation, operations and/or financial performance.	– The Group's procurement function and designated supplier relationship owners maintain commercial and contractual arrangements across the supplier base including supplier due diligence and ongoing oversight of supplier performance in line with the Group's Procurement Strategy, Policy and Supplier Code of Conduct. – Where commercially appropriate, the Group will seek to engage suppliers that contribute to positive community and environmental outcomes, including those that maintain relevant sustainability certifications. MMS is also a member of Supply Nation.
Regulatory compliance and licensing The Group's businesses are subject to various laws, licenses, regulations, and rules. A material breach of relevant obligations or a failure to meet compliance and conduct requirements may have an adverse impact on the Group's reputation, operations, and/or financial performance and expose the Group to regulatory enforcement action and/or litigation.	– The Group has implemented risk management and compliance frameworks including policies, procedures, tools, training, and other controls. – Ongoing monitoring and oversight of compliance with obligations by Executive Management, including regular reporting to the Executive Risk and Compliance Committee and the Board.
People and culture The Group's ability to attract and retain key senior management and operating personnel may be affected by a range of factors including labour market dynamics, our employee value proposition, and organisational culture. These dynamics may also contribute to increased direct and indirect labour costs which could impact the Group's financial performance. A failure to appropriately manage the physical and psychological health and wellbeing of employees, other workers or visitors to the Group's premises, or a failure to comply with relevant workplace health and safety laws and regulations may have an adverse impact on the Group's reputation, operations and/or expose the Group (and individuals) to regulatory enforcement action and/or litigation.	– The Group has adopted strategies, policies and processes for the recruitment, development, and retention of talent, and for fostering an inclusive, diverse, and engaged workforce. – Succession plans are maintained for Key Management Personnel (KMPs), Executive and Senior Leadership roles. – The Group's remuneration framework aims to attract, motivate, and retain high performing individuals and provide market competitive remuneration. – The Group maintains a health, safety and wellbeing framework including policies, procedures, reporting, training and education. – The Board People, Culture and Remuneration Committee (PCRC), Chief People Officer, and relevant management committees and working groups have responsibility for overseeing strategies and programs related to people, culture, remuneration and workplace health and safety.

Directors' experience and special responsibilities

Helen Kurincic *MBA, FAICD, FGIA*

Appointed: 15 September 2018 (Non-Executive Director), 21 October 2020 (Chair)

Positions: Chair of the Board, Chair of the Nomination Committee
Member of the Audit, Risk and Compliance Committee
Member of the People, Culture and Remuneration Committee

Ms Kurincic is a Non-Executive Director of Ramsay Health Care Limited and Carlton Football Club Limited. She has formerly held Board roles across the publicly listed, private, not-for-profit and government sectors including Non-Executive Chair of Integral Diagnostics Limited, Non-Executive Director of Estia Health Limited, insurer HBF Health Limited, Domain Principal Group, DCA Group and Melbourne Health. Past management roles include Chief Operating Officer and Director of Genesis Care from its earliest inception, creating and developing the first and largest radiation oncology and cardiology business across Australia, CEO of Heart Care Victoria and CEO of Benetas. Ms Kurincic is a Fellow of the Australian Institute of Company Directors and Governance Institute of Australia. She has also completed the Cambridge Institute for Sustainability Leadership NED Programme. Ms Kurincic is considered an independent director under the Company's definition of independence.

Rob De Luca *B Ec, MBA*

Appointed: 16 May 2022

Positions: Chief Executive Officer
Managing Director

Mr De Luca joined MMS in May 2022 and has over 20 years' experience in the Financial Services, Wealth Management, Disability and Healthcare sectors, including roles as Managing Director of Bankwest, CEO of the National Disability Insurance Agency (NDIA). Prior to joining MMS, Mr De Luca was CEO of Zenitas Healthcare.

Bruce Akhurst *B Ec (Hons), LLB, FAICD*

Appointed: 1 April 2021

Positions: Non-Executive Director, Chair of the Remuneration and Nomination Committee
Member of the Audit, Risk and Compliance Committee
Member of the Nomination Committee

Mr Akhurst is currently the Chairman of Tabcorp Holdings Limited and also Chair of the Peter McCallum Cancer Foundation. Mr Akhurst was previously the CEO of Sensis, Group MD and General Counsel of Telstra, Partner of Mallesons Stephen Jaques, Council Member of RMIT University and a Director of Vocus Group Limited. Mr Akhurst is considered an independent director under the Company's definition of independence.

John Bennetts *B Ec, LLB*

Appointed: 1 December 2003

Positions: Non-Executive Director

Mr Bennetts is an experienced investor and has been the founder and director of a number of successful Australian companies. He owns businesses in varied industries including technology and finance. Mr Bennetts is a Non-Executive Director of Sacred Heart Mission. He was a founder of Cellestis Limited and private equity investment firm, Mooroolbark Investments Pty Limited (M-Group). He has also provided corporate advisory services to a range of companies in Australia and Asia. Prior to the establishment of M-Group, he was a senior executive of pioneering Australian multinational IT company, Datacraft Limited and also practised as a commercial lawyer.

Directors' experience and special responsibilities

Ross Chessari *LLB, M Tax*

Appointed: 1 December 2003

Positions: Non-Executive Director

Mr Chessari is a founder and director of the investment manager, SciVentures Investments Pty Limited (SciVentures). Prior to founding SciVentures, Mr Chessari was the Managing Director of ANZ Asset Management and the General Manager of ANZ Trustees. Mr Chessari has participated in the growth and development of the Company and has significant interest in the Company's continued success.

Kathy Parsons *B Comm, CA*

Appointed: 22 May 2020

Positions: Non-Executive Director
Chair of the Audit, Risk and Compliance Committee
Member of the People, Culture and Remuneration Committee

Ms Parsons is currently a Non-Executive Director of Nick Scali Limited and Shape Australia Corporation Limited. She brings to the board extensive finance and risk management experience. Ms Parsons was formerly an audit partner at Ernst & Young where she spent time as a partner in the firm's US, UK and Australian practices. In addition to her audit client responsibilities, she was part of the firm's Oceania Assurance Leadership team as the Professional Practice Director with responsibility for assurance quality and risk management in the region. Ms Parsons is considered an independent Director under the Company's definition of independence.

Arlene Tansey *BBA, MBA, Juris Doctor, FAICD*

Appointed: 7 November 2022

Positions: Non-Executive Director, Member of the Audit, Risk and Compliance Committee
Member of the People Culture and Remuneration Committee
Member of the Nomination Committee

Ms Tansey is a Non-Executive Director of TPG Telecom, Aristocrat Leisure Limited, Lendlease Investment Management, and La Trobe Finance. She is also a Board member of the Australian National Maritime Museum and University of Wollongong Global Enterprises. She is formerly Non-Executive Director of WiseTech Global Limited, Infrastructure NSW and the Australian Institute of Company Directors (NSW). Before becoming a non-executive Director, Ms Tansey worked in commercial and investment banking in Australia (ANZ Banking Group and Macquarie Bank) and in investment banking and law in the United States. She holds a Juris Doctor from the University of Southern California Law Centre and an MBA from New York University.

Ashley Conn *B Comm, CA, MBA*

Appointed: 5 October 2020

Resigned: 12 March 2024

Positions: Chief Financial Officer
Company Secretary

Mr Conn is the CFO and Company Secretary and has over 20 years of financial services experience. Previously Mr. Conn was the CFO of CSG Ltd and prior to that had been an investment banker working in Australia and New York predominantly for Goldman Sachs and Morgan Stanley.

Remuneration Report

(Audited)

Letter from the Chair of the People, Culture and Remuneration Committee

I am pleased to present the Remuneration Report for the financial year ended 30 June 2024 (FY24).

MMS is committed to sustainable performance and delivering value to our customers and shareholders. We recognise the importance of aligning executive remuneration with the interests of shareholders and the long-term sustainable growth of the Company. Our remuneration framework aligns with our strategic priorities, is based on our remuneration principles being fair and transparent and is consistent with market practice and governance standards.

For FY24 there were no changes made to the MMS remuneration framework. For the Chief Executive Officer (CEO), there was no increase to fixed remuneration whilst the at risk short-term incentive (STI) maximum percentage of fixed remuneration was increased from 50% to 60%.

MMS Performance Outcomes in FY24

Linking remuneration outcomes with performance is key. MMS has delivered strong financial performance during FY24, with Group Normalised revenue from continuing operations up 11.5% and Normalised UNPATA from continuing operations up 38.2%. We have made solid progress on our Simply Stronger program, with a number of key projects delivered.

FY24 short-term incentive outcomes

In FY24, the STI was assessed against a balanced scorecard of key measures encompassing financial, sustainability, strategic, customer and people objectives, reflecting the key priorities for the year.

The Board awarded STI payments to the CEO and Chief Financial Officer (CFO) of 82% and 61% of maximum opportunity respectively, reflecting performance across the balanced scorecard. Scorecard performance for the CEO is outlined below.

- **Financial objectives (Maximum achieved):** FY24 financials demonstrated an uplift of 38.2% for Normalised UNPATA.
- **Sustainability objectives (Maximum achieved):** Our commitment to supporting customers transition to EVs has seen strong performance in novated leasing, supported by the Commonwealth's FBT exemption for electric vehicles. MMS continues to assist customers maximise benefits and transition to lower emission vehicles.
- **Strategic objectives (Target achieved):** Solid progress was made on the Simply Stronger program. Key initiatives delivered included Employer Connect portal and digital signatures across Maxxia and RemServ, invoice payment automation in PSS and soft launching Oly a new product which extends the benefits of novated leasing to small and medium businesses and their employees.
- **Customer objectives (Board discretion applied, not achieved):** Customer objectives include Net Promotor Scores (NPS) reflecting customer advocacy and customer growth. For GRS and PSS our NPS scores remained strong at +46 and +57. The Group performed well in growing customers with GRS delivering increases in novated lease sales (up 35% on pcp), AMS increased Net Amount Financed (NAF) by 16.2% and while PSS increased plan managed and support co-ordination customers by 10.3%, this was less than the growth target. During the period, the Group renewed its Queensland Government Novated Leasing Services contract, but was unsuccessful in renewing the South Australian Government contract. Whilst 2 out of 3 measures achieved the maximum, the Board chose to apply discretion, noting a range of other customer metrics resulting in this measure not being achieved.
- **People objectives (Maximum achieved):** Through a range of people and leadership initiatives we increased productivity with cost-to-income ratio reducing from 72.1% to 66.3%[1] and employee turnover reducing year on year from 26% to 22%.

Long term incentive outcomes

The FY22 long-term incentive (LTI) was tested during the year against earnings per share (EPS) and return on capital employed (ROCE)[2]. The FY22 LTI outcomes included, one-year strategic targets achieved, EPS growth was achieved at 100% and three-year ROCE was achieved at 54.5%. This will result in the granting of 28,777 shares for Executive KMP. The CEO is not eligible for the FY22 LTI grant as he commenced on 16 May 2022.

The Board will continue to monitor and review the remuneration framework and practices to ensure they remain aligned with the Company's strategy, values, stakeholder expectations and support the continued sustainable growth of MMS.

We thank you for your support and look forward to your feedback on this FY24 Remuneration Report.

Bruce Akhurst

Bruce Akhurst
Non-Executive Director and Chair of the People, Culture and Remuneration Committee

1 Cost-to-income ratio reduction, relates to Continuing Operations.

2 Return on capital employed (ROCE) is based on last 12 months' earnings before interest and tax (EBIT) adjusted for the pre-tax impact of acquisition related and non-business operational items. 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 year.

Remuneration Report

(Audited)

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1. Key Management Personnel

This Report has been prepared in accordance with Section 300A of the *Corporations Act 2001* and outlines the remuneration arrangements in place for the Key Management Personnel (KMP) of the Company. This comprises all NEDs and those senior employees who have authority and responsibility for planning, directing and controlling the activities of the Company.

The table below sets out the Company's Executive KMP and Non-Executive Directors during FY24.

Name	Position	Term as KMP in 2024
Executive KMP		
Mr R. De Luca	Chief Executive Officer (CEO) and Managing Director	Full year
Mr A. Conn	Group Chief Financial Officer (CFO) and Company Secretary	Full year[1]
Non-Executive Directors		
Ms H. Kurincic	Non-Executive Chair	Full year
Mr B. Akhurst	Non-Executive Director	Full year
Mr J. Bennetts	Non-Executive Director	Full year
Mr R. Chessari	Non-Executive Director	Full year
Ms K. Parsons	Non-Executive Director	Full year
Ms A. Tansey	Non-Executive Director	Full year

1 Mr Ashley Conn resigned on 12 March 2024, he has remained throughout his notice period performing the role of CFO and Company Secretary with his employment with MMS to conclude on 12 September 2024

Remuneration Report
(Audited)

2. Overview of FY24 executive remuneration framework and policy

MMS's executive remuneration framework is designed to attract, motivate and retain highly qualified and experienced executives. It is intentionally structured to align executives to the creation of long-term shareholder value by successfully executing on our purpose, strategy and delivering strong benefits for our customers, while ensuring behaviours that are aligned with MMS' values.

Our Purpose	To make a positive difference to people's lives			
Our Strategic priorities	Excel in customer experience	Drive technology-enabled productivity	Broaden our competency-led solutions	
Our Values	CUSTOMER ALWAYS	EVERYONE MATTERS	BETTER TOGETHER	STRIVE FOR GREATNESS
Remuneration strategy – guiding principles	Market competitive, retains key talent	Performance based and equitable	Aligned with shareholders	Underpinned by sound governance and risk management

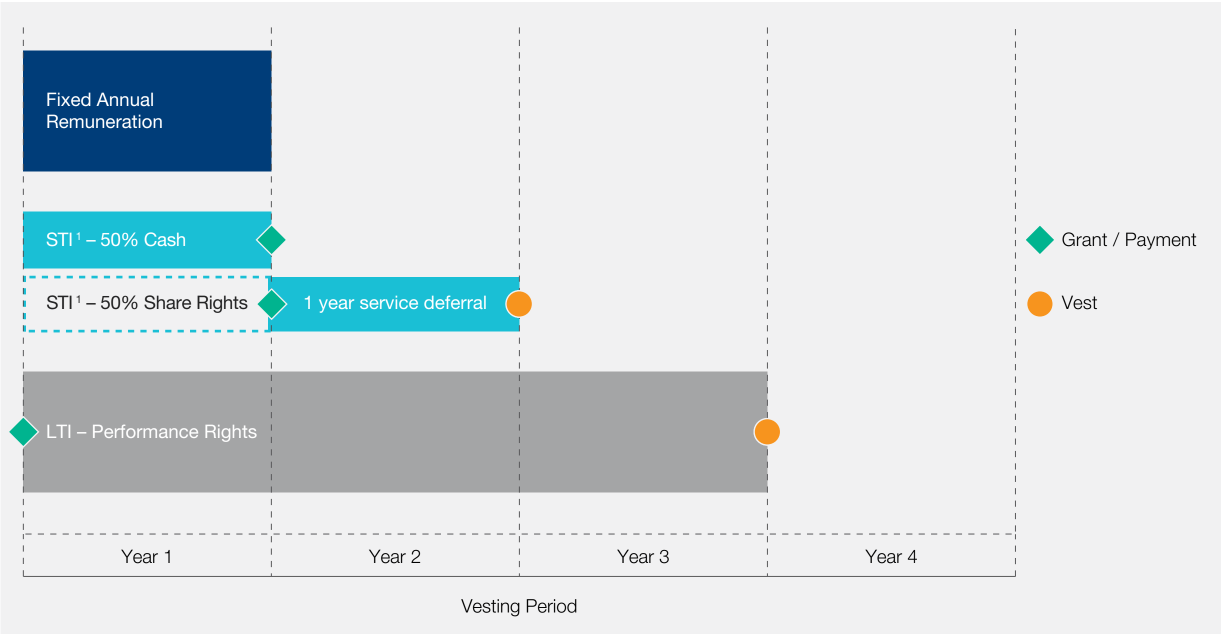
Remuneration framework for Executive KMP

Fixed Remuneration	Short-term Incentive (STI)	Long-term Incentive (LTI)
Base salary, salary-sacrificed benefits and applicable fringe benefits tax. Employer superannuation contributions.	Annual 'at risk' remuneration assessed against financial and non-financial measures aligned to deliver strategic priorities.	Long-term 'at risk' remuneration to align Executive KMP with delivery of long-term value to shareholders.
Positioned using appropriate benchmarks, reflecting size and complexity of role, responsibilities, experience and skills.	Assessed against a balanced scorecard of measures over the financial year. Delivered as 50% cash and 50% rights which convert into shares following one-year deferral period, subject to continued service.	An annual grant of performance rights assessed over a three-year performance period against CAGR EPS and average ROCE.

Minimum shareholding requirement of 50% of one-year's fixed remuneration (within 5 years of appointment as Executive KMP) to further support alignment between the interests of our executives and our shareholders. See section 6 for more detail.

Remuneration Report
(Audited)

FY24 Executive remuneration framework



1 STI is granted at the beginning of the FY, (except for CEO – granted at the AGM, with 50% paid in cash after FY audited results and 50% delivered in rights which convert into shares after 1 year subject to continued service).

3. Detail of FY24 executive remuneration

FY24 Fixed remuneration

Fixed remuneration is reviewed annually against appropriate benchmarks and having regard to the size and complexity of role, responsibilities, experience and skills of the individual.

Fixed remuneration for the Executive KMP is outlined below. No increases were made in FY24 (other than the statutory 0.5% increase in superannuation guarantee contribution, effective 1 July 2023).

	Base salary	Other benefits[1]	Superannuation	Fixed remuneration
Mr R. De Luca	755,928	20,504	27,399	803,831
Mr A. Conn	575,856	21,450	27,399	624,705

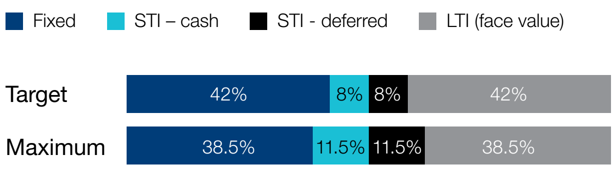
1 Other benefits reflect motor vehicle packaging payments.

Pay mix for performance

Opportunity levels for Executive KMP as a percentage of fixed remuneration under the STI and LTI plans are outlined in the table below.

% of fixed	STI target	STI maximum	LTI opportunity
CEO	40%	60%	100%
CFO	25%	40%	55%

The CEO's pay mix (with each component expressed as a percentage of total reward) is set out below. As shown, the CEO's remuneration package is more heavily weighted to the performance tested components.



Remuneration Report
(Audited)

FY24 Short-term incentive

The STI is assessed over the financial year against a balanced scorecard of financial and non-financial measures that are aligned to the delivery of MMS' strategic priorities. Further detail on the structure of our STI is outlined below.

Element	Description
Opportunity levels ($ of fixed remuneration)	The maximum opportunity levels offered to the Executive KMP in FY24 were: – 60% of fixed remuneration for the CEO (this increased from a maximum of 50% of fixed remuneration in FY23 to a maximum of 60% of fixed remuneration in FY24); and – 40% of fixed remuneration for the CFO.
Performance period	STI awards are assessed over a 1-year period i.e. the financial year.
Allocation methodology	Following assessment of the gateway and scorecard metrics (outlined below), STI awards are delivered 50% in cash and 50% in rights which convert into shares after a 1 year deferral period subject to continued service. The number of rights is determined by dividing the award by the 5-day volume weighted average (VWAP) MMS share price up to 30 June 2024.
Gateway	Executive KMP are only eligible for an STI award where the STI Risk, Compliance and Conduct Gateway is met which requires the following: – All compliance training is confirmed as successfully completed for self and teams; – There are no material breaches to any company policy or risk appetite; and – There are no regulatory or reputational risk issues of a material nature.
Scorecard metrics	Subject to the Executive KMP remaining employed for the performance period, STI outcomes are assessed and measured utilising a balanced scorecard:

Focus Area	Objectives	CEO Weighting %	CFO Weighting %
Financial	Deliver sustainable growth in operating performance	50%	50%
Sustainability	Implement sustainability strategies to support reduced emission outcomes or other associated sustainability measures	10%	10%
Strategy	Deliver business strategies to support sustainable growth	10%	10%
Customer	Excel in customer outcomes and experience	15%	15%
People	Implement people and culture strategies to improve employee attraction, productivity and retention.	15%	15%
Total		100%	100%

FY24 Short-term incentive (continued)

Element	Description
Process for assessing performance conditions	To determine the full extent to which financial performance measures are satisfied, the Board relies on the audited financial results, adjusted to reflect normalised performance and vesting is determined in accordance with the STI Plan Rules. As outlined in section 6, the Board retains overarching discretion in respect to STI outcomes to ensure that awards made to Executive KMP are fair, appropriate and reasonable having regard to a range of factors including but not limited to, the interests of shareholders and consideration of one-off material items which are outside of the control of management. In the event that the Executive KMP takes approved unpaid leave for a period exceeding three months during FY24, employment will be deemed on a pro-rata basis to reflect the period of continuous service during the financial year, unless the Board determines otherwise.
Voting and dividend entitlements	No voting rights or dividend entitlements attach to the Rights.
Malus (i.e. forfeiture of awards)	If the Board determines that an act of fraud, defalcation, gross misconduct, or that any other circumstance has occurred in relation to the affairs of the Group and the Board determines an inappropriate benefit has been obtained by the participant, the participant will forfeit any right or interest in an STI award (including rights on foot) under the STI Plan Rules.
Treatment upon cessation of employment	If the Executive KMP leaves employment with the Company prior to the end of the 1 year STI deferral period, the rights will lapse without any payment to the employee (subject to the discretion of the Board).
Change of control	On a change of control, the Board has discretion to waive the performance conditions attached to the rights.
Hedging	No Executive KMP can enter a transaction that is designed or intended to hedge the executive's exposure to any unvested rights. Executive KMPs are required to provide declarations to the Board on their compliance with this policy.

Remuneration Report
(Audited)

FY24 Long-term incentive granted in FY24

MMS' LTI plan is designed to align Executive KMP with delivery of long-term value to shareholders (along with MMS' minimum shareholding requirements that are detailed in section 6). Further detail on the LTI awards granted in FY24 is outlined below.

Element	Description
Opportunity levels (% of fixed remuneration)	The opportunity levels offered to the Executive KMP in FY24 were: – 100% of fixed remuneration for the CEO; and – 55% of fixed remuneration for the CFO.
Instrument & allocation methodology	The LTI is granted in performance rights, which are allocated on a face value basis by dividing the LTI opportunity by the VWAP of MMS shares based on the last 5 trading days up to the start of the performance period i.e. 30 June 2024.
Performance period	Three-year performance period from 1 July 2023 to 30 June 2026.
Performance hurdles	MMS uses ROCE and EPS hurdles as they are aligned with the Company's focus on earnings growth and capital optimisation. Given MMS's limited peers in the Australian context, relative measures are not considered appropriate. Subject to the Executive KMP remaining employed for the performance period, vesting of the Performance Rights is subject to the achievement of two performance hurdles: – The Company's CAGR in Normalised EPS which applies to 50% of the Performance Rights; and – Average Normalised ROCE over the performance period which applies to 50% of the Performance Rights. The following vesting schedules apply to Performance Rights (with vesting on a straight-line basis between each level of performance).

	Normalised EPS (CAGR)		
Performance Period		Level of performance (%)	Percentage of awards vesting
3 years to FY26		<7%	0%
	Target	7%	50%
	Maximum	12%	100%

	Average Normalised ROCE		
Performance Period		Level of performance (%)	Percentage of awards vesting
3 years to FY26		<45%	0%
	Target	45%	50%
	Maximum	50%	100%

Calculation of Normalised EPS (CAGR) shall be based on comparing the Normalised EPS results in the final year of the performance period (including any impairment losses) to the Normalised EPS results for FY23 as the base year.

The ROCE performance condition is based on the Company's average Normalised ROCE over the performance period.

Element	Description
Process for assessing performance conditions	To determine the full extent to which the financial performance hurdles are satisfied, the Board relies on the audited financial results, adjusted to reflect normalised performance and vesting is determined in accordance with the LTI Plan Rules. As outlined in section 6, the Board retains overarching discretion in respect of LTI vesting outcomes to ensure that awards made to Executive KMP are fair, appropriate and reasonable having regard to a range of factors including, but not limited to, the interests of shareholders and consideration of one-off material items which are outside of the control of management. In the event that the Executive KMP takes approved unpaid leave for a period exceeding three months during FY24, FY25, of FY26 the vesting criteria outlined above with respect of the performance hurdles and the executive's continued employment will be deemed on a pro-rata basis to reflect the period of continuous service during the relevant financial year, unless the Board determines otherwise.

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(Audited)

FY24 Long-term incentive (continued)

Element	Description
Voting and dividend entitlements	No voting rights or dividend entitlements attach to the Rights.
Malus (i.e. forfeiture of awards)	If the Board determines that an act of fraud, defalcation, gross misconduct, or that any other circumstance has occurred in relation to the affairs of the Group and the Board determines an inappropriate benefit has been obtained by the participant, the participant will forfeit any performance rights in accordance with the Long-term incentive plan rules.
Treatment upon cessation of employment	If the Executive KMP leaves employment with the Company prior to the date specified in the Invitation Letter, the Rights will lapse without any payment to the employee (subject to the discretion of the Board).
Change of control	On a change of control, the Board has discretion to waive the performance conditions attached to the Performance Rights.
Hedging	No Executive KMP can enter a transaction that is designed or intended to hedge the executive's exposure to any unvested rights. Executive KMPs are required to provide declarations to the Board on their compliance with this policy.

4. FY24 Outcomes and the link to performance

MMS financial performance FY20 to FY24

The table below sets out the Company's performance over the past five years in respect of key financial and non-financial indicators.

Metric	FY24	FY23	FY22	FY21	FY20
Net profit attributable to Company members ($'000)	$83,547	$32,272	$70,349	$61,065	$1,269
Underlying net profit after income tax (UNPATA)[1] ($'000)	$83,892	$74,741	$82,072	$79,213	$69,028
Normalised UNPATA[2] ($'000)	$101,139	$86,248	$83,766	$71,898	N/A
NPAT growth	158.9%	(54.1%)	15.2%	>100%	(98.0%)
Normalised UNPATA growth	17.3%	3.0%	3.6%	14.8%	(22.2%)
Dividends paid ($'000)	$98,893	$91,929	$50,375	$23,369	$59,591
Dividend payout ratio[3]	100%	100%	100%	66%	42%
Share price as at 30 June	$17.52	$18.06	$9.74	$12.95	$9.08
Market capitalisation (A$m)	$1,220.1	$1,257.8	$753.7	$1,002.1	$702.6
Normalised earnings per share (cents)	145.2	119.6	108.3	78.9	1.6
Normalised earnings per share growth	21.4%	10.5%	37.2%	(9.73%)	N/A
ROCE[5]	62%	40%	39%	33%	20%

1 UNPATA is calculated as net profit after tax but before the after-tax impact of acquisition and divestment related activities and non-operational items.
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 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 FY24, FY23 and FY22 and are currently expected to be stated up to and including FY25. For FY21 normalisations only include an adjustment to remove the impact of JobKeeper.
3 Dividend payout ratio is calculated as total dividends declared for the financial year divided by Normalised UNPATA for the financial year.
4 Normalised earnings per share is based on Normalised UNPATA.
5 Return on capital employed (ROCE) is based on last 12 months' Normalised earnings before interest and tax (EBIT) adjusted for pre-tax impact of acquisition and divestment related activities and non-operational items. 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 year and also includes the add back for the Warehouse in FY24, FY23 and FY22.

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(Audited)

Actual STI outcomes

FY24 Short term incentive scorecards included both financial and non-financial measures, with both a target and maximum opportunity.

The measures are clearly defined and were a mix of financial, sustainability, strategy, customer and people.

Actual STI outcomes delivered to Executive KMP in FY24 are set out in the table below.

Executive KMP	Target STI opportunity $	Target STI opportunity (% of FAR)	Maximum STI opportunity $	Maximum STI opportunity (% of FAR)	% of maximum FY24 STI awarded	% of maximum FY24 STI forfeited	$ Value STI - 50% Cash
R. De Luca	321,532	40%	482,299	60%	82%	18%	196,939
A. Conn	156,176	25%	249,882	40%	61%	39%	76,527

An overview of the performance against the FY24 scorecard for the CEO is outlined below.

KPI	Measures	Overall Assessment
Financial (CEO 50%)		Not achieved / Target / Maximum
Deliver operating performance growth	MMS Normalised UNPATA	
Sustainability (CEO 10%)		Not achieved / Target / Maximum
Implement sustainability strategies to support low and zero emission vehicle solutions	EV new novated lease sales	
Strategy (CEO 10%)		Not achieved / Target / Maximum
Deliver business strategies to support sustainable growth	Progress on Simply Stronger initiatives delivered on time and within budget	
Customer (CEO 15%)		Not achieved / Target / Maximum
Excel in customer outcomes and experience	NPS and customer growth	
People (CEO 15%)		Not achieved / Target / Maximum
Implement people and culture strategies to improve staff productivity	People and leadership productivity initiatives including cost to income ratio and employee turnover.	
Total Outcome		

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LTI vesting in FY24

Incentive outcomes

The table below outlines the LTI that qualified for vesting based on the performance against the metrics in FY24. The vesting entitlement is subject to Executive KMP's meeting the employment conditions or good leaver provisions.

	Portion qualified for vesting		
	FY22 Grant [2]	FY23 Grant	FY24 Grant
Mr R.De Luca[1]	-	-	-
Mr A. Conn[2]	60.8%	-	-

1 Mr. R. De Luca commenced 16 May 2022

2 The achievement of FY22 grants by Mr A. Conn was based on the following, Tranche 1: 14%, Tranche 2: 0%, Tranche 3a: 40% and Tranche 3b: 6.81%.

The Rights that have qualified and are subject to meeting the relevant employment conditions in the table above will result in 28,778 ordinary MMS shares being provided to Mr A. Conn detailed above and will be issued by the MMS Employee Share Trust.

Alignment between performance and remuneration

FY22 Grant [1] – 2 & 3 Year Performance LTI Metrics	FY21	FY22	FY23	FY24	Metric Achieved	Period Achieved	Vesting Target Range	Vesting Target Met
Strategic targets	N/A	3 of 6	N/A	N/A	3 of 6	1 year	Various	Partially Met
ROCE [2]	N/A	34.8%	22.4%	52.2%	28.6%	2 year	36.0% – 41.0%	No
					36.5%	3 year	36.0% – 41.0%	Met
EPS growth (cps)	102.4	93.4	47.2	128.9	8.0%	3 year	3.6 – 7.7%	Met

FY23 Grant – 3 Year Performance LTI Metrics	FY22	FY23	FY24	Metric Achieved	Period Achieved	Vesting Target Range	Vesting Target Met
Normalised ROCE [2]	N/A	27.5%	58.8%	43.2%	3 year	36.0% – 40.0%	To be tested
Normalised EPS growth (cps)	108.3	63.3	145.3	51.9%	3 year	7.0% – 12.0%	To be tested

FY24 Grant – 3 Year Performance LTI Metrics	FY23	FY24	Metric Achieved	Period Achieved	Vesting Target Range	Vesting Target Met
Normalised ROCE [2]	N/A	58.8%	58.8%	3 year	45.0% – 50.0%	To be tested
Normalised EPS growth (cps)	119.6	145.3	9.5%	3 year	7.0% – 12.0%	To be tested

1 The FY22 LTI grant had a 1-year strategic targets metric, referred to as Tranche 1. When assessed it was deemed 40% of the overall 35% for this metric was achieved which equates to a 14% outcome.

2 ROCE is based on the average in the performance period.

The FY21 AGM notice setting out the terms of the FY22 LTI grant noted that the Warehouse would impact the reported financial results over the testing period. In FY24 the amount of novated leases and net amount financed through the Warehouse was higher than anticipated. This increased activity which benefits shareholders, adversely impacted the quantum of the EPS outcome achieved for FY24 relating to the FY22 grant. In assessing the EPS outcome, the Board has adjusted for the higher than anticipated activity.

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Executive remuneration statutory disclosures

Executive remuneration

The following table sets out the executive remuneration for FY24 in accordance with the requirements of the Accounting Standards and *Corporations Act 2001 (Cth)*.

Executive KMP		Cash Salary / Cash STI	Annual Leave Entitlements	Other Benefits [1]	Superannuation	Long Service Leave	Rights [2,3]	Total remuneration	Percentage of remuneration as rights
		$	$	$	$	$	$	$	%
Mr R. De Luca (CEO and Managing Director)	FY24	909,539	49,336	20,504	27,399	32,761	784,751	1,824,290	43%
	FY23	804,755	31,397	1,540	25,293	14,549	361,688	1,239,222	29%
Mr A. Conn (Group CFO and Company Secretary)	FY24	675,643	79,481	21,450	27,399	43,126	524,870	1,372,329	38%
	FY23	602,710	47,646	17,570	25,293	27,216	246,208	966,643	25%
Total Remuneration	FY24	**1,585,181**	**129,178**	**41,954**	**54,798**	**75,888**	**1,309,621**	**3,196,619**	**41%**
	FY23	**1,407,465**	**79,043**	**19,110**	**50,586**	**41,765**	**607,896**	**2,205,865**	**28%**

1 Other benefits reflect motor vehicle packaging payments.

2 The equity value comprises the value of Performance Rights issued. The value of Performance Rights issued to Executive KMP (as disclosed above) are measured at fair values at the date that the Performance Rights were granted to the executives and which are allocated equally over the period from when the services are provided to vesting date. Fair values at grant date are determined using a Black-Scholes pricing model that takes into account the expected term of the right, share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the right.

3 The expense in FY24 comprises the fair value expense of Performance Rights granted in FY22, FY23 and FY24 based on the number of rights estimated to vest based on the Company's performance against the EPS and ROCE performance targets (subject to continuing employment) with vesting periods in FY25, FY26 and FY27. Share rights include STI share rights and LTI performance rights.

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5. Non-Executive Director remuneration

Remuneration policy and arrangements

The Board's policy is to remunerate the Chair and Non-Executive Directors (NED) in line with the following principles:

Market competitiveness	Preservation of independence
Non-Executive Directors are remunerated at market competitive rates, having regard to the fees paid for comparable companies, the need to attract Non-Executive Directors of the requisite calibre and expertise and their workloads (taking into account the size and complexity of the Company's operations and their responsibility for the stewardship of the Company).	Non-Executive Directors are remunerated in a manner which preserves and safeguards their independence. Neither the Chair nor the other Non-Executive Directors are entitled to any performance-related pay. The primary focus of the Board is on the long-term strategic direction of the Company.

Fees and other benefits

The Non-Executive Directors are remunerated for their services from the maximum annual aggregate amount last approved by the shareholders of the Company on 22 November 2021 (currently $1,200,000 per annum).

The table below sets out the annual fees payable (inclusive of superannuation) to the directors of MMS.

Fees are inclusive of superannuation contributions that are required under legislation to be made by the Company on behalf of Non-Executive Directors. There is no scheme for the payment of retirement benefits or termination payments (other than payments relating to accrued superannuation entitlements).

Based on FY23 benchmarking data of Chair and NED fees provided by an independent remuneration consultant, the Board approved the following changes to NED fees for FY24 (effective from 1 July 2023):

- An increase to the Board Chair fee to $255,000.
- Align the People, Culture and Remuneration Committee Chair (PCRC) and Member fees with those paid to the Audit, Risk and Compliance Committee Chair and Members reflecting the workload and responsibilities of the PCRC.

No other changes were made to NED fees in FY24, other than the statutory 0.5% increase in superannuation guarantee contribution, effective 1 July 2023.

Role		FY24 Fee
Chair[1]		$255,000
Non-Executive Directors		$116,575
Audit, Risk and Compliance Committee	Chair	$25,342
	Membership	$12,672
People, Culture and Remuneration Committee	Chair	$25,342
	Membership	$12,672
Nomination Committee	Chair	$Nil
	Membership	$Nil

1 The Chair fee is inclusive of all other committee Chair or Membership roles.

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Non-Executive Director remuneration – statutory disclosure

The fees paid or payable to the directors of the Company in respect of the 2024 financial year are set out below.

Non-Executive Directors		Cash Salary / Fees $	Other Benefits[1] $	Superannuation $	Total value of remuneration received $	Total remuneration received $
Ms H. Kurincic (Non-Executive Chair)	FY24	229,730	-	25,270	255,000	255,000
	FY23	191,895	-	20,149	212,044	212,044
Mr B. Akhurst (Non-Executive Director)	FY24	150,885	-	3,704	154,589	154,589
	FY23	141,775	-	7,072	148,847	148,847
Mr J. Bennetts (Non-Executive Director)	FY24	105,025	-	11,553	116,575	116,575
	FY23	105,023	-	11,027	116,050	116,050
Mr R. Chessari (Non-Executive Director)	FY24	105,025	-	11,553	116,575	116,575
	FY23	105,023	-	11,027	116,050	116,050
Ms K. Parsons (Non-Executive Director)	FY24	133,527	5,743	15,320	154,589	154,589
	FY23	131,244	5,743	14,384	151,370	151,370
Mr T. Poole[2] (Non-Executive Director)	FY24	-	-	-	-	-
	FY23	20,928	-	2,197	23,126	23,126
Ms A. Tansey[3] (Non-Executive Director)	FY24	127,855	-	14,064	141,919	141,919
	FY23	81,441	-	8,551	89,992	89,992
Total Remuneration	FY24	852,042	5,743	81,463	939,248	939,248
	FY23	777,329	5,743	74,407	857,479	857,479

1 Other benefits reflect motor vehicle packaging.
2 Mr T Poole retired 31 August 2022.
3 Ms A Tansey joined 7 November 2022.

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6. Remuneration Governance

Responsibility for setting remuneration

Responsibility for setting MMS' remuneration policy and determining Executive and Non-Executive Director remuneration rests with the Board.

The People, Remuneration and Culture Committees objectives are to oversee the formulation and implementation of remuneration policy and make recommendations to the Board on remuneration policies and packages applicable to Non-Executive Directors , the Chief Executive Officer & Managing Director and approves recommendations on remuneration for the Executive Leadership Team.

For further details on the composition and responsibilities of the PCRC, please refer to the Corporate Governance Statement on our website **www.mmsg.com.au/governance**.

The following chart outlines key stakeholders in the governance of remuneration at MMS.

Use of independent remuneration consultants

The PCRC obtains external independent advice from remuneration consultants when required and will use it to guide and inform their decision-making. During FY23, no remuneration recommendations (as defined in the *Corporations Act 2001* (Cth)) were received.

Board discretion

The Board has adopted a set of guiding principles when it considers adjustments to performance outcomes under the STI and LTI Plans. The principles for adjustments applied are:

1. **Transparency:** for any fair, appropriate and reasonable adjustments made, MMS will provide clear disclosure and rationale.
2. **Timing of adjustments:** adjustments will be made to reward outcomes at the time of payment or vesting, applying to both positive and negative adjustments.
3. **Shareholders and management alignment:** adjustments will be made in the interests of balancing the shareholder and management alignment ensuring consistency in Company objectives.

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Details of executive service agreements

The table below sets out key information in respect of the service agreements of the CEO and Managing Director and CFO and Company Secretary.

Element	Description
Duration	Ongoing
Notice period	– **CEO:** 9 months' written notice by the Company or CEO. The agreement may, however, be terminated by the Company for cause without notice or any payment. – **CFO:** 6 months written notice by the Company or CFO. The agreement may, however, be terminated by the Company for cause without notice or any payment.
Termination payments	The Company has discretion to make a payment in lieu of notice in respect of the above notice periods. No contracted retirement benefits are in place with any of the Company's Executives.
Restraint of trade	A restraint period not exceeding 12 months.

Minimum shareholding requirements

The Company has minimum shareholding requirements for its Executive KMP and Non-Executive Directors to facilitate share ownership and encourage an 'ownership' mindset. Refer section 7 for further details on current KMP and director share ownership.

The table below sets out key information in respect of this policy. Please refer to the 'Share Ownership and Retention Policy' on the Company's website for further detail **www.mmsg.com.au/overview/#governance**.

Directors and officers	Description	Requirement
Executive KMP	50% of one year's fixed remuneration	– 5 years from date of commencement as Executive KMP
Non-Executive Directors[1]	100% of one year's base director fees	– 5 years from date of commencement as Non-Executive Director

1 As outlined in the Share Ownership and Retention Policy.

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Non-Executive Director and Executive KMP share ownership

The following table sets out the number of shares held directly, indirectly or beneficially by Directors and Executive KMP (including their related parties). All NED and Executive KMP are compliant with the share ownership policy.

	Start date	Balance at the start of the year	Shares acquired during the year	Other changes during the year	Balance at the end of the year	Value of Shares [1] $	Minimum Shareholding Requirement [2] $
Non-Executive Directors							
Ms H. Kurincic	15/9/2018	25,000	-	-	25,000	438,000	255,000
Mr B. Akhurst	1/4/2021	25,000	-	-	25,000	438,000	116,575
Mr J. Bennetts	1/12/2003	3,068,025	-	-	3,068,025	53,751,798	116,575
Mr R. Chessari	1/12/2003	6,050,941			6,050,941	106,012,486	116,575
Ms K. Parsons	22/5/2020	13,000	500	-	13,500	236,520	116,575
Ms A. Tansey	7/11/2022	-	-	-	-	-	116,575
Executive KMP							
Mr R. De Luca	16/5/2022	-	-	-	-	-	401,916
Mr A. Conn	5/10/2020	-	22,460	-	22,460	393,499	312,353

1 Calculated as the number of shares multiplied by the share price as at 30 June 2024 of $17.52.

2 Minimum shareholding required, within a 5 year timeframe from commencement as outlined above and based on the FY24 fixed remuneration.

Remuneration Report

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7. Other statutory disclosures

Detail of LTI securities

The terms and conditions of each grant of Performance Rights to Executive KMP affecting their remuneration in FY24 and each relevant future financial year are set out below.

Grant Date	Type of LTI securities	Expiry Date	Share price at valuation date	Value per option at grant date [1]	Date Exercisable
15/10/2021	3 Year Performance	Date that the FY24 financial statements are lodged	$14.52	$12.82	3 Year Lodgement Date (expected to be 30 September 2024)
22/11/2021	3 Year Performance	Date that the FY24 financial statements are lodged	$13.18	$11.54	3 Year Lodgement Date (expected to be 30 September 2024)
15/11/2022	3 Year Performance	Date that the FY25 financial statements are lodged	$13.31	$11.54	3 Year Lodgement Date (expected to be 30 September 2025)
27/10/2023	3 Year Performance	Date that the FY26 financial statements are lodged	$16.82	$13.56	3 Year Lodgement Date (expected to be 30 September 2026)
10/11/2023	3 Year Performance	Date that the FY26 financial statements are lodged	$17.46	$14.23	3 Year Lodgement date (expected to be 30 September 2026)

1 Reflects the fair value at grant date for rights granted as part of remuneration, calculated in accordance with AASB 2 Share-based Payments.

Details of the LTI securities over ordinary shares in the Company provided as remuneration to each Executive KMP are set out below.

Executive KMP	Date of grant	Type of LTI securities	Number of securities granted	Value of one security granted during the year $	Number of securities vested during year	Vested %	Number of securities forfeited / lapsed	Forfeited or lapsed %	Year in which securities may vest
Mr R. De Luca	28/11/2022	3 Year Performance Rights	82,822	-	-	-	-	-	FY26
	27/10/2023	3 Year Performance Rights	45,362	$13.56	-	-	-	-	FY27
Mr A. Conn[1]	30 Oct 2020	3 Year Performance rights	48,362	-	22,460	46.4%	(25,902)	53.6%	FY24
	15 Oct 2021	3 Year Performance rights	47,322	-	-	-	-	-	FY25
	28 Nov 2022	3 Year Performance rights	35,374	-	-	-	-	-	FY26
	27 Oct 2023	3 Year Performance rights	19,389	$14.23	-	-	-	-	FY27

1 Mr Ashley Conn's employment with MMS will conclude on 12 September 2024.

Remuneration Report

(Audited)

Movement of STI and LTI securities granted

The table below reconciles the Performance Rights held by each Executive KMP from the beginning to the end of FY24.

Executive KMP	Security type	Balance at start of the year	Granted during the year [1]	Vested during the year	Forfeited during the year	Other changes during the year	Exercisable at end of the year	Unvested at end of the year
Mr R De Luca	Performance rights (LTI)	82,822	45,362	-	-	-	-	128,184
Mr R De Luca	Share rights (STI)	20,706	13,608	-	(12,038)	-	-	22,276
Mr A Conn	Performance rights (LTI)	107,820	19,389	(22,460)	(21,208)	-	-	83,541
Mr A Conn	Share rights (STI)	-	5,631	-	-	-	-	5,631

1 Granted pursuant to the Company's Executive Remuneration Plan.

Other transactions and balances with KMP

There were no loans made during the year, or remaining unsettled at 30 June 2024, between the Company and its KMP and/or their related parties.

Signed in accordance with a resolution of the Directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the Directors.

Bruce Akhurst
Non-Executive Director and Chair of the PCRC

Helen Kurincic
Non-Executive Chair of the Board

End of the audited Remuneration Report

Directors' Report

Unissued shares

At the date of this Annual Report, there were no unissued ordinary shares of the Company under option. No options were granted to the Directors or any of the five highest remunerated officers of the Company since the end of the financial year.

Directors' interests

At the date of this Annual Report, the relevant interest of each Director in the securities issued by the Company and its controlled entities, as notified by the Directors to the Australian Securities Exchange Limited (ASX) in accordance with section 205G(1) of the *Corporations Act 2001* (Cth), is as follows:

Director	Rights	Ordinary shares
Ms H. Kurincic (Chair)	-	25,000
Mr R. De Luca	150,460	-
Mr B. Akhurst	-	25,000
Mr J. Bennetts	-	3,068,025
Mr R. Chessari	-	6,050,941
Ms K. Parsons	-	13,500
Ms A. Tansey	-	-

No Director during FY24, became entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Directors shown in the Remuneration Report or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a controlled entity with the Director or an entity in which the Director has a substantial financial interest or a firm in which the Director is a member.

Non-audit services

Details of the amounts paid or payable to the auditor of the Company, Ernst & Young and its related practices, for non-audit services provided, during FY24, are disclosed in Note 7.3 to the Financial Report.

The ARCC has reviewed the services other than the statutory audit provided by Ernst & Young during the financial year ended 30 June 2024. The other services related to non-statutory audit services and other assurance services which are compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth). This has been formally advised to the Board. Consequently, the Directors are satisfied that the provision of non-audit services during the year by the auditor and its related practices did not compromise the auditor independence requirements of the *Corporations Act 2001* (Cth).

Events occurring after the reporting date

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

Directors' Report

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.

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 & Officers 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.

Corporate governance practices

Our full corporate governance statement is available on our website at www.https://mmsg.com.au/governance.

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 45 of this Annual Report.

Directors' declaration

The Directors have received and considered written representations from the Chief Executive Officer and the Chief Financial Officer in accordance with the ASX Principles. The written representations confirmed that:

- the financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operating results of the Company and its controlled entities and are in accordance with all relevant accounting standards;
- the consolidated entity disclosure statement is true and correct; and
- the above statement is founded on a sound system of risk management and internal compliance and control that implements the policies adopted by the Board and that compliance and control is operating efficiently and effectively in all material respects.

Signed in accordance with a resolution of the Directors.

Helen Kurincic
Chair

Rob De Luca
Managing Director &
Chief Executive Officer

27 August 2024
Melbourne, Australia

Directors' Report

Five year summary

	2024 [10]	2023 [10]	2022 [9]	2021	2020
Financial Performance					
Group					
Revenue from continuing operations ($m)	521.0	464.0	594.1	544.5	494.0
NPAT from continuing operations ($m) [8]	90.1	64.4	70.3	61.1	1.3
UNPATA from continuing operations ($m) [1,8]	90.4	66.4	82.1	79.2	69.0
Normalised UNPATA from continuing operations ($m) [2]	107.6	77.9	83.8	71.9	N/A
Group Remuneration Services segment					
Segment revenue ($m)	289.1	225.5	206.5	202.6	214.8
Segment NPAT ($m) [8]	64.3	41.0	46.7	55.8	60.9
Segment UNPATA ($m) [3,8]	64.3	41.0	46.7	55.8	60.9
Normalised segment UNPATA ($m) [2]	80.7	52.5	48.4	49.4	N/A
Asset Management Services segment					
Segment revenue ($m)	177.8	187.4	346.1	315.5	229.3
Segment NPAT ($m) [8]	19.1	18.7	21.1	1.4	(9.9)
Segment UNPATA ($m) [3,8]	19.1	18.7	30.3	19.6	6.0
Normalised segment UNPATA ($m) [2]	19.1	18.7	30.3	18.5	N/A
Plan and Support Services segment					
Segment revenue ($m)	50.6	48.5	41.2	26.2	-
Segment NPAT ($m) [8]	8.2	7.3	5.3	5.4	-
Segment UNPATA ($m) [3,8]	8.5	8.0	6.6	5.4	-
Normalised segment UNPATA ($m) [2]	8.5	8.0	6.6	5.4	N/A
Retail Financial Services segment					
Segment revenue ($m)	-	-	-	-	49.5
Segment NPAT ($m) [8]	-	-	-	-	(47.3)
Segment UNPATA ($m) [3,8]	-	-	-	-	3.0
Shareholder Value					
Dividends per share (cps)	154	124	108	61	34
Dividend payout ratio (%) [4]	100	100	92.9	66	42
Basic earnings per share (cps)	129.3	89.4	90.9	78.9	1.6
Underlying earnings per share (cps) [5]	129.8	92.1	106.1	102.4	87.4
Underlying return on equity (%)	64	32	29	31	21
Normalised return on capital employed (%)	62.1	40.0	39	31	20
Other					
Employees (FTE) [6]	1,328	1,290	1,294	1,286	1,295
Employee engagement score (%) [7]	77	80	83	85	87

1 FY24 UNPATA excludes amortisation of intangibles $0.3m. FY23 UNPATA excludes amortisation of intangibles $0.6m, acquisition and disposal related costs of $1.0m and capital structure costs of $0.4m. FY22 UNPATA excludes amortisation of intangibles $1.8m, impairment of CLM goodwill of $6.0m, acquisition and disposal related costs of $3.3m and adjustments related to new accounting standards of $0.4m. FY21 UNPATA excludes amortisation of intangibles $1.6m, UK restructuring costs of $14.6m and impairment of CLM goodwill for $2.0m. FY20 UNPATA excludes amortisation of intangibles $2.9m, impairments of UK and RFS businesses of $49.8m, one-off adjustments for Deferred Income and DAC of $9.8m, class action settlement and legal costs of $5.1m, acquisition and disposal related costs of $1.2m, deferred consideration (no longer payable) ($1.4m) and capital structure costs $0.4m.
2 Normalised UNPATA is UNPATA adjusted for the Warehouse in FY22, FY23 and FY24, and JobKeeper in FY21
3 Segment UNPATA does not include unallocated public company costs and interest from Group treasury funds.
4 For the FY22 year, dividend payout ratio is calculated as total dividend declared for the financial year divided by normalised UNPATA.
5 Underlying earnings per share is based on UNPATA.
6 From 30 June 2023 this value excludes UK.
7 Employee engagement survey conducted biennially with regular Pulse Survey's conducted in intervening periods; the 2024 result represents the May 2024 Pulse Survey Sustainability Engagement score.
8 In FY20 and FY21 NPAT and UNPATA includes JobKeeper of $7.3m (net of tax) for FY21 and $7.0m (net of tax) for FY20 which has been recognised as an offset against employee benefit expenses.
9 In FY22 the reportable segments of the Group changed. Plan and Support Services is now reported as a separate segment (previously included in Group Remuneration Services) and Retail Financial Services is included as part of Asset Management Services. The FY21 comparatives were restated on this basis.
10 In FY24 the Group disposed of its Australian Asset Finance Aggregation and UK businesses and these businesses are reported as discontinued operations. In FY23 the results of these segments were reported as discontinued operations relating to assets held for sale. The financial summary provides the financial performance in respect of the continuing operations of the Group for FY24 and FY23.

MMS
McMillanShakespeareGroup

Financial Report

FOR THE YEAR ENDED
30 JUNE 2024

Directors' Declaration

The Directors are of the opinion that:

1. The financial statements and notes of McMillan Shakespeare Limited and its subsidiaries (the Group) for the year ended 30 June 2024 on pages 46 to 96 are in accordance with the *Corporations Act 2001*, including:
   a. giving a true and fair view of the Company and the Group's financial position as at 30 June 2024 and financial performance for the financial year ended on that date; and
   b. complying with Accounting Standards, the *Corporations Regulations 2001 (Cth)* and other mandatory professional reporting requirements.
2. The consolidated entity disclosure statement required by section 295(3A) of the Corporations Act is true and correct.
3. There are reasonable grounds to believe that the Company and the Group will be able to pay its debts as and when they become due and payable.
4. At the date of this declaration, there are reasonable grounds to believe that members of the extended closed group identified in Note 6.2 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 6.2.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as disclosed as issued by the International Accounting Standards Board.

The Directors have been given declarations by the Chief Executive Officer and Chief Financial Officer required by s295A of the *Corporations Act 2001 (Cth)*.

This declaration is made in accordance with a resolution of the Directors of McMillan Shakespeare Limited.

Helen Kurincic
Chair

Rob De Luca
Managing Director & Chief Executive Officer

27 August 2024
Melbourne, Australia

Auditor's Independence Declaration

As at 30 June 2024

Building a better working world

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

As lead auditor for the audit of the financial report of McMillan Shakespeare Limited for the financial year ended 30 June 2024, 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 audit;

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

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

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
27 August 2024

Statements of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2024

	Note	Consolidated Group 2024 $'000	Consolidated Group 2023 $'000	Parent Entity 2024 $'000	Parent Entity 2023 $'000
Revenue	2.2	499,723	450,223	-	-
Interest revenue		21,295	13,781	384	256
Dividends received		-	-	91,655	99,255
Revenue from continuing operations		521,018	464,004	92,039	99,511
Expenses					
Employee benefit expenses		(173,573)	(160,486)	(1,035)	(3,714)
Leasing and vehicle management expenses		(67,680)	(84,707)	-	-
Depreciation and amortisation expenses	2.3b	(68,361)	(66,516)	-	-
Other operating expenses	2.3c	(54,144)	(49,905)	(6,363)	(3,282)
Finance costs		(25,293)	(9,747)	(3,557)	(2,110)
Operational expenses excluding impairment and other		(389,051)	(371,361)	(10,955)	(9,106)
Impairment of financial assets	2.3d	(1,345)	(840)	-	-
Impairment of investment in subsidiaries	6.1	-	-	(18,349)	(17,289)
Gain on loss of control of subsidiary		-	-	1,936	-
Impairment of financial assets / Gain on disposal of subsidiary		(1,345)	(840)	(16,413)	(17,289)
Total expenses from continuing operations		(390,396)	(372,201)	(27,368)	(26,395)
Profit before income tax expense from continuing operations		130,622	91,803	64,671	73,116
Income tax (expense)/benefit	2.4	(40,565)	(27,354)	1,654	2,793
Net profit for the year from continuing operations		90,057	64,449	66,325	75,909
Discontinued operations					
(Loss) after tax from discontinued operations	6.3	(6,510)	(32,177)	-	-
Net profit attributable to Owners of the Company		83,547	32,272	66,325	75,909
Other comprehensive income					
Items that may be reclassified subsequently to profit:					
Changes in fair value of cash flow hedges		(261)	(838)	-	-
Exchange differences on translating foreign operations		(450)	1,899	-	-
Income tax on other comprehensive income		213	251	-	-
Other comprehensive (loss) / income, net of tax		(498)	1,312	-	-
Total comprehensive income for the year		83,049	33,584	66,325	75,909
Other comprehensive income after tax from discontinued operations		-	1,472	-	-
Total comprehensive income for the year is attributable to:					
Owners of the Company		83,049	35,056	66,325	75,909
Total comprehensive income for the year		83,049	35,056	66,325	75,909

	Note	Consolidated Group 2024	Consolidated Group 2023
Basic earnings per share (cents) from continuing operations	2.5	129.3	89.4
Diluted earnings per share (cents) from continuing operations	2.5	128.3	89.0
Basic earnings per share (cents) from total operations	2.5	120.0	44.8
Diluted earnings per share (cents) from total operations	2.5	119.0	44.6

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

Statements of Financial Position

As at 30 June 2024

	Note	Consolidated Group 2024 $'000	Consolidated Group 2023 $'000	Parent Entity 2024 $'000	Parent Entity 2023 $'000
Current assets					
Cash and cash equivalents	3.1	152,952	60,581	22,598	1,255
Restricted client trust funds	3.1	403,364	402,608	-	-
Trade and other receivables	3.2	39,495	39,985	83	448
Finance lease receivables	3.3	68,067	22,794	-	-
Inventories		10,315	13,552	-	-
Prepayments		9,863	5,246	-	108
Current tax receivable		-	-	2,579	-
Derivative financial instruments	4.5	1,680	2,037	-	-
Assets held for sale	6.3	-	77,617	-	-
Total current assets		685,736	624,420	25,260	1,811
Non-current assets					
Finance lease receivables	3.3	268,545	86,327	-	-
Assets under operating lease	3.5	227,834	204,957	-	-
Right-of-use assets	3.6	25,894	30,054	-	-
Property, plant and equipment		11,793	13,673	-	-
Intangible assets	3.7	83,248	73,411	-	-
Deferred tax assets	2.4	-	-	2,655	313
Investment in subsidiaries	6.1	-	-	167,713	237,533
Total non-current assets		617,314	408,422	170,368	237,846
Total assets		1,303,050	1,032,842	195,628	239,657
Current liabilities					
Trade and other payables	3.8	99,893	73,117	46,367	56,335
Restricted client trust funds for salary packaging	3.1	403,364	402,608	-	-
Contract liabilities	3.9	11,497	14,937	-	-
Other liabilities	3.10	4,427	3,389	-	-
Provisions	3.11	16,375	14,687	-	-
Current tax liability		37,972	4,684	-	1,671
Other loans payable	4.1	2,200	3,800	-	-
Lease liabilities	3.6	5,589	5,130	-	-
Liabilities directly associated with assets held for sale	6.3	-	28,329	-	-
Total current liabilities		581,317	550,681	46,367	58,006
Non-current liabilities					
Provisions	3.11	1,965	2,006	-	-
Borrowings	4.1	540,998	268,722	60,000	60,000
Other loans payable	4.1	4,034	6,094	-	-
Lease liabilities	3.6	35,308	41,383	-	-
Deferred tax liabilities	2.4	10,584	18,379	-	-
Total non-current liabilities		592,889	336,584	60,000	60,000
Total liabilities		1,174,206	887,265	106,367	118,006
Net assets		128,844	145,577	89,261	121,651
Equity					
Issued capital	4.2	68,597	68,597	68,597	68,597
Reserves		(2,443)	(3,219)	4,487	4,309
Retained earnings		62,690	80,200	16,177	48,745
Total equity		128,844	145,577	89,261	121,651

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

Statements of Changes in Equity

For the year ended 30 June 2024

Consolidated Group

2024	Note	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 at start of the year	4.2	68,597	80,200	4,104	1,342	(1,462)	(7,204)	145,577
Net profit for the year from continuing operations		-	90,057	-	-	-	-	90,057
Net (loss) for the year from discontinued operations		-	(8,079)	-	-	1,569	-	(6,510)
Other comprehensive (loss) for the year after tax from continuing operations		-	-	-	(183)	(315)	-	(498)
Total comprehensive income for the period		-	81,978	-	(183)	1,254	-	83,049
Transactions with owners in their capacity as owners:								
Share based payments		-	-	(889)	-	-	-	(889)
Dividends paid	4.3	-	(98,893)	-	-	-	-	(98,893)
Transfers (from)/to retained earnings		-	(595)	595	-	-	-	-
Equity at end of the year		68,597	62,690	3,810	1,159	(208)	(7,204)	128,844

Consolidated Group

2023	Note	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 at start of the year	4.2	76,257	222,422	2,861	2,023	(4,928)	(7,204)	291,431
Net profit for the year from continuing operations		-	64,449	-	-	-	-	64,449
Net (loss) for the year from discontinuing operations			(32,177)					(32,177)
Other comprehensive income / (loss) for the year after tax from continuing operations		-	-	-	(586)	1,898	-	1,312
Other comprehensive income / (loss) for the year after tax from discontinued operations		-	-	-	(94)	1,568	-	1,474
Total comprehensive income for the period		-	32,272	-	(680)	3,466	-	35,058
Transactions with owners in their capacity as owners:								
Share based payments		-	-	1,243	-	-	-	1,243
Dividends paid	4.3	-	(91,929)	-	-	-	-	(91,929)
Share buy-back		(7,661)	(82,565)	-	-	-	-	(90,226)
Equity at end of the year		68,597	80,200	4,104	1,343	(1,462)	(7,204)	145,577

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

Statements of Changes in Equity

For the year ended 30 June 2024

2024	Note	Parent Entity Issued capital $'000	Retained earnings $'000	Share-based payment reserve $'000	Total $'000
Equity at start of the year	4.2	68,597	48,745	4,309	121,651
Net profit for the year		-	66,325	-	66,325
Other comprehensive income for the year after tax		-	-	-	-
Total comprehensive income for the period		-	66,325	-	66,325
Transactions with owners in their capacity as owners:					
Share based payments		-	-	178	178
Dividends paid	4.3		(98,893)	-	(98,893)
Equity at end of the year		68,597	16,177	4,487	89,261

2023	Note	Parent Entity Issued capital $'000	Retained earnings $'000	Share-based payment reserve $'000	Total $'000
Equity at start of the year	4.2	76,258	147,541	2,861	226,659
Net profit for the year		-	75,909	-	75,909
Other comprehensive income for the year after tax		-	-	-	-
Total comprehensive income for the period		-	75,909	-	75,909
Transactions with owners in their capacity as owners:					
Opening retained earnings adjustments		-	(211)	206	(5)
Share based payments		-	-	1,243	1,243
Dividends paid	4.3	-	(91,929)	-	(91,929)
Share buy-back		(7,661)	(82,565)	-	(90,226)
Equity at end of the year		68,597	48,745	4,309	121,651

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

Statements of Cash Flows

For the year ended 30 June 2024

	Note	Consolidated Group		Parent Entity	
		2024 $'000	2023 $'000	2024 $'000	2023 $'000
Cash flows from operating activities					
Receipts from customers		501,694	553,008	-	-
Payments to suppliers and employees		(311,515)	(449,053)	(2,232)	(5,818)
Proceeds from sale of assets previously under lease		82,569	110,829	-	-
Payments for assets under lease		(358,745)	(177,043)	-	-
Interest received		21,303	13,775	319	256
Interest paid		(23,637)	(8,849)	(3,556)	(2,110)
Dividends received		-	-	91,655	99,255
Income taxes paid		(17,666)	(18,060)	-	-
Net cash from operating activities excluding movements in restricted client trust funds	3.1	(105,997)	24,607	86,186	91,583
Receipts of restricted client trust funds		6,540,060	6,054,917	-	-
Payments of customer salary packaging liability		(6,539,304)	(6,101,224)	-	-
Net cash (used in) / from operating activities in restricted client trust funds		756	(46,307)	-	-
Cash flows from investing activities					
Payments for capitalised software	3.7	(20,756)	(11,912)	-	-
Payments for plant and equipment		(880)	(4,399)	-	-
Cash transferred on disposal of subsidiaries net of cash consideration received		20,290	-	1,937	-
Cash received from return of capital from subsidiaries		-	-	51,470	-
Net cash from / (used in) investing activities		(1,346)	(16,311)	53,407	-
Cash flows from financing activities					
Proceeds from borrowings		302,642	162,214	-	60,000
Repayments of borrowings		(33,928)	(48,343)	-	-
Payments of lease liabilities		(4,769)	(3,239)	-	-
Payments for treasury shares		(3,028)	-	(3,028)	-
Payments in respect of share buy back		-	(90,226)	-	(90,226)
Dividends paid	4.3	(98,893)	(91,929)	(98,893)	(91,929)
Proceeds from controlled entities		-	-	(16,329)	31,247
Net cash from / (used in) financing activities		162,024	(71,523)	(118,250)	(90,908)
Net increase / (decrease) in cash and cash equivalents		54,681	(63,227)	21,343	675
Net increase / (decrease) in restricted client trust funds		756	(46,307)	-	-
Cash and cash equivalents at start of the year		60,581	160,797	1,255	580
Cash and cash equivalents of assets held for sale		37,702	-	-	-
Restricted client trust funds at start of the year		402,608	439,694	-	-
Effects of foreign exchange changes on cash and cash equivalents		(12)	713	-	-
Restricted client trust funds at end of the year		403,364	402,608	-	-
Cash and cash equivalents of assets held for sale		-	(37,702)	-	-
Cash and cash equivalents at end of the year		152,952	60,581	22,598	1,255

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

Notes to the Financial Statements

For the year ended 30 June 2024

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Notes to the Financial Statements

For the year ended 30 June 2024

1 Introduction to the Report

The financial report of McMillan Shakespeare Limited (Company or Parent Entity) in respect of the Company and the entities it controlled at the reporting date or during the year ended 30 June 2024 (Group or Consolidated Group) was authorised in accordance with a resolution of the Directors on 27 August 2024.

Reporting entity

The Company is a for-profit company limited by shares which is incorporated and domiciled in Australia and listed on the Australian Securities Exchange (ASX).

Basis of preparation and accounting policies

The financial report and notes are a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* (Cth). The financial report also complies with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Except for cash flow information, the financial statements have been prepared on an accrual and historical cost basis except for certain financial instruments measured at fair value as explained in the notes to the financial statements (the Notes).

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

The accounting policies adopted are consistent with those of the previous financial year unless stated otherwise. The financial report presents reclassified comparative information where required for consistency with current year's presentation.

Key judgements, estimates and assumptions

The preparation of the financial statements requires judgement and the use of estimates and assumptions in applying the Group's accounting policies, which affects amounts reported for assets, liabilities, income and expenses.

Judgements, estimates and assumptions are continuously evaluated and are based on:

> historical experience;
> current market conditions; and
> reasonable expectations of future events.

Actual results may differ and uncertainty about these judgements, estimates and assumptions could result in a material adjustment to the carrying amount of assets or liabilities in future periods.

The key areas involving judgement or significant estimates and assumptions are set out below:

Note	Item	Judgements, estimates and assumptions
3.1	Restricted client trust funds	Balance sheet classification
3.5	Assets under operating lease	Lease assets residual value
3.7	Intangible assets	Assessment of recoverable amount Cost capitalisation
4.4(b)	Trade, other and finance lease receivables	Assessment of recoverable amount

Detailed information about each of these judgements, estimates and assumptions is included in the Notes together with information about the basis of calculation for each affected line item in the financial statements.

Presentation of Restricted client trust funds

Pursuant to contractual arrangements with clients, GRS administers cash flows on behalf of clients as part of the remuneration benefits administration service. These funds are for the purpose of making salary packaging payments on behalf of those clients only and therefore are not available for use in the Group's operations. These funds are not available to be used to settle group liabilities and are held on trust for the benefit of those clients. The Group has recognised these funds in the Statement of Financial Position.

The Notes

The Notes include information which is required to understand the financial statements and is material and relevant to the operations, financial performance and position of the Group. Information is considered material and relevant where:

> the amount in question is significant because of its size or nature;
> it is important for understanding the results of the Group; or
> it helps explain the impact of significant changes in the Group's business.

The Notes are organised into the following sections:

2 **Performance**
Information on the performance of the Group, including segment results, earnings per share (EPS) and income tax.

3 **Assets and Liabilities**
Details the assets used in the Group's operations and the liabilities incurred as a result.

4 **Capital Management**
Information relating to the Group's capital structure and financing as well as the Group's exposure to various financial risks.

5 **Employee Remuneration and Benefits**
Information relating to remuneration and benefits provided to employees and key management personnel.

6 **Group Structure**
Information relating to subsidiaries and other material investments of the Group.

Notes to the Financial Statements

For the year ended 30 June 2024

7 Other Disclosures
Other disclosures required by Australian Accounting Standards that are considered relevant to understanding the Group's financial performance or position.

8 Unrecognised Items
Information about items that are not recognised in the financial statements but could potentially have a significant impact on the Group's financial performance or position in the future.

Basis of consolidation

Subsidiaries are consolidated from the date the Group gains control until the date on which control ceases. Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement in the entity and has the ability to affect those returns through its power to direct the activities of the entity. The Group's share of all intercompany balances, transactions and unrealised profits are eliminated.

The financial statements of subsidiaries are prepared for the same reporting period as the Parent Entity, using consistent accounting policies.

Foreign currency

The consolidated financial statements of the Group are presented in Australian dollars which is the presentation currency. The financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (functional currency).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Differences resulting at settlement of such transactions and from the translation of monetary assets and liabilities at reporting date are recognised in profit or loss.

Non-monetary items are not retranslated at reporting date and are measured at historical cost (being the exchange rates at the dates of the initial 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.

Group companies

On consolidation of the financial results and affairs of foreign operations, assets and liabilities are translated to the presentation currency at prevailing exchange rates at reporting date and income and expenses for the year at average exchange rates. The resulting exchange differences on consolidation are recognised in other comprehensive income (OCI) and accumulated in equity. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Accounting policies

Accounting policies that summarise the classification, recognition and measurement basis of financial statement line items and that are relevant to the understanding of the consolidated financial statements are provided throughout the Notes.

Current versus non-current classification

Assets and liabilities are presented in the Statements of Financial Position based on current / non-current classification.

An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the Group's normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within 12 months after reporting date; or
- cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after reporting date.

A liability is current when:

- it is expected to be settled in the Group's normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after reporting date; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after reporting date.

Rounding of amounts

The amounts contained in the financial report have been rounded to the nearest thousand dollars (unless specifically stated to be otherwise) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

New or amended Accounting Standards and Interpretations adopted

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 July 2023 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies.

Notes to the Financial Statements

For the year ended 30 June 2024

2 Performance

2.1 SEGMENT REPORTING

Description of segments

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 facilitating motor vehicle novated leases for customers. Ancillary services associated with motor vehicle novated lease products, including the provision of novated lease finance.
Asset Management Services (AMS)	Financing and ancillary management services associated with motor vehicles, commercial vehicles and equipment from continuing operations in Australia and New Zealand.
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 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.

Normalised UNPATA 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 commissions that would have otherwise been received in period had the sales been financed via a principal and agency (P&A) funder rather than through the Warehouse. Normalised financials are stated for FY23 and FY24 and expected to be stated up to and including FY25.

2.1 SEGMENT REPORTING (CONTINUED)

The segment reporting presented below reflects the results from continuing operations. The prior year figures have also been updated for comparative purposes.

2024	GRS $'000	AMS $'000	PSS $'000	Unallocated[1] $'000	Consolidated Group $'000
Revenue	273,371	175,715	50,637	-	499,723
Interest revenue	15,689	2,082	-	3,524	21,295
Segment revenue	**289,060**	**177,797**	**50,637**	**3,524**	**521,018**
Normalised UNPATA	80,657	19,061	8,523	(592)	107,649
Normalisation adjustment	(23,322)	-	-	(1,316)	(24,638)
Income tax related to normalised UNPATA adjustments	6,996	-	-	395	7,391
UNPATA	**64,331**	**19,061**	**8,523**	**(1,513)**	**90,402**
Reconciliation to statutory net profit after tax attributable to members of the parent entity					
Amortisation of intangible assets acquired on business combination	-	-	(493)	-	(493)
Income tax related to UNPATA adjustments	-	-	148	-	148
UNPATA adjustments after tax	-	-	(345)	-	(345)
Statutory net profit after tax attributable to members of the parent entity	**64,331**	**19,061**	**8,178**	**(1,513)**	**90,057**
Assets and Liabilities					
Segment assets	991,242	324,003	36,180	-	1,351,425
Segment liabilities	857,307	246,388	19,123	99,762	1,225,580
Additions to segment non-current assets	20,660	107,437	666	-	128,763
Segment depreciation and amortisation	14,895	52,122	1,422	-	68,439

1 Unallocated revenue and assets include cash and bank balances of segments other than AMS, maintained as part of the centralised treasury and funding function of the Group and interest earned on those balances.

Notes to the Financial Statements

For the year ended 30 June 2024

2.1 SEGMENT REPORTING (CONTINUED)

2023	GRS $'000	AMS $'000	PSS $'000	Unallocated[1] $'000	Consolidated Group $'000
Revenue	215,091	186,582	48,550	-	450,223
Interest revenue	10,361	821	-	2,599	13,781
Segment revenue	**225,452**	**187,403**	**48,550**	**2,599**	**464,004**
Normalised UNPATA	52,477	18,683	8,012	(1,253)	77,919
Normalisation adjustment	(16,438)	-	-	-	(16,438)
Income tax related to normalised UNPATA adjustments	4,932	-	-	-	4,932
UNPATA	**40,971**	**18,683**	**8,012**	**(1,253)**	**66,413**
Reconciliation to statutory net profit after tax attributable to members of the parent entity					
Amortisation of intangible assets acquired on business combination	-	-	(813)	-	(813)
Capital restructure costs	-	-	-	(553)	(553)
Acquisition and disposal related expenses[2]	-	-	(176)	(1,264)	(1,440)
Income tax related to UNPATA adjustments	-	-	297	545	842
UNPATA adjustments after tax	-	-	(692)	(1,272)	(1,964)
Statutory net profit after tax attributable to members of the parent entity	**40,971**	**18,683**	**7,320**	**(2,525)**	**64,449**
Assets and Liabilities					
Segment assets	301,926	294,386	29,732	195,569	821,613
Segment liabilities	191,412	272,159	7,881	58,758	530,210
Additions to segment non-current assets	19,822	8,572	1,027	176,019	205,440
Segment depreciation and amortisation	14,895	59,340	1,422	-	75,657

1 Unallocated revenue and assets include cash and bank balances of segments other than AMS, maintained as part of the centralised treasury and funding function of the Group and interest earned on those balances.

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

Segment profit includes the segment's share of centralised general management and operational support services which are shared across segments based on the lowest unit of measurement available to allocate shared costs that reasonably measure each segment's service level requirements and consumption. Segment profit does not include corporate costs of the parent entity including director's fees and finance costs relating to borrowings not specifically sourced for segment operations, costs directly incurred in relation to acquisitions and divestments or interest revenue not directly attributable to a segment.

Included in segment revenue for GRS are revenues of $87,063,210 (2023: $69,845,808) from the Group's largest customer. This is the only customer representing greater than 10% of total segment revenue.

Notes to the Financial Statements

For the year ended 30 June 2024

Other segment information

Assets are allocated based on the operations of the segment. The Parent Entity's borrowings are not considered to be segment liabilities.

Geographical segment information

Revenue from continuing operations by location of operations and assets is detailed below.

	Revenue from external customers		Non-current assets[1]	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Australia	500,804	286,923	591,372	381,502
New Zealand	16,689	22,291	25,942	26,920
	517,493	**309,214**	**617,314**	**408,422**

1 Non-current assets do not include deferred tax assets.

2.2 REVENUE

Set out below is the disaggregation of the Group's revenue:

	Consolidated Group		Parent Entity	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Revenue from contracts with customer				
Remuneration services	245,070	210,585	-	-
Sale of leased and other assets	82,569	98,963	-	-
Plan and support services	50,637	48,550	-	-
Total revenues from contracts with customers	378,276	358,098	-	-
Lease rental services	119,960	92,111	-	-
Other revenue	1,487	13	-	-
	499,723	**450,223**	**-**	**-**

Notes to the Financial Statements

For the year ended 30 June 2024

Revenue	*Description*
Remuneration services	Administration fees for the provision of salary packaging and ancillary services including novated leasing and finance procurement, motor vehicle administration and other services. Fees are recognised over the period that the services are rendered, net of any rebates payable to the employer organisation. Fee rates are contractually agreed with each client employer and the provision of administration services is considered to have been satisfied for each period completed. Fees derived from the origination of financing and insurance products are recognised at a point in time when the customer has executed the lease finance or activated the insurance cover and the Group has no outstanding obligations. Volume-based rebates from providers of package benefit services are estimated and recognised based on the period of entitlement.
Sale of leased and other assets	The Group assumes control of motor vehicles at the termination of lease contracts and disposes of the asset as principal. The net proceeds are recognised when settlement is completed and ownership of the motor vehicle passes to the purchaser.
Plan and support services	Fees for the provision of set up and renewal of plans and support coordination services are recognised at the point in time of providing the service. Fees for the provision of plan management services are recognised over time based on the individual plans.
Lease rental services	Rental income received for operating lease assets is recognised on a straight line basis over the term of the lease. Interest from finance leases is recognised over the term of the lease as a constant periodic return on the amount invested in the lease asset. Fees for tyre and maintenance services are recognised to the extent that services are completed based on the percentage of costs incurred relative to total expected costs over the term of the lease. Fleet administration fees are recognised in the period that services are provided.

Notes to the Financial Statements

For the year ended 30 June 2024

2.3 PROFIT AND LOSS INFORMATION

(a) Superannuation contributions expense

Superannuation contribution expenses are included within employee benefit expenses.

	Consolidated Group		Parent Entity	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Superannuation				
Superannuation contribution expense	13,507	12,401	-	-

(b) Depreciation and amortisation expenses

	Consolidated Group		Parent Entity	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Depreciation and amortisation expenses				
Depreciation of assets under operating lease	50,258	48,206	-	-
Depreciation of right-of-use (ROU) assets	4,664	5,377	-	-
Depreciation of plant and equipment	2,629	2,045	-	-
Amortisation of software development	10,317	10,285	-	-
Amortisation of intangible assets	493	603	-	-
	68,361	66,516	-	-

(c) Other operating expenses

	Consolidated Group		Parent Entity	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Consulting and professional services	6,258	7,039	321	2,286
Marketing	9,146	7,782	-	-
Property and corporate expenses	10,218	9,940	411	336
Technology and communication	21,632	20,386	-	-
Other	6,890	4,478	5,631	660
	54,144	49,625	6,363	3,282

(d) Impairment of financial assets

	Consolidated Group		Parent Entity	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Trade debtors specific and expected credit loss allowance	(264)	(347)	-	-
Finance lease receivable expected credit loss allowance	(1,081)	(493)	-	-
	(1,345)	(840)	-	-

Finance lease receivable expected credit loss (ECL) allowance movement of $1,081,000 (2023: $493,000) is affected largely by an increase of $229,094,000 (2023: $80,980,000) in the carrying value of finance lease receivables. The Group uses assessment criteria from its credit management system and adds forward looking indicators to reflect macro-economic factors to estimate ECL.

Notes to the Financial Statements

For the year ended 30 June 2024

2.4 INCOME TAX

Components of tax expense / (benefit)

	Consolidated Group		Parent Entity	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Current tax expense	47,456	27,180	688	(1,915)
Adjustments for current tax of prior years	1,383	(174)	-	(174)
Deferred tax (benefit) /expense	(8,274)	(1,727)	(2,342)	(704)
Income tax expense / (benefit) of assets held for sale[1]	-	2,075	-	-
Income tax expense / (benefit)	**40,565**	**27,354**	**(1,654)**	**(2,793)**

1 Income tax expense includes deferred tax assets of $6,605,000 and deferred tax liabilities of ($4,538,000) related to assets held for sale in the prior year.

The tax expense included in the Statement of Profit or Loss consists of current and deferred income tax.

Current income tax is:

> the expected tax payable on the current period's taxable income;

> calculated using tax rates for each jurisdiction enacted or substantively enacted at the end of the reporting period in the countries where the entities in the Group operate and generate taxable income; and

> inclusive of any adjustment to income tax payable or recoverable of prior years.

Deferred income tax is:

> recognised using the liability method;

> based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases;

> calculated using the tax rates that are expected to apply when the assets are recovered or liabilities settled, based on those rates which are enacted or substantially enacted; and

> not recognised if they arise from the initial recognition of goodwill.

Current and deferred income tax is recognised in the Statement of Profit or Loss. However, when it relates to items charged directly to the Statement of Other Comprehensive Income (OCI) or Statement of Changes in Equity, the tax is recognised in OCI or equity respectively.

Notes to the Financial Statements

For the year ended 30 June 2024

The prima facie tax payable on profit before income tax is reconciled to the income tax expense / (benefit) as follows:

	Consolidated Group		Parent Entity	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Profit before income tax	130,622	91,803	64,671	73,116
Prima facie tax payable on profit before income tax at 30% (2023: 30%)	39,187	27,542	19,401	21,935
Add tax effect of:				
– Non-deductible impairment expense	-	-	5,505	5,187
– Non-deductible costs	49	45	(580)	-
– Intercompany loan forgiveness	-	-	1,517	-
– Overseas tax rate differential of subsidiaries	(38)	(59)	-	-
– (Over) / under provision of tax from prior year	1,383	(174)	-	(174)
– Other	(16)	-	-	36
	40,565	27,354	25,843	26,984
Less tax effect of:				
– Dividends received	-	-	(27,497)	(29,777)
Income tax expenses / (benefit)	40,565	27,354	(1,654)	(2,793)

Notes to the Financial Statements

For the year ended 30 June 2024

Deferred tax asset / (liability)

	Consolidated Group		Parent Entity	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
The balance comprises temporary differences attributed for:				
Amounts recognised in profit or loss				
Doubtful debts	1,063	471	-	-
Provisions	8,104	5,206	-	-
Property, plant and equipment	(32,951)	(32,106)	-	-
Right-of-use assets	(8,198)	(2,580)	-	
Lease liabilities	12,269	3,470	-	
Accrued expenses	4,073	6,132	-	-
Unearned income	1,294	2,824	-	-
Deferred acquisition expense	661	254	383	250
Intangible assets	(856)	(2,641)	-	-
Losses	2,123	-	2,235	
Other	(51)	147	11	63
	(12,469)	(18,823)	2,629	313
Amounts recognised in equity				
Derivatives recognised directly in equity	(496)	(446)	-	-
Share based payment reserve	2,381	890	26	-
Balance at end of the year	(10,584)	(18,379)	2,655	313
Recognised as:				
Deferred tax asset (DTA)	29,869	16,720	2,655	313
Deferred tax liability (DTL)	(40,453)	(35,099)	-	-
	(10,584)	(18,379)	2,655	313
Movements in deferred tax asset / (liability)				
Balance at start of the year	(18,380)	(18,253)	313	(391)
Charged to profit or loss	8,274	1,727	2,342	704
Charged to other comprehensive income	(496)	292	-	-
Foreign exchange translation	18	(78)	-	-
Deferred tax for assets held for sale	-	(2,067)	-	-
Balance at end of the year	(10,584)	(18,379)	2,655	313

The carrying value of DTAs are reduced to the extent that it is probable future taxable profits will be available to utilise these temporary differences. DTAs and DTLs are offset only if certain criteria are met with respect to legal enforceability and within the same tax jurisdiction.

DTAs and DTLs are not recognised for temporary differences between the carrying amounts and tax bases of investments in subsidiaries where the parent entity is able to control the timing of reversal and it is probable that the differences will not reverse in the foreseeable future.

Unrecognised temporary differences

	Consolidated Group		Parent Entity	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Temporary differences that have not been tax effected:				
– Unused capital tax losses	26,457	22,713	-	-
Balance at end of the year	**26,457**	**22,713**	**-**	**-**

Unused capital tax losses relate to subsidiaries that are currently dormant and / or unlikely to generate sufficient taxable income to use the capital losses generated from disposal of subsidiaries.

Tax consolidation

The Company and its wholly owned Australian resident entities are members of a tax consolidated group under Australian taxation law. The Company is the head entity in the tax consolidated group. Entities within the tax consolidated group have entered into a tax funding agreement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, the Company and each of the entities in the tax consolidated group have agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the head entity.

2.5 EARNINGS PER SHARE

	Consolidated Group	
	2024	2023
Basic EPS (cents) from continuing operations	129.3	89.4
Diluted EPS (cents) from continuing operations	128.3	89.0
Basic EPS (cents) from total operations	120.0	44.8
Diluted EPS (cents) from total operations	119.0	44.6
Earnings used to calculate basic and diluted EPS ($'000)		
Net profit after tax ($'000)	83,547	32,272
Weighted average number of ordinary shares used in the calculation of basic EPS ('000)	69,643	72,102
Weighted average numbers of rights outstanding ('000)	564	299
Weighted average number of ordinary shares used in the calculation of diluted EPS ('000)	70,207	72,401

Basic EPS is calculated by dividing the profit attributable to members of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted EPS is calculated from earnings and the weighted average number of shares used in calculating basic EPS adjusted for the dilutive effect of all potential ordinary shares from the employee incentive plan.

Notes to the Financial Statements

For the year ended 30 June 2024

3 Assets and Liabilities

3.1 CASH AND CASH EQUIVALENTS

	Consolidated Group		Parent Entity	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Bank balances	152,699	60,328	22,598	1,255
Short-term deposits	253	253	-	-
	152,952	60,581	22,598	1,255

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 3 months or less that are readily convertible to known amounts of cash subject to an insignificant risk of changes in value. Cash and cash equivalents are controlled by the Group and the contractual rights transfer to the Company substantially all of the benefits and risks of ownership.

Cash at bank and short-term deposits earn interest at floating rates at an average interest rate of 4.50% pa (2023: 2.81% pa). Short-term deposits have an average maturity of 90 days (2023: 90 days) and are highly liquid.

Restricted client trust funds	Consolidated Group 2024 $'000	Consolidated Group 2023 $'000
Restricted client trust funds	403,364	402,608
Restricted client trust funds for salary packaging	(403,364)	(402,608)

Restricted client trust funds recognised in the 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. These funds are for the purpose of making salary packaging payments on behalf of those clients only and therefore not available for use in the Group's operations. These funds are not available to be used to settle group liabilities and are held on trust for the benefit of those clients. The Group has recognised these funds in the Statement of Financial Position.

The cash in the Restricted client trust funds is held in bank accounts specifically designated as funds in trust for clients, with all client trust funds segregated from the Group's own cash. Pursuant to contractual arrangements, the Group may earn interest from these client funds held in trust. The average interest rate on Restricted client trust funds for the year ended 30 June 2024 was 4.53% (2023: 2.94%). The Parent Entity does not hold any client monies.

Notes to the Financial Statements

For the year ended 30 June 2024

Cash flow Information

Reconciliation of cash flow from operations with profit from operating activities after tax	Consolidated Group 2024 $'000	Consolidated Group 2023 $'000	Parent Entity 2024 $'000	Parent Entity 2023 $'000
Profit for the year	83,547	32,272	66,325	75,909
Non-cash flows in profit from operating activities				
Amortisation	556	2,268	-	-
Depreciation	63,226	63,189	-	-
ROU assets depreciation	4,656	4,019	-	-
Impairment	8,563	43,374	18,349	17,290
Share based expenses	2,737	1,243	3,208	1,243
Loss on disposal of subsidiary	2,921	-	-	-
Loan forgiveness	-	-	5,059	-
Changes in assets and liabilities				
Decrease / (increase) in trade receivables and other assets	(11,727)	2,616	474	(61)
(Increase) in finance lease receivables	(227,619)	(86,207)	-	-
(Increase) in assets under lease	(73,246)	(78,491)	-	-
Decrease in written down value of assets sold	30,501	52,311	-	-
(Decrease) in trade payables and accruals	(8,459)	(2,158)	(637)	(858)
Increase / (decrease) in income taxes payable	24,908	9,861	(4,250)	(1,235)
(Decrease) in deferred taxes	(5,731)	(1,817)	(2,342)	(704)
Increase / (decrease) in unearned revenue	1,697	(346)	-	-
(Decrease) in provisions and accruals	(2,527)	(17,527)	-	-
Net cash (used in) / from operating activities	(105,997)	24,607	86,186	91,584

Cash from operating activities

Cash flows other than investing or financing are classified as cash from operating activities. As the AMS segment provides operating and finance leases for motor vehicles and equipment, the cash outflows to acquire the lease assets as well as interest received and interest paid are classified as operating cash outflows.

Notes to the Financial Statements

For the year ended 30 June 2024

Net debt reconciliation

A summary of the movement in borrowings (excluding capitalised borrowing costs) affecting financing cash flows during the year is provided below:

	Consolidated Group		Parent Entity	
Financing cash flow from liabilities	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Borrowings (excluding capitalised borrowing costs)	547,232	278,616	60,000	60,000
Payable due to wholly owned entities	-	-	46,367	56,335
Financing liabilities	547,232	278,616	106,367	116,335
Movements during the year				
Liabilities at start of the year	278,616	167,967	116,335	25,576
Cash flows relating to borrowings	268,715	113,871	-	60,000
Cash flows relating to payables due to wholly owned entities	-	(8,738)	(16,326)	31,247
Non-cash settlement of payables due to wholly owned entities	-	6,094	1,300	(488)
Related party loan forgiveness	-	-	5,058	-
Foreign exchange adjustments	(99)	(578)	-	-
Liabilities at end of the year	547,232	278,616	106,367	116,335

3.2 TRADE AND OTHER RECEIVABLES

	Consolidated Group		Parent Entity	
Current	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Trade receivables	28,865	23,978	-	-
Other receivables	10,630	16,007	83	-
Amounts receivable from wholly owned entities	-	-	-	448
	39,495	39,985	83	448

Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business and held with the objective of collecting cash flows. They are generally settled within 30 days. The carrying amount includes a total loss allowance of $1,872,000 (2023: $1,608,000) which includes a specific loss allowance of $133,000 (2023: $131,000). The carrying amount is generally considered to equal their fair value.

Other receivables

None of the other receivables are impaired or past due.

3.3 FINANCE LEASE RECEIVABLES

	Consolidated Group		Parent Entity	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Current finance lease receivables	68,067	22,794	-	-
Non-current finance lease receivables	268,545	86,327	-	-
	336,612	109,121	-	-

The Onboard Finance and AMS finance lease contracts entered into are recognised as finance lease receivables and classified as financial assets measured at amortised cost as the contract transfers substantially all the risks and rewards of ownership of an underlying asset. The net investment in the lease equals the net present value of the future minimum lease payments. Finance lease income is recognised as income in the period to reflect a constant periodic rate of return.

	Consolidated Group			
Amounts receivable under finance lease receivables	Minimum lease payments 2024 $'000	Present value of lease payments 2024 $'000	Minimum lease payments 2023 $'000	Present value of lease payments 2023 $'000
Within one year	69,024	68,067	26,249	22,795
Within 1 to 2 years	66,704	65,240	21,010	18,434
Within 2 to 3 years	70,618	69,271	23,583	21,573
Within 3 to 4 years	71,028	69,831	19,715	18,102
Within 4 to 5 years	62,981	62,416	29,368	28,166
Later than five years	2,612	1,787	51	51
	342,967	336,612	119,976	109,121
Less: Unearned finance income	(6,355)	-	(10,855)	-
Present value of minimum lease payments	336,612	336,612	109,121	109,121
Fair value of finance lease receivables		338,426		110,210

Fair values were calculated based on cash flows discounted using an average of current lending rates appropriate for the geographical markets the leases operate of 13.21% pa (2023: 11.45% pa).

3.4 INVENTORIES

Motor vehicles are stated at the lower of cost and net realisable value. Following termination of a lease or rental contract, the relevant assets are transferred from assets under operating lease to Inventories at their carrying amount. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs to make the sale.

Notes to the Financial Statements

For the year ended 30 June 2024

3.5 ASSETS UNDER OPERATING LEASE

	Consolidated Group		Parent Entity	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Assets held under operating lease terminating within the next 12 months	63,669	58,179	-	-
Assets held under operating lease terminating after more than 12 months	164,165	146,778	-	-
	227,834	**204,957**	**-**	**-**

	Consolidated Group	
	2024 $'000	2023 $'000
Depreciation rate (range)	20% - 33%	20% - 33%
At cost	360,477	337,699
Accumulated depreciation	(132,643)	(132,742)
Net carrying value	**227,834**	**204,957**
Movements during the year		
Balance at start of the year	204,957	223,667
Additions	101,251	80,742
Disposals/transfers to inventory	(28,140)	(49,310)
Depreciation expense	(50,258)	(48,801)
Residual value adjustment	83	129
Change in foreign currency	(59)	(501)
Assets held for sale	-	(969)
Balance at end of the year	**227,834**	**204,957**

Assets held under operating leases are for contracts with customers other than finance leases. The initial investment in the lease is added as a cost to the carrying value of the leased assets and recognised as lease income on a straight-line basis over the term of the lease.

Operating lease assets are depreciated as an expense on a straight line basis over the term of the lease based on the cost less residual value of the lease.

Assets held under operating lease include an accumulated provision for impairment loss at reporting date of $2,888,000 (2023: $3,189,000).

Notes to the Financial Statements

For the year ended 30 June 2024

Provision for residual value

The provision estimates the probable diminution in value of operating lease and rental assets at the end of lease contract dates. The estimate is based on the deficit in estimated recoverable value from contracted cash flows.

A residual value provision is also recognised for the estimated loss in recoverable value of lease assets which are transferred to the Group at the end of the lease term pursuant to some principal and agency (P&A) arrangements with financiers and other residual value guarantees. The asset from the financier is acquired at its residual value on termination of the lease which creates an exposure of the carrying value to the expected market price for which the potential impact is assessed at each reporting date and the shortfall provided for.

Key judgement: Lease assets residual value

Operating leases carry an inherent risk for the residual value of the asset. Estimates of significance are used in determining the residual values of operating lease and rental assets at the end of the contract date. The assessment includes forecasts of the future value of the asset lease portfolio at the time of sale and considers the potential impact of economic and vehicle market conditions and dynamics.

Under the P&A financing arrangement with external financiers, the Group acquires the lease assets on the termination of the lease contract and is thereby exposed to the residual value of the underlying asset. A provision is recognised when the estimated residual value is lower than the assessment of the future value of the P&A funded assets.

If the estimated residual values reduced by 5%, this would result in the residual value adjustment increasing by $2.2m.

3.6 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group acts as a lessee in operating lease arrangements for the use of property and equipment.

	Consolidated Group		Parent Entity	
Right-of-use Assets	2024 $'000	2023 $'000	2024 $'000	2023 $'000
At cost	74,732	77,312	-	-
Accumulated depreciation	(48,838)	(47,258)	-	-
Net carrying value	**25,894**	**30,054**	-	-
Movements during the year				
Balance at start of the year	30,054	35,982	-	-
New assets leased	-	185	-	-
Depreciation	(4,664)	(5,686)	-	-
Other	441	-	-	-
Change in foreign currency	63	29	-	-
Assets held for sale	-	(456)	-	-
Balance at end of the year	**25,894**	**30,054**	**-**	**-**

Notes to the Financial Statements

For the year ended 30 June 2024

	Consolidated Group		Parent Entity	
Lease liabilities	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Movements during the year				
Balance at start of the year	46,513	51,064	-	-
New assets leased	-	186	-	-
Finance charges	1,518	1,795	-	-
Lease payments	(7,134)	(8,224)	-	-
Lease incentives	-	2,116	-	-
Change in foreign currency	-	40	-	-
Assets held for sale	-	(464)	-	-
Balance at end of the year	40,897	46,513	-	-
Carrying value of lease liabilities				
Current	5,589	5,130	-	-
Non-current	35,308	41,383	-	-
	40,897	46,513	-	-

Recognition and measurement of lease assets and liabilities

Right-of-use (ROU) assets and the lease liability are initially measured on a present value basis. Leases brought to account are for the value of the property and exclude non lease components.

Lease liabilities include the net present value of fixed rental payments less any lease incentives receivable plus any rental adjustments where the extensions available under the lease will probably be exercised. Lease payments are discounted using the Group's incremental borrowing rate.

ROU assets are measured at cost comprising the amount of the initial measurement of the lease liability, any initial direct costs and any provision for make-good or restoration. ROU assets are depreciated over the shorter of the asset's useful life and lease term on a straight line basis.

Short term leases of less than 12 months and low value leases are expensed on a straight line basis to the profit or loss.

The principal portion of payments is included in financing activities in the Statements of Cash Flows and the finance charges is included in operating activities.

Notes to the Financial Statements

For the year ended 30 June 2024

3.7 INTANGIBLE ASSETS

Consolidated Group

2024	Goodwill $'000	Brands – indefinite life $'000	Brands – finite 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	2–6 years	6–13 years	5–13 years	3–5 years	Contract life	
Cost	216,292	23,073	6,598	13,876	8,166	106,208	13,132	387,345
Accumulated amortisation	-	(13,171)	(6,598)	(3,284)	(5,648)	(65,764)	(13,132)	(107,597)
Accumulated impairment loss	(175,785)	(9,272)	-	(10,592)	(293)	(558)	-	(196,500)
Net carrying value	**40,507**	**630**	**-**	**-**	**2,225**	**39,886**	**-**	**83,248**
Reconciliation of written down values								
Balance at start of the year	40,507	630	-	-	2,553	29,721	-	73,411
Additions	-	-	-	-	-	20,756	-	20,756
Amortisation	-	-	-	-	(556)	(10,339)	-	(10,895)
Impairment	-	-	-	-	-	(252)	-	(252)
Changes in foreign currency	-	-	-	-	228	-	-	228
Balance at end of the year	**40,507**	**630**	**-**	**-**	**2,225**	**39,886**	**-**	**83,248**

Consolidated Group

2023	Goodwill $'000	Brands – indefinite life $'000	Brands – finite 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	2–6 years	6–13 years	5–13 years	3–5 years	Contract life	
Cost	216,292	23,073	6,598	13,876	8,166	86,973	13,132	368,110
Accumulated amortisation	-		(6,598)	(3,284)	(5,155)	(56,907)	(13,132)	(85,076)
Accumulated impairment loss	(168,013)	(14,269)	-	(6,990)	-	-	-	(189,272)
Assets held for sale[1]	(7,772)	(8,174)	-	(3,602)	(458)	(346)	-	(20,351)
Net carrying value	**40,507**	**630**	**-**	**-**	**2,553**	**29,721[2]**	**-**	**73,411**
Reconciliation of written down values								
Balance at start of the year	88,425	9,902	-	4,621	3,918	28,682	-	135,548
Additions	-	-	-	-	-	11,912	-	11,912
Amortisation	-	-	-	(1,316)	(954)	(10,527)	-	(12,797)
Impairment	(41,436)	(1,098)	-	-	-	-	-	(42,534)
Changes in foreign currency	1,290	-	-	297	46	-	-	1,633
Assets held for sale[1]	(7,772)	(8,174)	-	(3,602)	(457)	(346)	-	(20,351)
Balance at end of the year	**40,507**	**630**	**-**	**-**	**2,553**	**29,721[2]**	**-**	**73,411**

1 The values for movements in Assets held for sale at 30 June 2023 have been re-allocated: Goodwill $7,772 ($7,709), brands – indefinite life $8,174 ($7,404), dealer relationships $3,602 ($1,944) and customer relationships $457 ($2,906). No changes to the total intangibles or total assets held for sale have been made.

2 The carrying value of software development costs includes an amount of $7,814 reallocated between capitalised costs and property, plant and equipment.

Notes to the Financial Statements

For the year ended 30 June 2024

Goodwill

Goodwill represents the excess of the cost of the business combination over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity. Goodwill is measured at cost less any accumulated impairment losses and is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Any impairment is recognised immediately in the profit or loss.

Identifiable intangible asset acquired from business combination

Brands, dealer relationships and customer lists and relationships acquired in a business combination are recognised at their fair value at the date of acquisition. Following initial recognition, these assets are carried at their initial value less any accumulated amortisation and accumulated impairment.

Identifiable intangible assets with finite lives are amortised over their estimated useful lives on a straight line basis and assessed for impairment annually. Brand names that have indefinite useful lives are not amortised but are subject to annual impairment assessments. Brands are assessed for impairment as part of the relevant cash generating unit (CGU). Brand names that have an indefinite life are pursuant to the Group's plan for its continued use into the foreseeable future are expected to continue to generate cash flows indefinitely. The useful life assessment is reviewed annually.

Capitalised software development costs

Software development costs which are not acquired from a business combination are initially measured at cost and subsequently re-measured at cost less amortisation and impairment.

Costs are capitalised when it is probable that future economic benefits will flow to the entity through revenue generation and / or cost reduction. Costs include external direct costs for services, materials and internal labour related costs directly involved in the development of the software and are amortised from the date of commissioning on a straight line basis over three to five years, during which the benefits are expected to be realised.

Software-as-a-Service (SaaS) arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. As such the Group does not receive a software intangible asset at the contract commencement date. Fees for the use of the application software and customisation costs are recognised as an operating expense over the contract term if not distinct while other configuration, data conversion, testing and training costs are expensed as the service is received. Other costs which give rise to a separate intangible asset are recognised as capitalised software development costs.

Contract rights

Contract rights not acquired from a business combination are initially measured at cost being the amounts paid plus any expenditure directly attributable to the transactions and subsequently measured at cost less amortisation and impairment. Contract rights are amortised over the life of the contract and reviewed annually for indicators of impairment.

Impairment test of Goodwill

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. An asset's recoverable amount is the higher of an asset or CGU's fair value less costs of disposal and its value in use (VIU). An impairment loss is recognised in the profit or loss for the amount that the asset or CGU's carrying value exceeds the recoverable amount.

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 (CGUs). Where the asset does not generate independent cash flows, the Group estimates the recoverable amount of the CGU to which the asset belongs.

Key judgement: Assessment of recoverable amount

Recoverable amounts of CGUs have been determined using the VIU methodology. The variables used require the use of assumptions that affect earnings projections and the estimation of a discount rate that uses a cost of capital and risk premium specific to the CGU amongst other factors.

Cash projections used in the financial models to assess the recoverable amount of goodwill and indefinite life intangible assets required significant estimates in uncertain economic and business environments. These are discussed in more detail below.

The carrying amount of goodwill is allocated to the Group's CGUs based on the organisation and management of its businesses. Set out below are the details of the goodwill allocated to the CGUs as well as the value of intangibles.

Notes to the Financial Statements

For the year ended 30 June 2024

	Consolidated Group					
	Goodwill	Intangibles	Total	Goodwill	Intangibles	Total
	2024 $'000	2024 $'000	2024 $'000	2023 $'000	2023 $'000	2023 $'000
Maxxia Pty Limited (Maxxia)	24,190	21,307	45,497	24,190	20,086	44,276
Remuneration Services (Qld) Pty Limited (RemServ)	9,102	13,064	22,166	9,102	3,378	12,480
Plan Tracker Pty Ltd (Plan Tracker)	7,215	4,759	11,974	7,215	3,347	10,562
Onboard Finance Pty Ltd	-	3,504	3,504	-	4,578	4,578
Other	-	107	107	-	1,515	1,515
	40,507	42,741	83,248	40,507	32,904	73,411

Key Assumptions used for VIU calculations

Cash flow projections

Cash flow projections are based on the financial year 2025 (FY25) 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 (DCF) models were based on after-tax cash flows discounted by an after-tax discount rate.

Cash flows beyond five years are extrapolated using growth rates of 2.0% pa (2023: 2.0% pa), which is lower than long term consumer price index (CPI).

GRS CGUs

The Maxxia and RemServ CGUs that form the GRS business operate largely in the same business environment and are exposed to similar risks. The equivalent pre-tax discount rate of 21.2% (2023:19.7%) was applied in the VIU calculation.

VIU cash flow projections for each of the GRS CGUs are substantially higher than the carrying value of the CGUs. A key assumption for each of the GRS CGUs is that there are no significant changes to Australian tax legislation that could affect the salary packaging and novated lease businesses. There are no reasonably possible changes to assumptions which would result in any indicator of impairment.

PSS CGU

The Plan Tracker business was acquired 1 July 2021 with goodwill and other intangibles recognised on acquisition. As the Plan Tracker business has integrated with the Plan Management Partners business across systems and platforms, participant services, operations and business performance management, goodwill and intangibles have been allocated fully to the PSS CGU. The equivalent pre-tax discount rate of 21.2% pa (2023: 19.7% pa) was applied in the VIU calculation.

The Group has reviewed actual and forecast performance to assess impairment using VIU cash flow projections which exceed the carrying value of the CGU indicating no impairment exists. The Group has considered the impact of changes in key assumptions, including possible legislative changes, on the impairment testing results. There are no reasonably possible changes to assumptions which would result in any indicator of impairment.

AMS CGUs

For the year ended 30 June 2024 the ASF and RFS Aggregation CGUs were disposed. Refer Note 6.3 for further details.

Notes to the Financial Statements

For the year ended 30 June 2024

3.8 TRADE AND OTHER PAYABLES

	Consolidated Group		Parent Entity	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Unsecured liabilities				
Trade payables	19,098	15,784	-	25,088
GST payable	86	522	-	-
Accrued expenses	48,435	29,117	-	-
Sundry creditors	32,274	27,694	794	-
Amounts payable to wholly owned entities	-	-	45,573	31,247
	99,893	73,117	46,367	56,335

Trade and other payables from normal business activities are non-interest bearing and are short term in nature. They are recognised initially at fair value and subsequently at amortised cost. Due to short term nature, carrying value approximates fair value.

3.9 CONTRACT LIABILITIES

	Consolidated Group		Parent Entity	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Maintenance fees received in advance	3,701	4,489	-	-
Rebates and cancellations	430	984	-	-
Deferred revenue	7,366	9,464		
	11,497	14,937	-	-

Maintenance fees received in advance

Maintenance fees received in advance is income from maintenance service contracts that are unearned based on the historical profile of costs incurred to date over the expected total cost. Profit attributed over the life of the contract and losses that are provided in full in the period that the loss-making contract is first determined, are adjusted in the amount of revenue recognised.

Rebates and cancellations

Brokerage commissions from the provision of financial services allow that rebates paid to its dealer / broker network and commissions received from the origination business may be clawed back by the financial service providers. The potential for rebates and clawback are calculated based on the historical profile of rebates and commissions.

3.10 OTHER LIABILITIES

	Consolidated Group		Parent Entity	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Customer receipts in advance	4,427	3,389	-	-
	4,427	3,389	-	-

3.11 PROVISIONS

	Consolidated Group		Parent Entity	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Current				
Employee benefit liabilities	13,672	13,244	-	-
Employee incentives	1,547	837	-	-
Other provisions	1,156	606	-	-
	16,375	14,687	-	-
Non-current				
Employee benefit liabilities	1,965	2,006	-	-
	1,965	2,006	-	-

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and where it is probable that the Group is required to settle the obligation, and the obligation can be reliably estimated. Provisions are measured at the present value of expenditure expected at settlement.

Employee benefits

Employee entitlements to annual and long service leave have been provided for based on amounts expected to be paid when the leave entitlements are used.

Annual leave and long service leave that are not expected to be settled wholly within 12 months have been measured at the present value of the estimated future cash outflows. Expected future payments are discounted using interest rates attaching to high quality corporate bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

	Employee benefit liabilities		Employee incentives		Other provisions	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Movement during the year						
Balance at start of the year	15,250	14,358	837	-	606	220
Employee benefits earned and accrued	9,783	10,331	2,255	837	-	-
Payments	(9,396)	(9,532)	(1,545)	-	-	-
Write offs and adjustments	-	93	-	-	(294)	(234)
Provision made	-	-	-	-	844	620
Balance at end of the year	15,637	15,250	1,547	837	1,156	606

Notes to the Financial Statements

For the year ended 30 June 2024

4 Capital Management

This section provides information relating to the Group's capital structure and its exposure to financial risks, how they affect the Group's financial position and performance, and how the risks are managed.

The Group's capital management strategy aims to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of a number of metrics such as the gearing ratio, interest cover, debt to EBITDA and various other metrics.

The capital structure of the Group is reviewed on an ongoing basis and considers the allocation and type of capital, and the associated risks and returns.

4.1 BORROWINGS

	Consolidated Group		Parent Entity	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Current				
Other external loans payable	2,200	3,800	-	-
	2,200	3,800	-	-
Non-current				
Bank loans	229,737	200,642	60,000	60,000
Notes payable	311,261	68,080	-	-
Other external loans payable	4,034	6,094	-	-
	545,032	274,816	60,000	60,000
Total borrowings	547,232	278,616	60,000	60,000

Bank loans, notes payable and other loans payable 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.

Security and financial covenants

Bank loans

The Parent Entity and all subsidiary companies guarantee all bank loans of subsidiaries in the Group, totalling $235,503,000 (2023: $210,362,000).

Fixed and floating charges are provided by the Group and all subsidiary companies in respect to financing facilities provided by its syndicate of financiers for the financing of Interleasing's lease receivables, and for group working capital purposes. The assets identified in Note 3.5 form part of the security.

Bank loans are also secured by the following financial undertakings from all subsidiary companies in the Group:	> Negative pledge that imposes certain covenants including a restriction to provide other security over its assets, cap on its maximum finance debt, acquire assets which are non-core business to the Group, not to dispose of a substantial part of its business and reduction of its capital; > Maintenance of certain financial thresholds for shareholders' equity, gearing ratio and fleet asset portfolio performance; and > Various business parameters of the Interleasing Group.

The Group operated with significant headroom against all of its bank loan covenants at all times.

Notes payable

Notes payable are issued by the Onboard Finance Warehouse Trust 2020-1 for the financing of novated and finance lease receivables of Onboard Finance. The notes are secured solely by fixed and floating charges over the motor vehicles that are leased to customers financed by the Onboard Warehouse Trust and are subject to portfolio parameters and performance obligations. All portfolio parameters and performance obligations were met at all times during the year. There is no recourse to the Group subsidiary companies or the Parent Entity. The notes payable are pursuant to revolving debt facilities with an availability period to 1 March 2026, and a maturity date of 1 March 2028. The carrying amount of warehouse assets pledged as security was $311,980,000 (2023 $71,942,000)

Other external loans payable

Other external loans payable is an amount payable in respect of the sale of the RFS retail business. There are no financial covenants in respect of this outstanding loan balance.

4.2 ISSUED CAPITAL

Ordinary share capital issued and fully paid – Group and Parent Entity

Movements in share capital are shown below:

	Number of shares	Ordinary shares $'000
Shares held by external shareholders at 30 June 2024	**69,643,024**	**68,597**
Shares held by external shareholders at 30 June 2023	69,643,024	68,597

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Parent Entity in proportion to the number of members' shares held. At members' meetings, each fully paid ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Treasury shares

The Group maintains the McMillan Shakespeare Limited Employee Share Plan Trust (EST) to facilitate the distribution of McMillan Shakespeare Limited shares under the Group's Long Term Incentive Plan (LTIP). The external trustee of the EST is CPU Share Plans Pty Limited.

Treasury shares are shares in McMillan Shakespeare Limited that are held by the EST for the purpose of issuing shares under the LTIP. During the year 186,102 treasury shares were acquired and distributed on the exercise of employee performance share rights. Details of performance share rights are provided in Section 5 Employee Remuneration and Benefits.

4.3 DIVIDENDS

	Consolidated Group		Parent Entity	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Final fully-franked ordinary dividend for the year ended 30 June 2023 of $0.66 (2023: $0.74) per share franked at the tax rate of 30% (2023: 30%)	45,964	51,536	45,964	51,536
Interim fully-franked ordinary dividend for the year ended 30 June 2024 of $0.76 (2023: $0.58) per share franked at the tax rate of 30% (2023: 30%)	52,929	40,393	52,929	40,393
	98,893	**91,929**	**98,893**	**91,929**
Franking credits available for subsequent financial years based on a tax rate of 30% (2023: 30%)	28,616	62,547	28,616	62,547

Dividends are recognised when the Company's right to receive payment is established. They are brought to account when declared and appropriately authorised before the end of the financial year but not distributed at reporting date.

The consolidated amounts include franking credits that would be available to the Parent Entity if distributable profits of subsidiaries were paid as dividends.

Notes to the Financial Statements

For the year ended 30 June 2024

4.4 FINANCIAL RISK MANAGEMENT

The Group maintains a Risk Management Framework to support the identification, assessment, management, monitoring, and reporting of internal and external sources of risk that could impact on the Group's operations and strategic objectives.

Risk Management is a continuous process that is embedded within day-to-day operational activities of the Group with active involvement of the Executive Leadership Team and oversight from the Audit, Risk & Compliance Committee (ARCC), and the Board.

Financial risks of the Group are managed and monitored through:	> Active management of credit, asset, liquidity, funding, and market risks in line with policies approved by the Board. > Ongoing oversight of the Group's financial risk profile by the Executive Credit, Residual Value, and Treasury Committees. > Regular reporting of the Group's financial risk profile (including compliance with Board's risk appetite settings) to the ARCC, and the Board. > The Group's Internal Audit function also periodically reviews and provides independent assurance regarding the adequacy of controls and processes for managing risks and compliance obligations.

In the normal course of business, the Group is exposed to various financial risks including those as set out below:

Risk	Exposure	Response
Liquidity risk	Risk that the Group will not be able to meet its financial obligations as they fall due. The AMS and GRS businesses' borrowings exposes the Group to potential mismatches between the refinancing of its assets and liabilities.	The Group maintains continuity and flexibility of funding through the use of committed revolving and bullet bank club facilities based on common terms, asset subordination and surplus cash to match asset and liability requirements. Additionally the GRS warehouse receivables are funded through revolving note payable facilities supported by major financial institutions. All facilities are subject to lender terms and conditions which, if breached, can trigger review events, early amortisation events or default events. The Group maintained compliance with all such conditions at all times during the year, and has risk prevention and mitigation processes in place to ensure continued compliance. The Group also ensures there is sufficient liquidity through contractual cash flows and access to committed available funds to meet at least 12 months of average net asset funding requirements augmented with uncommitted P&A facilities. This level is expected to cover any short-term financial market constraint for funds. The Group monitors operating cash flows and forecasts cash flows for a 12-month period, recognising the Group's capital management philosophy. Significant cash balances have been maintained which enable the Group to settle obligations as they fall due without the need for short-term financing facilities.
Credit risk	Risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Exposure to credit risk is through the receivables balances, customer leasing commitments, deposits with banks and counterparty risks associated with interest and currency swaps.	For deposits with banks, only independently rated institutions with upper investment-grade ratings are used, in accordance with the Board approved Investment Policy. Leasing credit risk is managed pursuant to the Board approved Credit Policy and Delegations of Authority. The policy is reviewed periodically and prescribes minimum criteria in the credit assessment process that includes the credit risk rating of the customer, concentration risk parameters, type and intended use of the asset, the value of the exposure, and portfolio management protocols. Credit risk concentration is spread through exposure to individual customers, industry sectors, asset types, asset manufacturers and regions. Where customers are independently publicly rated, these ratings are taken into account. If there is no independent public rating, credit quality is assessed using the Group's internal risk rating tool, considering information from an independent national credit bureau, the customer's financial position and performance, business segment, past experience and other factors using an application scorecard or other risk-assessment tools. Collateral is obtained where appropriate, to mitigate the risk of financial loss from defaults.

Notes to the Financial Statements

For the year ended 30 June 2024

Risk	Exposure	Response
Credit risk (continued)		A Credit Committee structure is in place to approve certain applications pursuant to the Board's Delegations of Authority, oversee the administration and effectiveness of, and compliance with the Group's credit policies, and monitor the performance and quality of the Group's credit portfolio through the review of selected measures of credit quality and trends including concentrations, criticised / classified and non-performing assets, and loss reports. The Board receives regular reports from the Credit Committee and periodically reviews concentration limits that effectively spread the risks as widely as possible across asset classes, client base, industries, regions and asset manufacturers.
Market risk		
Interest rate risk	Movements in interest rates could directly affect the margins from existing contracts and the pricing of new contracts for assets leased and income earned from surplus cash. Borrowings issued at variable rates expose the Group to interest rate repricing risk.	The Group's Treasury Policy and pricing disciplines aim to minimise mismatches between the amortised value of lease contracts and the sources of financing to mitigate repricing and basis risk. Mismatch and funding graphs including sensitivity analysis, are reported monthly to the Board. The Group has entered into interest rate swaps with counterparties rated as AA- by Standard & Poor's to exchange, at specified periods, the difference between fixed and variable rate interest amounts calculated on contracted notional principal amounts. Swaps are designed to hedge underlying borrowing obligations and match the interest repricing profile of the lease portfolio in order to preserve the contracted net interest margin.
Foreign currency risk	Foreign currency risk arises from holding financial instruments that are denominated in a currency other than the functional currency in which they are measured.	Translation related risks from financial and non-financial items of the New Zealand entities do not form part of the Group's risk exposure given these entities are part of longer-term investments and consequently, their sensitivity to foreign currency movements are not hedged, other than for anticipated cross-currency cash flows. New Zealand revolving debt facilities are denominated in New Zealand dollars. The Group's transactions are predominantly denominated in Australian dollars which is the predominant functional currency and the presentation currency of the Group.
Asset risk	Asset risk arises from the residual value of assets under operating lease and the tyre and maintenance obligations to meet claims for these services sold to customers. Residual value is an estimate of the value of an asset at the end of the lease. The estimate is formed at the inception of the lease and any subsequent impairment exposes the Group to potential loss from resale if the market price is lower than the value as recognised. Risk relating to tyre and maintenance services arises where the costs to meet customer claims over the contracted period exceed estimates made at inception.	The Group continuously reviews the portfolio's residual values via a Residual Value Committee comprising experienced senior staff with a balance of disciplines and responsibilities who monitor, measure and report all matters of risk that could potentially affect residual values and maintenance costs and associated mitigating actions. The Asset Risk Policy sets out a framework to measure and assess such critical variables as used car market dynamics, economic conditions, government policies, the credit market and the condition of assets under lease.

Notes to the Financial Statements

For the year ended 30 June 2024

(a) Liquidity risk

Financing arrangements

Committed revolving borrowing facilities for the AMS and GRS businesses to finance their lease portfolios, together with other borrowing requirements used for Group liquidity purposes are as follows:

	2024			2023		
Bank loan and notes payable facilities in local currency (AUD'000)	Facility	Used	Unused	Facility	Used	Unused
AMS bank loan facilities[1]	210,903	169,737	41,166	194,265	140,468	53,797
Other bank loan facilities	60,000	60,000	-	60,000	60,000	-
Warehouse notes payable facilities	364,200	311,261	52,939	135,640	68,080	67,560
Total bank loans and notes payable facilities	635,103	540,998	94,105	389,905	268,548	121,357

1 Bank loans do not include capitalised borrowing costs of $468,000 (2023: $174,000). Capitalised borrowing costs include loan establishment fees and legal costs. Establishment fees were applied at an average rate of 0.26% (2023: 0.18%).

Bank loan facilities

Revolving AMS facilities with varying maturity dates above have been provided by a financing club of three major Australian banks operating under common terms and conditions. During the year the AMS revolving debt facilities were increased and the maturity dates of each facility extended. Bank loan facilities are denominated in the local currency of the principal geographical markets to remove associated foreign currency cash flow exposure.

The maturity profile of secured bank loan facilities in local currency are as follows:

		2024			2023		
Secured bank borrowings (excluding borrowing costs)	Maturity dates	Facility	Used	Unused	Facility	Used	Unused
AUD'000[1]	31/03/2025	-	-	-	95,000	54,600	40,400
AUD'000[1]	30/06/2025	-	-	-	10,000	10,000	-
AUD'000[1]	30/06/2026	-	-	-	48,000	48,000	-
AUD'000[1]	31/03/2027	135,000	103,600	31,400	-	-	-
AUD'000[2]	25/08/2027	60,000	60,000	-	60,000	60,000	-
AUD'000[1]	30/06/2028	48,000	44,000	4,000	-	-	-
NZD'000[1]	31/03/2025	-	-	-	11,000	7,600	3,400
NZD'000[1]	30/06/2025	-	-	-	20,000	15,000	5,000
NZD'000[1]	30/06/2026	-	-	-	11,000	7,600	3,400
NZD'000[1]	31/03/2027	31,000	24,700	6,300	-	-	-

1 AMS revolving bank loan facility.

2 Parent entity bullet bank loan facility.

Warehouse notes payable facilities

During the year the Onboard Finance Warehouse Trust notes payable facilities were increased and the maturity dates of each facility extended. Details of the Onboard warehouse trust notes payable facility in local currency are as follows:

		2024			2023		
Notes payable facilities	Maturity dates	Facility	Used	Unused	Facility	Used	Unused
AUD'000	10/02/2026	-	-	-	135,640	68,080	67,560
AUD'000	1/03/2028	364,200	311,261	52,939	-	-	-

Notes to the Financial Statements

For the year ended 30 June 2024

AMS Principal and Agency borrowing facilities held off balance sheet

The AMS committed revolving bank loan facilities are further augmented by uncommitted P&A facilities of $243.9 million for the financing of AMS originated operating lease receivables, of which $124.1 million is utilised (2023: $249.7 million facility with $104.2 million utilised).

The Group has a call/put option structure in place for such facilities, with the exercise price being equivalent to the residual value for each asset under operating lease. These are referred to as unsecured residual value facilities, which totalled $123.0 million, of which $74.9 million was utilised (2023: $123.0 million, $66.4 million utilised). The Group, therefore, carries a potential asset exposure in relation to the residual value facilities, if the call or put options is exercised.

The put option value was assessed at the lower of the exercise price and the asset's estimated disposal value resulting in a provision impairment of $2,888,000 (2023: $3,189,000) for put options that may be at an exercise price identified to be possibly above market value.

The Group believes that the balanced arrangement of committed revolving financing facilities and the use of uncommitted off-balance sheet P&A facilities improves liquidity, provides funding diversification and helps to optimise capital management.

Maturities of financial liabilities

The AMS bank loan facilities and the Onboard Warehouse notes payable facilities are revolving debt facilities, serviced from the contractual cash flows from the underlying lease receivables. The table below summarises the maturity profile of the Group and the Parent Entity's financial liabilities. Bank loans and notes payable amounts are based on undiscounted contractual payments at the expected settlement dates, and therefore do not reconcile to amounts in the statement of financial position.

Consolidated Group 2024: Contractual maturities of financial liabilities	Less than 6 months $'000	6–12 months $'000	1–2 years $'000	2–5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount $'000
Trade payables	19,098	-	-	-	-	19,098	19,098
Other creditors and liabilities	43,144	6,836	-	-	-	49,980	49,980
Lease liabilities	3,047	3,177	4,330	13,734	17,244	41,532	40,897
Bank loans	6,732	6,852	13,498	245,668	-	272,750	229,737
Notes payable	6,717	7,578	130,194	204,595	-	349,084	311,261
Other external loans payable	2,200	-	4,034	-	-	6,234	6,234
	80,938	**24,443**	**152,056**	**463,997**	**17,244**	**738,678**	**657,207**

Consolidated Group 2023: Contractual maturities of financial liabilities	Less than 6 months $'000	6–12 months $'000	1–2 years $'000	2–5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount $'000
Trade payables	15,784	-	-	-	-	15,784	15,784
Other creditors and liabilities	36,281	6,622	-	-	-	42,903	42,903
Lease liabilities	2,818	2,912	6,142	13,100	22,141	47,113	46,513
Bank loans	5,090	5,533	94,978	124,167	-	229,768	200,642
Notes payable	1,213	1,228	2,532	76,211	-	81,184	68,080
Other external loans payable	3,800	-	6,094	-	-	9,894	9,894
	64,986	**16,295**	**109,746**	**213,478**	**22,141**	**426,646**	**383,816**

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For the year ended 30 June 2024

Parent Entity 2024: Contractual maturities of financial liabilities	Less than 6 months $'000	6–12 months $'000	1–2 years $'000	2–5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount $'000
Amounts payable to wholly owned entities and other payables	45,573	-	-	-	-	45,573	45,573
Bank loans	1,888	1,888	3,775	68,179	-	75,730	60,000
Financial guarantee contracts	235,971	-	-	-	-	235,971	-
	283,432	1,888	3,775	68,179	-	357,274	105,573

Parent Entity 2023: Contractual maturities of financial liabilities	Less than 6 months $'000	6–12 months $'000	1–2 years $'000	2–5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount $'000
Amounts payable to wholly owned entities and other payables	56,335	-	-	-	-	56,335	56,335
Bank loans	1,670	1,670	3,340	67,236	-	73,916	60,000
Financial guarantee contracts	210,536	-	-	-	-	210,536	-
	268,541	1,670	3,340	67,236	-	340,787	116,335

(b) Credit risk

The following carrying amount of financial assets represent the maximum credit exposure at reporting date:

	Consolidated Group		Parent Entity	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Deposits with banks	152,952	60,581	22,598	1,255
Trade and other receivables	39,495	39,985	83	448
Finance lease receivables	336,612	109,121	-	-
Operating lease assets	227,834	204,957	-	-
	756,893	414,644	22,681	1,703

Impairment of trade receivables and finance lease receivables

Key judgement: Impairment of financial assets

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 ECLs, the trade receivables and finance lease receivables have been grouped based on substantially shared credit risk characteristics.

ECL for finance lease receivables includes the inherent risk attached to the credit assessment of each customer, estimate of customer default risk, environment and inventory risk and other macroeconomic factors affecting default risk and recoverability.

Recoverability of trade receivables is reviewed on an ongoing basis. The expected loss rate for trade receivables is based on the credit loss history on amounts outstanding over the previous 36 months and adjusted for forward looking factors.

Trade receivables

The loss allowance for trade receivables has been estimated as follows:

	Consolidated Group		Parent Entity	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Expected loss rate (%)	5.7%	5.8%	-	-
Gross carrying amount	30,738	25,586	-	-
Loss allowance	1,740	1,477	-	-
Specific loss allowance	133	131	-	-
Total loss allowance	**1,873**	**1,608**	**-**	**-**

	2024			2023		
Ageing and expected credit loss of trade receivables	Total $'000	Loss allowance $'000	Amount not impaired $'000	Total $'000	Loss allowance $'000	Amount not impaired $'000
Not past due	28,340	(1,733)	26,607	22,571	(1,431)	21,140
Past due 30 days	366	(20)	346	883	(63)	820
Past due 31 – 60 days	258	(15)	243	866	(44)	822
Past due 61 – 90 days	201	(12)	189	130	(7)	123
Past due > 90 days	1,573	(93)	1,480	1,136	(63)	1,073
	30,738	(1,873)	28,865	25,586	(1,608)	23,978

The Group's maximum exposure to credit risk at reporting date by geographic region is predominantly in Australia and New Zealand based on the location of originating transactions and economic activity.

Finance lease receivables

The finance lease receivables expected credit loss allowance and movements during the year is set out below:

	Consolidated Group		Parent Entity	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Balance at start of the year	592	209	-	-
Expected loss allowance	1,081	493	-	-
Changes in foreign currency	-	(110)	-	-
Balance at end of the year	**1,673**	**592**	**-**	**-**
Expected credit loss rate (%)	0.49%	0.54%	-	-
Gross carrying amount	338,214	109,121	-	-
Loss allowance	**1,673**	**592**	**-**	**-**

The expected credit loss rate is calculated using the credit management system's default rate assigned for each customer adjusted by the expected recoverable rate plus deflators for duration and other economic or business environmental factors.

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(c) Market risk

Interest rate risk

At reporting date, the Group had the following variable rate borrowings under long-term facilities attributable to the AMS and Onboard Finance businesses and other loan facilities drawn on.

	2024		2023	
	Borrowings $'000	Weighted average interest rate % pa	Borrowings $'000	Weighted average interest rate % pa
AUD	518,861	5.56%	240,680	5.79%
NZD	24,700	7.19%	30,700	7.20%
Total AUD equivalent	**543,561**	**5.64%**	**271,380**	**5.94%**

The weighted average interest rate on borrowings is used as an input to asset repricing decisions for the respective geographical markets the Group operates in. Analysis of maturities is provided in Note 4.4(a).

Bank loans for the AMS business of $152,833,000 (2023: $138,326,000) were covered by interest rate swaps at a fixed rate of interest of 5.65% pa (2023: 4.39% pa). Notes payable for the Onboard warehouse of $329,032,000 (2023: 81,718,000) were covered by interest rate swaps at a fixed rate of 5.0% pa (2023: 5.90% pa).

Interest rate risk also arises from cash at bank and deposits, which are at floating interest rates, and offset partially by floating rate bank loan facilities.

At reporting date, the Group had the following variable rate financial assets and liabilities outstanding:

	2024 $'000	2023 $'000
Cash and deposits	152,952	60,581
Bank loans [1]	(229,737)	(200,468)
Notes payable	(311,261)	(68,080)
Interest rate swaps (notional amounts)	481,822	220,044
Net exposure to cash flow interest rate risk	**93,776**	**12,077**

1 Excluding capitalised borrowing costs of $468,000 (2023: $174,000) for AMS.

Sensitivity analysis – floating interest rates:

If the Australian interest rate weakened or strengthened by 25 basis points, and all other variables were held constant, the Group's post-tax profit for the year would have been $880,000 (2023: $834,000) higher or lower and the Parent Entity $104,000 (2023: $104,000) higher or lower, depending on which way the interest rates moved based on the balances at reporting date.

(d) Asset risk

The portfolio of motor vehicles under operating lease and the residual value of assets under P&A and other facilities of $271,888,000 (2023: $262,627,000) included a residual value provision of $2,888,000 (2023: $3,189,000). Refer Note 3.5 for further details.

4.5 FINANCIAL INSTRUMENTS

Fair value measurement

The Group measures financial instruments such as derivatives at fair value at each balance date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement:

Level 1	Derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	Derived from inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3	Derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group has classified its financial assets and financial liabilities into the three levels as prescribed under the accounting standards, with details provided in the following table of those financial assets and liabilities measured at fair value.

Consolidated Group: 2024	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets / (liabilities)				
Derivatives used for hedging	-	1,680	-	1,680
Total financial assets / (liabilities)	**-**	**1,680**	**-**	**1,680**
Consolidated Group: **2023**				
Financial assets / (liabilities)				
Derivatives used for hedging	-	2,037	-	2,037
Total financial assets / (liabilities)	**-**	**2,037**	**-**	**2,037**

The carrying amount of the Group's financial assets and financial liabilities approximate their fair values, except for finance lease receivables as detailed in Note 3.3. The carrying amount of trade and other receivables, trade and other payables and other liabilities is assumed to be the same as their fair values, due to their short-term nature. The Group considers the fair value of borrowings to be not materially different to their carrying amounts as the interest rates applicable are consistent with market rates.

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level of input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements for the year ended 30 June 2024.

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.

Interest rate swaps

The valuation technique for interest rate swaps and key inputs are discounted cash flows 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.

4.5 FINANCIAL INSTRUMENTS (CONT.)

Derivative financial instruments

In accordance with the Group's Treasury Policy, derivative interest rate products entered into include interest rate swaps, forward rate agreements and options as cash flow hedges to mitigate both current and future interest rate volatility that may arise from changes in the fair value of its borrowings.

Hedge accounting

Where the Group undertakes a hedge transaction, it documents at inception of the transaction the type of hedge, the relationship between the hedging instruments and hedged items and its risk management objective and strategy. The documentation also demonstrates, both at hedge inception and on an ongoing basis that the hedge has been, and is expected to continue to be, highly effective.

The Group uses derivative financial instruments for cash flow hedging purposes and designates them as such.

Cash flow hedge	Derivatives or other financial instruments that hedge the exposure to variability in cash flows from external borrowings that are priced using variable interest rates. Cash flow hedges are used to manage interest rate exposure to interest rate volatility and its impact on leasing product margins. This process seeks to have more control in balancing the spread between interest rates charged on lease contracts and interest rates and the level of borrowings assumed in its financing as required.
Recognition date	Inception
Measurement	Fair value
Changes in fair value	Any gains or losses arising from changes in the fair value of the hedge contracts are taken to OCI to the extent of the effective portion of the cash flow hedge and the ineffective portion recognised in profit or loss. These gains or losses in OCI are accumulated in a component in equity and are reclassified to profit or loss to match the timing and relationship with the amount that the derivative instruments was intended to hedge.

The amounts relating to hedged items and hedging instruments are as follows:

Cash flow hedges		Nominal amount of the hedging instrument	Carrying amount of the hedging instrument		Statement of financial position where the hedging instrument is located	Changes in fair value used for calculating hedge ineffectiveness
			Assets	Liabilities		
Interest rate risk		$'000	$'000	$'000	$'000	$'000
Interest rate swaps	2024	481,822	1,676	26	540,998	(261)
	2023	220,044	1,904	-	268,832	(838)

There has been no hedge ineffectiveness in relation to the cash flow hedges and therefore $nil profit or loss recognised for the year ended 30 June 2024.

The following table shows the maturity profile of hedging instruments (ie. notional amount of interest rate swaps):

Consolidated Group: 2024	Less than 1 year $'000	1–2 years $'000	2–5 years $'000	Over 5 years $'000	Total $'000
Derivatives					
Interest rate swaps	104,756	48,033	329,033	-	481,822
Consolidated Group: 2023					
Derivatives					
Interest rate swaps	99,614	38,712	81,718	-	220,044

5 Employee Remuneration and Benefits

5.1 SHARE BASED PAYMENTS

The Company operates both a STIP and LTIP for certain executives and employees under the McMillan Shakespeare Limited Employee Share Plan (Plan).

The Company issues Share rights annually with a one year service deferral under the short term incentive plan, and the Company issues Performance Rights annually with a three-year vesting period under the long term incentive plan.

No executive can enter into a transaction that is designed or intended to hedge the exposure. Executives are required to provide declarations to the Board on their compliance with this policy.

Performance Rights

A Performance Right is an entitlement to acquire a fully paid ordinary share in the Company for $nil consideration at grant for conversion to a share, subject to the achievement of performance hurdles and service conditions being satisfied. Performance Rights carry no dividend or voting rights.

Performance hurdles and vesting entitlements

Refer page 31 for details of the terms and conditions for Performance Rights issued in the year.

Set out below is a summary of Performance Rights granted under the Plan:

2024		Consolidated Group and Parent Entity				
Grant date	Exercise date [1]	Balance at start of the year	Granted	Vested	Forfeited	Balance at end of the year
20 October 2020	30 September 2024	63,113	-	(45,095)	(18,019)	-
30 October 2020	30 September 2024	214,654	-	(141,007)	(73,647)	-
15 October 2021	30 September 2024	27,039	-	-	(4,478)	22,561
22 November 2021	30 September 2024	200,472	-	-	(31,882)	168,590
15 November 2022	30 September 2025	236,748	-	-	(12,038)	224,710
27 October 2023	30 September 2025	-	13,608	-	-	13,608
27 October 2023	30 September 2026	-	45,362	-	-	45,362
10 November 2023	30 September 2025	-	23,198	-	-	23,198
10 November 2023	30 September 2026	-	65,898	-	-	65,898
		742,026	148,066	(186,102)	(140,064)	563,927

2023		Consolidated Group and Parent Entity				
Grant date	Exercise date [1]	Balance at start of the year	Granted	Vested	Forfeited	Balance at end of the year
1 July 2019	30 September 2023	95,723	-	(95,723)	-	-
22 October 2019	30 September 2023	38,047	-	(25,942)	(12,105)	-
20 October 2020	30 September 2024	81,272	-	-	(18,159)	63,113
30 October 2020	30 September 2024	288,378	-	-	(73,724)	214,654
15 October 2021	30 September 2024	42,103	-	-	(15,064)	27,039
22 November 2021	30 September 2024	283,067	-	-	(82,595)	200,472
15 November 2022	30 September 2025	-	236,748	-	-	236,748
		828,590	236,748	(121,665)	(201,647)	742,026

1 The first available vesting date is the date that the Company's financial statements for the respective years are lodged with ASX. For the purpose of this table it is assumed to be 30 September of that year.

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Fair value of performance rights granted

	Consolidated Group and Parent Entity			
Grant	Share price at grant date	Expected life (years)	Expected dividend yield	Fair value
27 October 2023	16.82	3.0	7.4%	13.56
10 November 2023	17.46	3.0	7.1%	14.23

Recognition and measurement

The Performance Rights are accounted for as equity-settled share-based payments and recognised at the fair value at grant date as an employee benefit expense over the period from issue date to vesting date with a corresponding increase in equity (share-based payment reserve). Fair value is determined using a Black-Scholes pricing model and does not include any conditions that are market based.
The cumulative expense recognised is adjusted to reflect the Directors' best estimate of the number of rights that will ultimately vest based on the vesting conditions attached to the rights, such as the employees having to remain with the Group until vesting date, or such that employees are required to meet financial targets. No expense is recognised for rights that do not ultimately vest.

Expenses arising from share-based payment transactions

	Consolidated Group		Parent Entity	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Performance Rights issued under the LTIP	2,843	1,243	2,843	1,243
	2,843	**1,243**	**2,843**	**1,243**

5.2 KEY MANAGEMENT PERSONNEL COMPENSATION

	Consolidated Group		Parent Entity	
	2024 $	2023 $	2024 $	2023 $
Short-term employment benefits	2,614,097	2,288,690	857,784	783,072
Post-employment benefits	136,261	124,993	81,463	74,407
Long-term employment benefits	75,888	41,765	-	-
Benefit payments issued under STIP and LTIP	1,310,280	607,896	-	-
	4,136,526	**3,063,344**	**939,247**	**857,479**

5.3 OTHER EMPLOYEE BENEFITS

Bonuses

A liability for employee benefits in the form of bonuses is recognised in the Statement of Financial Position. This liability is based upon pre-determined plans tailored for each participating employee measured on an ongoing basis and is dependent on the outcomes for each participating employee.

Notes to the Financial Statements

For the year ended 30 June 2024

6 Group Structure

6.1 INVESTMENT IN SUBSIDIARIES

	Consolidated Group		Parent Entity	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Shares in subsidiaries at cost [1]	-	-	167,713	237,533

1 Impairment of subsidiaries of $18.3m (2023: $17.3m) was recorded in the period relating to the disposal of the Australian Asset Finance Aggregation and UK businesses.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in the relevant notes above.

Name	Country of incorporation and principal place of business	% Owned 2024	% Owned 2023	Principal activities
Parent entity				
McMillan Shakespeare Limited	Australia			
Subsidiaries in Group				
Maxxia Pty Ltd [1]	Australia	100%	100%	Remuneration services provider
Remuneration Services (Qld) Pty Ltd [1]	Australia	100%	100%	Remuneration services provider
Easilease Pty Limited	Australia	100%	100%	Remuneration services provider
Onboard Finance Pty Ltd	Australia	100%	100%	Remuneration services provider
Onboard Warehouse Trust	Australia	100%	100%	Securitisation trust
Oly Pty Ltd [5]	Australia	100%	-	Remuneration services provider
MaxxiMe Pty Ltd	Australia	100%	100%	Remuneration services provider
Interleasing (Australia) Limited [1]	Australia	100%	100%	Asset management services
TVPR Pty Limited [1]	Australia	100%	100%	Asset management services
Carila Pty Limited [1]	Australia	100%	100%	Asset management services
Presidian Holdings Pty Ltd	Australia	100%	100%	Retail financial services
Money Now Pty Ltd	Australia	100%	100%	Retail financial services
National Finance Choice Pty Ltd [2]	Australia	-	100%	Retail financial services
Franklin Finance Group Pty Ltd	Australia	100%	100%	Retail financial services
Australian Dealer Insurance Pty Ltd	Australia	100%	100%	Retail financial services
National Finance Solutions (Aust) Pty Ltd	Australia	100%	100%	Retail financial services
National Insurance Choice Pty Ltd	Australia	100%	100%	Retail financial services
National Dealer Services Pty Ltd	Australia	100%	100%	Retail financial services
Motorsure Pty Ltd	Australia	100%	100%	Retail financial services
ADU Investments Pty Ltd	Australia	100%	100%	Retail financial services
United Financial Services Pty Limited [2]	Australia	-	100%	Retail financial services
United Financial Services Network Pty Limited [2]	Australia	-	100%	Retail financial services
United Financial Services (QLD) Pty Limited [2]	Australia	-	100%	Retail financial services
Plan Management Partners Pty Ltd	Australia	100%	100%	Plan management services
Plan Tracker Pty Ltd	Australia	100%	100%	Plan management services
Maxxia (UK) Limited	United Kingdom	100%	100%	Investment holding
Maxxia Finance Limited [3]	United Kingdom	-	100%	Asset management services
Anglo Scottish Asset Finance Limited [3]	United Kingdom	-	100%	Asset management services
Capex Asset Finance Limited [4]	United Kingdom	-	100%	Dissolved
Maxxia Ltd [3]	United Kingdom	-	100%	Asset management services
Maxxia Limited	New Zealand	100%	100%	Dormant
Interleasing (New Zealand) Limited	New Zealand	100%	100%	Asset management services

1 These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with ASIC *Corporations (Wholly-owned Companies) Instrument 2016/785* issued by the Australian Securities and Investments Commission. For further information refer to Note 6.2.

2. On 31 July 2023, the Group disposed of 100% of the share capital of National Finance Choice Pty Ltd, United Financial Services Pty Ltd, United Financial Services Network Pty Ltd, United Financial Services (QLD) Pty Ltd.

3. On 30 September 2023, the Group disposed of Maxxia Limited and Maxxia Finance Limited. On 30 November 2023 the Group disposed of Anglo Scottish Finance Limited.

4. On 10 October 2023, the Group dissolved Capex Asset Finance Limited.

5. Oly Pty Ltd was incorporated on 8 February 2024.

Notes to the Financial Statements

For the year ended 30 June 2024

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements of the Parent Entity.

6.2 DEED OF CROSS GUARANTEE

McMillan Shakespeare Limited, Maxxia Pty Ltd and Remuneration Services (Qld) Pty Ltd are parties to a deed of cross guarantee entered into during the year ended 30 June 2009 and Interleasing (Australia) Ltd, CARILA Pty Ltd and TVPR Pty Ltd (Interleasing Group) in the year ended 30 June 2010. Under the deeds, each company guarantees the debts of the others and is relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

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 dross guarantee that are controlled by McMillan Shakespeare Limited, they also represent the 'Extended Closed Group'.

Set out below is the financial information of the Closed Group:

Consolidated Statement of Comprehensive Income and summary of movements in Retained Earnings

	Consolidated Group	
	2024 $'000	2023 $'000
Revenue and other income	446,093	354,874
Employee and director benefits expenses	(142,646)	(130,920)
Depreciation and amortisation expenses and impairment	(59,172)	(56,384)
Leasing and vehicle management expenses	(67,377)	(45,629)
Consulting cost expenses	(4,841)	(4,126)
Marketing expenses	(7,589)	(6,847)
Property and corporate expenses	(2,763)	(2,802)
Technology and communication expenses	(21,478)	(18,708)
Finance costs	(12,096)	(6,909)
Impairment	(16,595)	(755)
Other expenses	(19,300)	327
Profit before income tax	92,236	82,120
Income tax expense	(35,512)	(24,508)
Profit attributable to members of the parent entity	56,724	57,612
Other comprehensive income		
Other comprehensive income after tax	-	-
Total comprehensive income for the year	56,724	57,612
Movements in consolidated retained earnings		
Retained earnings at start of the year	78,491	195,373
Profit for the year	56,724	57,612
Dividends paid	(97,553)	(91,929)
Share buy-back	-	(82,565)
Retained earnings at end of the year	37,662	78,491

Notes to the Financial Statements

For the year ended 30 June 2024

Consolidated Statement of Financial Position

	2024 $'000	2023 $'000
Current assets		
Cash and cash equivalents	106,797	35,073
Restricted client trust funds	403,364	402,608
Trade and other receivables	54,309	69,321
Finance lease receivables	3,743	2,604
Inventories	9,972	6,195
Derivative financial instruments	1,620	-
Total current assets	579,805	515,801
Non-current assets		
Finance lease receivables	4,515	5,278
Assets under operating lease	197,861	170,845
Right-of use assets	25,764	28,844
Property, plant and equipment	11,757	13,529
Intangible assets	68,708	50,015
Investments in subsidiaries	14,228	102,402
Total non-current assets	322,833	370,913
Total assets	902,638	886,714
Current liabilities		
Trade and other payables	96,595	84,768
Restricted client trust funds payable	403,364	402,608
Provisions	16,208	14,578
Current tax liability	37,884	7,840
Lease liabilities	5,522	4,705
Total current liabilities	559,573	514,499
Non-current liabilities		
Provisions	1,965	2,006
Borrowings	207,187	172,440
Lease liabilities	35,251	40,502
Deferred tax liabilities	(13,357)	15,046
Total non-current liabilities	231,046	229,994
Total liabilities	790,619	744,493
Net assets	112,019	142,221
Equity		
Issued capital	68,597	68,597
Reserves	5,760	(4,867)
Retained earnings	37,662	78,491
Total equity	112,019	142,221

Notes to the Financial Statements

For the year ended 30 June 2024

6.3 DISCONTINUED OPERATIONS

On 31 July 2023, the Group completed the sale of its Australian Asset Finance Aggregation business (trading as UFS and NFC). As a result of the sale the Retail Financial Services (RFS) segment is no longer presented in the segment note and are discontinued operations.

On 30 November 2023, the Group completed the sale of its UK businesses. As a result of the sale the remaining Asset Management Services (AMS) UK business is no longer presented in the segment note and are discontinued operations.

Net loss from discontinued operations

	2024 $'000	2023 $'000
Revenue	2,446	145,722
Expenses	(2,649)	(136,103)
Finance costs	131	(300)
Loss / impairment on disposal of subsidiaries	(10,140)	(42,534)
Net loss before income tax from discontinued operations	**(10,212)**	**(33,215)**
Income tax benefit	3,702	1,038
Net loss after income tax from discontinued operations	(6,510)	(32,177)
Net loss from discontinued operations		
– Attributable to Owners of the Company	(6,510)	(32,177)

Earnings per share

	2024 Cents per share	2023 Cents per share
Basic EPS – loss from discontinued operations	(9.4)	(44.6)
Diluted EPS – loss from discontinued operations	(9.4)	(44.6)

Notes to the Financial Statements

For the year ended 30 June 2024

Statement of Financial Position

	2023 $'000
Current assets	
Cash and cash equivalents	37,702
Trade and other receivables	2,756
Finance lease receivables	5,544
Inventories	2,399
Prepayments	560
Total current assets	48,961
Non-current assets	
Assets under operating lease	968
Right of use assets	456
Property, plant and equipment	277
Intangible assets	20,350
Deferred tax assets	6,605
Total non-current assets	28,656
Total assets held for sale	**77,617**
Current liabilities	
Trade and other payables	14,166
Other liabilities	2,770
Current tax liability	6,407
Lease Liabilities	166
Total current liabilities	23,509
Non-current liabilities	
Lease Liabilities	282
Deferred tax liabilities	4,538
Total non-current liabilities	4,820
Total liabilities directly associated with assets held for sale	**28,329**

Notes to the Financial Statements

For the year ended 30 June 2024

7 Other Disclosures

7.1 RESERVES

(a) Cash flow hedge reserve

	Consolidated Group		Parent Entity	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Revaluation – gross	1,680	2,037	-	-
Deferred tax	(521)	(696)	-	-
Balance at the end of the year	**1,159**	**1,341**	**-**	**-**

The hedging reserve is used to record gains and losses on interest rate swaps that are designated and qualify as cash flow hedges.

7.2 RELATED PARTY TRANSACTIONS

Transactions between the Company and other entities within the wholly owned group during the years ended 30 June 2024 and 30 June 2023 consisted of:

(a) loans advanced to the Company; and

(b) the 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.

	Consolidated Group		Parent Entity	
	2024 $	2023 $	2024 $	2023 $
Dividend revenue	-	-	91,654,998	91,928,792
Aggregate amounts payable to entities within the wholly owned group at balance date:				
Current receivables	-	-	82,518	448,376
Current payables	-	-	45,573,229	56,335,334

Notes to the Financial Statements
For the year ended 30 June 2024

7.3 AUDITOR'S REMUNERATION

	Consolidated Group	
	2024 $'000	2023 $'000
Statutory Audit services		
Remuneration of the auditor of the Parent Entity for statutory audit or review of the financial report of the entity and any other entity in the Consolidated Group		
> EY	617,346	375,000
Remuneration of the auditor of the Parent Entity for statutory audit or review of the financial statements of subsidiary entities in the UK.		
> Grant Thornton	-	152,400
Other audit services related to client requirements for non-statutory audits		
> EY	40,052	38,000
> Grant Thornton	-	4,000
Other assurance services		
Remuneration of the auditor of the Parent Entity for assurance related services		
> EY	489,662	163,000
> Grant Thornton	-	23,000
Remuneration of a network firm of the auditor of the Parent Entity for assurance related services		
> Grant Thornton	-	8,822

No non-assurance related services were provided.

7.4 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.

8 Unrecognised Items

8.1 COMMITMENTS

Operating lease commitments

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

Consolidated Entity Disclosure Statement

As at 30 June 2024

Entity name	Structure	Place of incorporation	Country of tax residence	% Owned 2024
Parent entity				
McMillan Shakespeare Limited	Body corporate	Australia	Australia	
Subsidiaries in Group				
Maxxia Pty Ltd	Body corporate	Australia	Australia	100%
Remuneration Services (Qld) Pty Ltd	Body corporate	Australia	Australia	100%
Easilease Pty Limited	Body corporate	Australia	Australia	100%
Onboard Finance Pty Ltd	Body corporate	Australia	Australia	100%
Oly Pty Ltd	Body corporate	Australia	Australia	100%
MaxxiMe Pty Ltd	Body corporate	Australia	Australia	100%
Interleasing (Australia) Limited	Body corporate	Australia	Australia	100%
TVPR Pty Limited	Body corporate	Australia	Australia	100%
Carila Pty Limited	Body corporate	Australia	Australia	100%
Presidian Holdings Pty Ltd	Body corporate	Australia	Australia	100%
Money Now Pty Ltd	Body corporate	Australia	Australia	100%
Franklin Finance Group Pty Ltd	Body corporate	Australia	Australia	100%
Australian Dealer Insurance Pty Ltd	Body corporate	Australia	Australia	100%
National Finance Solutions (Aust) Pty Ltd	Body corporate	Australia	Australia	100%
National Insurance Choice Pty Ltd	Body corporate	Australia	Australia	100%
National Dealer Services Pty Ltd	Body corporate	Australia	Australia	100%
Motorsure Pty Ltd	Body corporate	Australia	Australia	100%
ADU Investments Pty Ltd	Body corporate	Australia	Australia	100%
Plan Management Partners Pty Ltd	Body corporate	Australia	Australia	100%
Plan Tracker Pty Ltd	Body corporate	Australia	Australia	100%
Maxxia Limited	Body corporate	New Zealand	New Zealand	100%
Interleasing (New Zealand) Limited	Body corporate	New Zealand	New Zealand	100%
Maxxia (UK) Limited	Body corporate	United Kingdom	United Kingdom	100%
Trust Arrangements				
Onboard Warehouse Trust (Perpetual Corporate Trust Limited as trustee)	Trust	Australia	Australia	100%
MMS Employee Share Trust (CPU Share Plans Pty Limited as trustee)	Trust	Australia	Australia	-

Independent Audit Report

As at 30 June 2024

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

Report on the audit of the financial report

Opinion

We have audited the financial report of McMillan Shakespeare Limited (the Company) and its subsidiaries (collectively the Group), which comprises:

- The Group consolidated and Company statements of financial position as at 30 June 2024;
- The Group consolidated and Company statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended;
- Notes to the financial statements, including material accounting policy information; and
- The consolidated entity disclosure statement; and
- The directors' declaration.

In our opinion, the accompanying financial report is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the Company's and the Group's financial position as at 30 June 2024 and of their financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Independent Audit Report

As at 30 June 2024

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We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Revenue Recognition

Financial report reference: Note 2.2

Why significant to the audit	How our audit addressed the key audit matter
As at 30 June 2024, Revenue from continuing operations recorded during the year was $521,018,000. The Group exercises significant judgement relating to revenue recognition due to products and services with various contractual terms and different pricing elements in contracts with customers throughout the Group. The accuracy of amounts recorded as revenue is inherently subjective due to the complexity of billing systems, the complexity of customer arrangements and price and billing changes in the year. This was a key audit matter due to the significance of revenue and the complexity of revenue arrangements.	Our audit procedures included the following: • Obtained an understanding of the nature of each significant type of revenue stream, and on a sample basis assessed agreements in place to evaluate whether the terms of each agreement were reflected in the accounting treatment of the Group and the requirements of Australian Accounting Standards. Focused on areas with higher risk of error by analysing manual processes, bespoke or complex contractual terms, and areas requiring significant judgment, to assess accurate revenue recognition. • Evaluated the design and operating effectiveness of relevant controls over the recognition and measurement of revenue transactions, including evaluating the relevant IT systems. • Assessed a sample of revenue generating transactions for each significant revenue stream and obtained supporting evidence such as; customer contracts, other contractual arrangements, service detail records and evidence of customer payment. • We assessed the adequacy and appropriateness of Group accounting policies disclosed in Note 2.2, to the financial report.

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2. Impairment of Goodwill

Financial report reference: Note 3.7

Why significant to the audit	How our audit addressed the key audit matter
As at 30 June 2024 Goodwill totals $40,507,000 as a result of the Group's historical acquisitions, representing the excess of the purchase consideration over the fair value of assets and liabilities acquired. On acquisition date, the Goodwill has been allocated to the applicable Cash Generating Units (CGUs). An impairment assessment is performed at each reporting period, comparing the carrying amount of each CGU containing Goodwill with its recoverable amount. The recoverable amount of each CGU is determined on a value in use basis. This calculation incorporates a range of assumptions, including future cash flows, discount rate and terminal growth rate. This was a key audit matter due to the size of Goodwill and the significant judgment and estimation uncertainty associated with the impairment assessment.	Our audit procedures in conjunction with our valuation specialists included the following: • Assessed the valuation methodology used to calculate the recoverable amount of each CGU. • Agreed the projected cash flows used in the impairment models to the Board approved plan of the Group. • Compared the Group's implied growth rate assumption to comparable companies. • Assessed the accuracy of historical cash flow forecasts. • Assessed the methodology and assumptions used in the calculation of the discount rate, including comparison of the rate to market benchmarks. • Tested the mathematical accuracy of the impairment model for each CGU. • Assessed the Group's sensitivity analysis and evaluated whether any reasonably foreseeable change in assumptions could lead to a material impairment. • We assessed the Group's determination of the CGUs to which goodwill is allocated and assessed the adequacy of the disclosure included in the Notes to the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2024 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

Independent Audit Report

As at 30 June 2024

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In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001;* and

b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of McMillan Shakespeare Limited for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Independent Audit Report

As at 30 June 2024

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

Ernst + Young

Ernst & Young

Brett Kallio

Brett Kallio
Partner
Melbourne
27 August 2024

Shareholder Information

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this Annual Report is set out below:

SUBSTANTIAL SHAREHOLDINGS

As at 5 August 2024 the number of shares held by substantial shareholders and their associates is as follows:

Shareholder	Number of Ordinary Shares	Percentage of Ordinary Shares [1]
HSBC Custody Nominees (Aust) Ltd	14,341,226	20.59%
Citicorp Nominees Limited	9,659,571	13.87%
JP Morgan Nominees Australia Limited	9,055,068	13.00%
Chessari Holdings Pty Limited [2]	6,050,941	8.69%
AP Group Pty Limited	3,976,229	5.71%

1 As at 5 August 2024, 69,643,024 fully paid ordinary shares have been issued by the Company.

2 Chessari Holdings Pty Limited is a company associated with Mr Ross Chessari, a Non-Executive Director.

NUMBER OF SHARE HOLDERS

As at 5 August 2024 the number of shares held by substantial shareholders and their associates is as follows:

Class of Security	Number of Holders
Fully paid ordinary shares	8,159

VOTING RIGHTS

In accordance with the Constitution of the Company and the *Corporations Act 2001* (Cth), every member present in person or by proxy at a general meeting of the members of the Company has:

> on a vote taken by a show of hands, one vote; and

> on a vote taken by a poll, one vote for every fully paid ordinary share held in the Company.

A poll may be demanded at a general meeting of the members of the Company in the manner permitted by the *Corporations Act 2001* (Cth).

DISTRIBUTION OF SHARE HOLDERS

As at 5 August 2024 the number of shares held by substantial shareholders and their associates is as follows:

Distribution of Shares	Number of Holders of Ordinary Shares & Options
1 – 1,000	4,910
1,001 – 5,000	2,647
5,001 – 10,000	357
10,001 – 100,000	220
100,000+	25

As at 5 August 2024 there were 276 shareholders who held less than a marketable parcel of 30 fully paid ordinary shares in the Company.

BUY-BACK

The Company does not have a current on-market buy back.

Shareholder Information

TOP 20 SHAREHOLDERS

As at 5 August 2024 the details of the top 20 shareholders in the Company are as follows:

No.	Name	Number of Ordinary Shares	Percentage of Ordinary Shares (%)
1	HSBC Custody Nominees (Aust) Ltd	14,341,226	20.59%
2	Citicorp Nominees Limited	9,659,571	13.87%
3	JP Morgan Nominees Australia Limited	9,055,068	13.00%
4	Chessari Holdings Pty Limited [1]	6,050,941	8.69%
5	AP Group Pty Limited	3,976,229	5.71%
6	Asia Pac Technology Pty Ltd [2]	3,068,025	4.41%
7	UBS Nominees Pty Limited	1,642,741	2.36%
8	National Nominees Limited	1,603,815	2.30%
9	Ann Leslie Ryan	1,008,418	1.45%
10	BNP Paribas Nom Pty Limited	516,216	0.74%
11	BNP Paribas Noms Pty Ltd <Agency Lending A/c>	432,139	0.62%
12	BNP Paribas Noms Pty Ltd <Global markets DRP>	369,772	0.53%
13	HSBC Custody Nominees (Australia) Limited <NT-Commonwealth Super Corp A/c>	317,722	0.46%
14	NewEconomy com AU Nominees Pty Limited	316,783	0.45%
15	MOHL Invest Pty Ltd <MOHL Super Fund A/c>	310,000	0.45%
16	Citicorp Nominees Pty Ltd <Colonial First State Inv A/c>	306,624	0.44%
17	Warbont Nominees Pty Ltd <Unpaid Entrepot A/c>	194,956	0.28%
18	Mod Enterprises Pty Ltd	193,139	0.28%
19	Birdseye No.2 Management Pty Ltd <Birdseye Super No. 2 Fund A/c>	150,000	0.22%
20	Netwealth Investments Limited <Wrap Services A/c>	141,977	0.20%

1. Chessari Holdings Pty Limited is a company associated with Mr Ross Chessari, a Non-Executive Director.
2. Asia Pac Technology Pty Limited is a company associated with Mr John Bennetts, a Non-Executive Director.

UNQUOTED SECURITIES

As at the date of this Annual Report, there are no unquoted securities in the Company.

Corporate Directory

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Melbourne Victoria 3000
Tel: +61 3 9097 3000
www.mmsg.com.au

Company Auditor
Ernst & Young
8 Exhibition Street
Melbourne Victoria 3000

Share Registry
Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford Victoria 3067
Tel: +61 3 9415 5000

McMillan Shakespeare Limited

ABN 74 107 233 983
ASFL No. 299054
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McMillan Shakespeare Limited

ABN 74 107 233 983
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