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25 October 2024

Manager Company Announcements
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

By E-lodgement

Chair and CEO Addresses – 2024 Annual General Meeting

Please find attached for immediate release in relation to McMillan Shakespeare Limited (ASX: MMS) the following documents:

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

Shareholders can attend and participate in the on-line meeting by entering the following URL https://meetnow.global/M2FMGD7 on your computer, tablet or smartphone.

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

Yours faithfully
McMillan Shakespeare Limited

Elizabeth Spooner
Company Secretary

This document was authorised for release by the MMS Board.

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McMillan Shakespeare Limited

Chair's Address – Helen Kurincic

Slide 5 – Chair address

MMS is proud to be making a difference to people's lives.

The services we provide - salary packaging, novated leasing, asset management, related financial products and services and disability plan management and support co-ordination – are essential to helping customers, now more than ever, given continued cost of living pressures. We help individuals, companies and governments transition to a low carbon economy. We support NDIS participants manage their plans and access services to achieve their goals while assisting the integrity and sustainability of the Scheme.

Throughout the year, we continued to deliver on our sustainability strategy. We supported our customers to continue their transition to a low carbon future, reduced our environmental impact and made a positive difference to our customers and communities.

This importance of providing sustainable services continues to be reflected in our strategy, our clear customer focus and in turn our financial performance.

Today I'll be providing you with an overview of our FY24 results, shareholder returns and our sustainability strategy. Our Group Managing Director and CEO, Rob De Luca, will provide an overview of each segment's financial and operational performance for FY24, provide progress on our strategic priorities, and highlight our outlook and focus for FY25.

Slide 6 – FY24 overview

In FY24 your Company delivered strong Group financial performance with growth in Normalised Revenue, EBITDA and UNPATA supported by organic growth across all three of its segments. In your

Company's continuing operations, we saw a 11.5% uplift in Normalised revenue to $525.8m, with Normalised EBITDA increasing by 34.8% to $177.0m, and Normalised UNPATA of $107.6m representing a 38.2% increase.

Your Company exhibits a capital light model with favourable financial characteristics including strong cash generation, high returns with a strong balance sheet. In FY24 your Company's cash conversion was 136% of UNPATA, Normalised return on capital employed (referred to as ROCE) was 62.1%, up 22.1% points and Debt to EBITDA was 0.5 times.

Your Company delivered you returns with Normalised earnings per share (referred to as EPS) up 42.9% to 154.5 cents. We were also pleased to deliver you a full-year fully franked dividend of 154 cents per share, up 24.2%. This represents a 100% payout ratio of Normalised UNPATA in line with our previously stated policy of paying between 70 – 100% of UNPATA.

Normalised refers to adjustments made for the negative earnings impact during the transitional period for the implementation of our funding warehouse, Onboard Finance, which was launched in FY22. The strategic rationale for Onboard Finance remains unchanged. It secures and diversifies MMS' funding source, it increases annuity-based income which is also a new source of income and captures a greater share of the value of transactions we complete. FY25 will be the last year of Normalisation.

Dividends are paid out of Normalised UNPATA, reflecting the commitment to ensuring shareholders are not negatively impacted during the warehouse transition period.

Turning now to the continued delivery of your Group Sustainability Strategy. Sustainability is an important component of MMS' broader strategy and aligns with the purpose of making a difference to people's lives.

MMS is playing a pivotal role in educating our Group Remuneration Services (GRS) and Asset Management Services (AMS) customers and supporting them to reduce their carbon footprint through the adoption of low and zero emissions vehicles. Since FY23 we have calculated the average emissions intensity (that is grams of tailpipe CO_2 emissions per kilometre) for our customer leased vehicles across GRS and AMS. In FY24 we saw tailpipe emissions reduce by 10% for GRS novated lease customers and by 5% for AMS fleet customers.

Your Company is also committed to reducing the carbon footprint of its own operations and we're pleased to report progress on our plan, with our net greenhouse gas emissions having reduced by

19% in FY24 on the prior year. All controllable office sites are powered by 100% renewable electricity with our Melbourne Central Towers office space achieving a 5.5-star NABERS energy rating.

As a provider of disability plan management and support services, the Group is committed to removing barriers for and improving the lives of people with disabilities. MMS has a partnership with Jigsaw Australia, a social enterprise that aims to transition people with disability into mainstream employment.

We are proud that our Morgan Stanley Capital International Environment, Social and Governance (ESG) Rating increased from A to AA during FY24.

I would like to formally thank my fellow non-executive Directors for their commitment and contribution to the Group over the past year. We have high calibre Board members with diverse skills and experience mix who work to support the interests of our shareholders.

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

We enter FY25 with businesses in large and growing markets that are well positioned to meet the challenges and capture the opportunities we see for MMS.

Thank you to all our customers and clients who entrust us as their trusted partner. We will continue to focus on enhancing quality and access to the important services we provide.

Thank you to our shareholders for your support of the Company.

I'll now pass over to our CEO and Managing Director Rob De Luca.

CEO Address – Rob De Luca

Slide 7 – Management presentation

Thankyou Helen. Good morning and welcome everyone.

It is a privilege to be here today as MMS CEO and Managing Director and present to you another year of growth for our Company.

In my presentation this morning, I will provide you with an overview of each of our continuing operations segments' financial and operating performance during FY24 and highlight our FY25 outlook and priorities.

Slide 8 – FY24 Business overview

FY24 was a year of growth and strategic execution for MMS, while helping more working Australians during a difficult year of cost-of-living pressures.

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

In GRS we saw growth in salary packages of 4.7% to 412,914. Strong novated lease sales combined with improvements to vehicle supply following several periods of constraint, saw total novated leases increase by 7.9% to 79,228.

FY24 saw demand for EVs continue to rise, with EVs accounting for 43.2% of our total new vehicle novated lease orders. This is more than double the percentage of the previous period.

EV sales comprised 41.0% of all new novated sales in the period, outperforming the 11.8% seen in the broader Australian passenger and SUV new sales market.

As announced during the period, Maxxia was unsuccessful in renewing its contact with the South Australia Government. While we are disappointed with this outcome, we maintain a large and diverse client base and continue to take appropriate actions to minimise the impact on future earnings.

The Asset Management Services (AMS) segment benefited from improved auto supply, with delivery of vehicles for the business buyer returning to pre-pandemic levels. This, combined with new business, contributed to a 4.9% increase in managed units to 15,074.

Our Plan and Support Services (PSS) segment performed well during the period via organic customer growth, with plan management and support coordination customers increasing by 10.3% to 35,030.

All three of our segments delivered organic growth in FY24.

Our GRS segment saw Normalised UNPATA growth of 53.7% to $80.7m. Our AMS segment achieved UNPATA of $19.1 million, an increase of 2.0% on FY23. While our PSS segment achieved UNPATA of $8.5 million, an increase of 6.4% on FY23.

We made strong progress during the period on our strategy and Simply Stronger program. Our strategic vision aims to position the Group as a trusted partner, providing solutions in making complex matters simple, with a clear focus on our three strategic priorities: excelling in customer experience, driving technology-enabled productivity, and broadening our competency-led solutions.

As part of our strategic priority of excelling in customer experience we are investing in digital capabilities to create a more seamless experience and enable greater self-service capability. This responds to our customers' desire for more control over their interactions with our businesses.

In our GRS segment, we launched our Employer Connect portal, strengthening our role as a trusted partner and leader in the management of employee benefits. This digital platform enables clients to easily track requests and securely access reporting, greatly simplifying what used to be a time-consuming process. The take up of our Employer Connect portal has been successful, with 96% of our clients having migrated to it at the end of FY24.

In May of this year we soft-launched Oly, a simple and digitised novated leasing solution that makes the benefits of a novated lease available to employees from small and medium sized businesses. These businesses are the backbone of Australia's economy, and their employees make up approximately 67% of the Australian workforce. In the past, there wasn't an easy mechanism for these millions of working Australians to access a novated lease. We calculate the size of this serviceable market to be approximately $160 million. Since our soft launch in May we've been encouraged by the interest in Oly with over 100,000 visitors to the brand's website in the first two months.

Capitalising on the EV opportunity also remains a key focus for the Group. With the introduction of our Oly proposition and new brands and models of EVs set to enter the Australian market, we are well positioned as a leader in novated leasing to play a pivotal role in facilitating Australia's uptake of zero and low emissions vehicles.

Another focus for us is to broaden our competency led solutions. On this front, we were pleased to introduce to our specialised AMS segment a new green funding product for zero and low emissions vehicles to support the uptake of EVs amongst business buyers.

A cornerstone of Simply Stronger is to drive technology-enabled productivity through modernising our IT infrastructure and implementing automation where suitable.

As a trusted partner and leader in plan management and support co-ordination, our PSS segment completed phase one of automating the invoicing process during FY24. This has resulted in a 26% increase in invoice processing efficiency since implementation. The migration of PSS onto a common telephony platform has also improved efficiency and enabled us to better monitor and manage performance.

We are pleased with the significant progress made on our Simply Stronger program in FY24 as we aim to deliver a superior digital experience and solutions for customers and create technology-enabled productivity.

Slide 9 – FY25 Outlook and focus

I will now turn to our FY25 outlook and focus.

Our outlook remains consistent with commentary provided with the FY24 results presentation.

We expect many of the market conditions experienced in FY24 to continue in FY25 including inflation, cost-of-living pressures and pricing competition.

We expect a continued increase in auto supply which has been consistent with our experience in Q1FY25 with new vehicle average delivery times reducing. This improvement in delivery times for novated lease customers is also reflected in the reduction in our carry over which still remain at elevated levels.

While EVs as a percentage of our new novated sales in Q1FY25 have remained at levels consistent with FY24, our experience has been similar to the broader new car market with an increase in plug-in hybrids.

We note that while 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 it by mid-2027. This benefit, combined with improvements in delivery times and the value proposition of novated leasing, has contributed to our new novated lease sales growth in Q1FY25 versus the prior comparative period outperforming the Australian passenger and SUV new car sales market.

We expect further updates from the Government on the implementation of the National Disability Insurance Scheme Amendment (Getting the NDIS Back on Track) Bill 2024 as it is implemented, as well as a full response to the NDIS Independent Review in December this year.

The update of October 3, 2024 specifies that NDIS participants can only spend their funds on approved items. This new definition clarifies what NDIS funds cover, preventing misuse. The Government is also introducing new registration requirements for providers, including platform providers, support coordinators, and supported independent living providers. These changes create a more transparent and accountable framework, ensuring higher standards across the sector.

We are supportive of these updates and feel we are well positioned to continue to help support the ongoing integrity and sustainability of the Scheme with a focus on preventing fraud and supporting participants access value for money. We will continue to engage with the NDIA, governments and sector on the reforms.

We will continue to pursue organic growth across all segments with the full roll out and promotion of Oly, which you may have seen, also helping us broaden our novated lease market and partnership reach.

Our Warehouse will continue to target approximately 20% of our novated lease volume (excluding Oly) through FY25, with an expected normalisation adjustment of ~$(9m), subject to market conditions. FY25 will be the last year of the normalisation adjustment with the warehouse to contribute incremental earnings post the normalisation period.

We will focus on completing our FY25 Simply Stronger program deliverables, with approximately $11m in capital expenditure allocated largely in H1FY25.

The program will deliver new digital solutions for our customers, providing superior experience and greater self-service capability. We will also progress the modernisation of our technology with the implementation of a digital enablement layer, improving consistency of experience across channels.

Finally, we will continue invest in and focus on our clear strategic priorities of excelling in customer experience, driving technology enabled productivity and broadening our competency led solutions.

MMS enters FY25 optimistic about the future and the prospects for long-term sustainable growth.

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

Thank you.