

Gross margin pressures offset slightly by higher revenue

Millennium Services Group Ltd (ASX:MIL) has provided an update on Q4 FY23 revenue, cash flow from operating activities, and the H2 FY23 gross margin. MIL delivered 8.0% (RaaS 9.6%) revenue growth in Q4 FY23 and 2.0% over FY23 on the back of new contract wins and wage inflation. Q4 FY23 cash flow turned positive with the group ending FY23 with just \$1.2m net debt. The H2 FY23 GP% came in below implied guidance and RaaS estimates at 14.4% against ~15.9% forecast, attributed to wage pressure in a tight labour market. While most contracts have an annual contract adjustment clause for wage increases, the timing and magnitude of recent award increases is proving difficult to manage. Given the 5.75% award wage increase due July 2023 we have lowered medium-term GP% assumptions by 60-70bps, but increased revenue assumptions by ~2%, resulting in medium-term EBITDA reductions of 6%-12%. MIL looks priced for such earnings, trading on 1.6x revised FY23f EV/EBITDA against an estimated peer average of 5.0x.

Business model

MIL is a human services business with a focus on the essential services of cleaning and security, bidding for predominantly long-term contracts that have annual contract adjustments to protect MIL from movements in labour resource costs. Additional volumes over and above those contracted can be gained from ad-hoc services, which represent ~10% of group revenue at a higher average margin. Satisfying contractual obligations utilising a vast workforce and procuring consumables for the jobs within the contracted price is key to profitability. Historically focusing on cleaning and security services within major shopping centres, MIL is looking to de-risk the retail exposure by moving into new sectors including aviation, aged care, education, and government. An increased focus on compliance (Fair Work, Modern Slavery Act and Labour Hire regulations), and utilising the ASX-listed nature of the business to demonstrate transparency in these important areas (which most large private companies can't achieve), will be keys in this push.

Accelerating revenue growth with gross margin pressure

New contract wins totalling ~\$25m-\$30m per annum drove an 8.0% increase in Q4 FY23 total revenue and 12.2% in contracted revenue. This compares to total growth of +3.5% in Q3 and +0.1% in Q2 as COVID-related ad-hoc revenue cycles out of the prior quarter numbers. Despite annual adjustment clauses in contracts for wage costs, the magnitude and timing of recent wage increases amid a tight labour market continues to impact gross margin. The H2 FY23 margin was 14.4%, up from the 14.2% in H1 FY23 but below implied guidance. The 5.75% increase in award wages from July 2023 is likely to see continued pressure on gross margin, offset slightly by higher revenues as costs are passed through. We have adjusted our EBITDA by 6%-12% over the forecast period and EPS by ~25% on depreciation and interest.

Relative EV/EBITDA implies a \$0.80/share valuation

Our assessed peer group average FY23f EV/EBITDA multiple implies a \$0.80/share valuation using MIL's FY23 estimates (5.0x EV/EBITDA), down from \$1.05/share. We see no reason why this business does not deserve multiples closer to the peer average given average contract length (three-five years), relatively low working capital, low capex intensity and market consolidation opportunities. To sense check, our DCF valuation is \$0.95/share.

Historical earnings and RaaS' estimates (in A\$m unless otherwise stated)

Year end	Adj. revenue	Adj. EBITDA	NPAT rep.	EPS adj. (c)	P/E (x)	EV/Adj. EBITDA
06/21a	273.7	11.6	2.2	0.07	3.4	1.0
06/22a	260.6	11.1	2.3	0.09	2.9	1.4
06/23f	265.9	7.9	0.6	0.03	8.6	1.6
06/24f	288.1	10.8	3.0	0.07	3.8	1.1

Source: Company data, RaaS estimates for FY23f and FY24f

Human Services

28 July 2023

Share Details

ASX code	MIL
Share price (27-Jul)	\$0.25
Market capitalisation	\$11.5M
Shares on issue	45.9M
Net debt at 30-Jun-23 (excl. debtor finance)	\$1.2M
Free float	~31.5%

Share Performance



Upside Case

- Converting a portion of the tender pipeline
- Successfully diversify industry exposure to include government, education and aged care
- EPS accretive/complementary acquisitions

Downside Case

- Competitive margin pressures re-emerge
- Sizable contract loss
- Timing of wages growth vs contracts clauses

Board of Directors

Darren Perry	Chairman
Royce Galea	CEO
Rohan Garnett	Non-Executive Director

Company Contacts

Royce Galea (CEO) +61 412 660 006
royce.galea@millenniumsg.com

RaaS Contacts

John Burgess* +61 410 439 723
john.burgess@raasgroup.com
Finola Burke +61 414 354 712
finola.burke@raasgroup.com

*The author owns shares

Q4 FY23 Quarterly Highlights

Revenue

- **Total revenue growth was 8.0%**, a further improvement on the 3.5% posted in Q3 FY23 and 0.1% in Q2 as the group cycles lower ad-hoc revenues with new contract wins.
- **Underlying contract revenue growth** was ~+12.2% on the back of a number of new contract wins including ISPT, Newcastle Airport and JVL Investment Group, and wage inflation.
- **Contract/ad-hoc revenue mix back to 92%/8%** against the pcp of 89%/11% as COVID-related security work cycles out.
- **H2 FY23 revenue of \$136.2m** in-line with RaaS estimate of \$137.2m.

Exhibit 1: MIL quarterly revenue history (in A\$m unless otherwise stated)

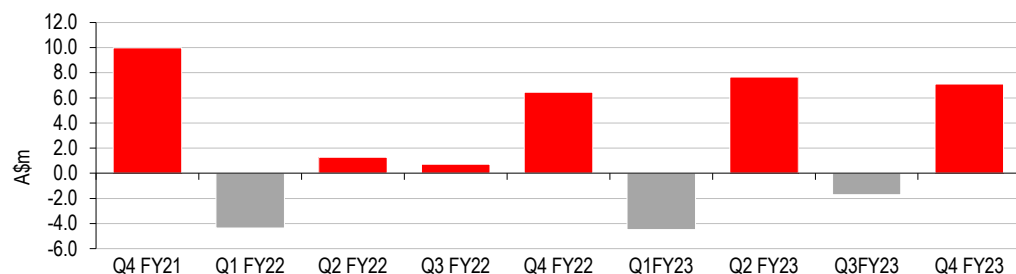
	Q4 FY22	Q1 FY23	Q12FY23	Q3 FY23	Q4 FY23
Revenue	62.9	63.3	66.2	68.2	68.0
Contract	55.9	58.2	60.2	62.4	62.7
Ad-hoc	7.0	5.1	6.0	5.8	5.3
% growth					
Contract	(6.9)	4.1	9.9	12.6	12.2
Total	(9.1)	(3.5)	0.1	3.5	8.0
Mix (%)					
Contract	89	92	91	91	92
Ad-hoc	11	8	9	9	8

Source: Company announcements

Cash flow from operating activities

- **Positive cash flow of \$7.1m delivered in Q4 FY23**, and \$5.4m over H2 FY23. MIL's quarterly cash-flow numbers are volatile quarter-to-quarter due to the timing of fortnightly wage payments as the chart below demonstrates.

Exhibit 2: MIL quarterly cash-flow history



Source: Company announcements

- **Net debt (excluding \$2.4m in trade financing) of \$1.2m.** The current finance facility has been extended to February 2024, and the group has \$16.0m in unused debt facilities.
- **H2 FY23 RaaS adjusted EBITDA forecast now \$5.1m, down from \$6.8m** using the data disclosed in the Q4 FY23 4C as a guide for the P&L, impacted by lower-than-forecast gross margins.

Gross margin

Despite contract clauses allowing labour cost adjustments, the timing and magnitude of recent wage increases is proving difficult to manage and has resulted in H2 FY23 gross margin below guidance/estimates.

Key observations around gross margin include:

- **14.0% H1 FY23 margin**, which compared to 15.9% in the pcp, which was aided by higher margin ad-hoc revenue;
- **14.4% H2 FY23 margin**, which compared to 14.6% in the pcp but below the implied ~15.5%-16.0% margin in the FY23 guidance of 15%.

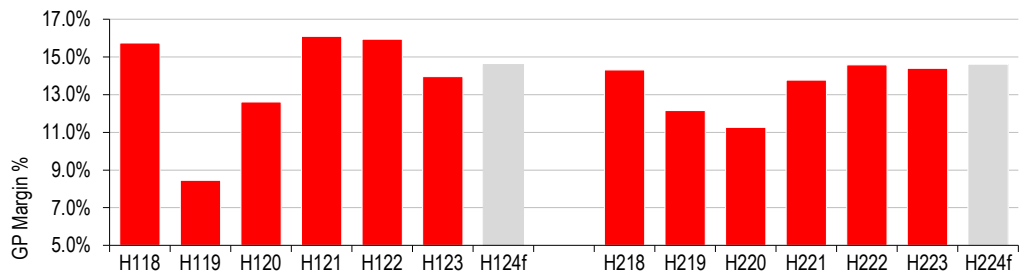
New contract wins in a tight labour market has resulted in higher than forecast labour costs. MIL is not alone in this area with (ASX:DOW) and (ASX:ASH) experiencing similar issues;

- **FY23 margin of 14.2%**, 110bps below the FY22 margin of 15.3%;
- **Given the 5.75% award wage increase effective July 2023** we expect some timing issues in passing this increase through to contracted clients, and as a result have assumed gross margin 60-70bps below previous forecast at 14.6% for FY24.

Offsetting this somewhat is an increase in revenue assumptions by ~2% as a result of the wage increases.

A history of half-yearly gross margins and forecasts for FY24 is presented below.

Exhibit 3: MIL gross margin history/forecast



Source: Company announcements and RaaS estimates

Resulting earnings revisions are summarised below, with ~2% revenue increases associated with wage increases, EBITDA reductions of 6%-12% due to lower gross margin assumptions and NPAT reductions of 23%-42% due to lower gross margin assumptions, higher depreciation and higher interest expense.

Exhibit 4: RaaS MIL earnings adjustments (in A\$m unless stated)

Variable	FY23f	FY24f	FY25f	FY26f	Comments
Revenue					
Previous	266.8	281.8	293.1	301.9	
Revised	265.9	288.1	299.6	308.6	
% CHG	(0.4)	2.2	2.2	2.2	Wage increases
Adj. EBITDA					
Previous	9.6	12.3	12.8	12.9	
Revised	7.9	10.8	11.8	12.2	
% CHG	(18.1)	(11.6)	(7.7)	(5.9)	60-70bps lower GP%
Adj. NPAT					
Previous	2.8	5.2	5.9	6.0	
Revised	1.3	3.0	4.1	4.6	GP% + Depn + Interest
% CHG	(51.8)	(41.9)	(29.6)	(23.0)	

Source: Company announcements and RaaS estimates

Relative Peer Group Valuation

We compare MIL to other listed small-cap players that rely heavily on human resources and to a lesser extent equipment to deliver their services to typically larger clients.

The table below summarises forecast FY23 metrics across a wide range of variables together with a range of FY22 actual variables.

MIL currently trades at a material (67%) discount to the FY23f EV/EBITDA peer average of 5.0x despite generally longer contract terms, similar gross margins, and lower working capital/capex requirements.

Exhibit 5: Peer group financial comparison – FY22a (in A\$m unless otherwise stated)

Company name	Ticker	Share price (cps)	Mkt. cap.	Net debt (cash) (Dec-22)	Adj. FY23f EBITDA	FY23f revenue	GP%	FY22 Working capital/sales %	EV/Sales (x)	EV/EBITDA
GR Engineering	GNG	2.20	341	(97.8)	40.0	515	12	(1)	0.47	6.1
PeopleIn	PPE	2.33	234	45.7	62.7	1,215	15	8	0.23	4.5
Licopodium	LYL	10.00	397	(99.4)	64.9	321	27	10	0.93	4.6
Southern Cross Electrical	SXE	0.67	174	(53.1)	35.3	450	16	7	0.27	3.4
Ashley Services	ASH	0.70	101	3.6	24.1	530	16	5	0.20	4.3
MCS Services	MCS	0.02	5	0.1	0.7	40	17	3	0.12	7.1
AVERAGE							17	6	0.37	5.0
Millennium	MIL	0.25	11	1.5	7.9	266	14	1	0.05	1.6

Sources: Company financials, Refinitiv, RaaS estimates

Outlook And Investment Case

- The group operates in markets worth an estimated \$11.7b (cleaning) and \$9.8b (investigation and security services), according to IBISWorld. In the cleaning business (~83% of MIL revenue) MIL has less than 2% market share in a market where the top-four largest players have less than 10% of the market, offering significant market-share opportunities.
- The group's growth strategy will look to use the current balance sheet, ASX listing and trading history to increase "value-add" services, participate in industry rationalisation, and use technology such as rostering and traffic-flow systems and robotics to improve operating efficiencies.
- The acquisition of 49% of Codee Cleaning Services in December 2021 overlays industry consolidation with an increasing focus on ESG.
- Net debt was just \$1.2m as at June 2023 (excluding trade finance), providing a solid base from which to grow and/or acquire while looking at capital management options. MIL has undrawn banking facilities of \$16m.
- Gross margin has been under pressure from timing issues associated with significant award wage increases in recent years. As a result gross margin is currently below targeted levels of ~15%-16%, providing some upside when wage pressures ease.
- A change in debt covenants paves the way for the resumption of dividends. Based on FY23 RaaS adjusted EPS forecasts, a 50% pay-out ratio at current prices would imply a dividend yield of 6%.
- Recent M&A transactions of similar businesses add valuation support to MIL, namely the 75% purchase of Linc Personnel by Ashley Services for 3.4x EBITDA, and the 100% acquisition of BIC by Bidvest for ~8.8x EBITDA.

Exhibit 6: Financial Summary (in A\$m unless otherwise stated)

Millennium Services (ASX.MIL)						Share price (26 July 2023)						A\$	0.250				
Profit and Loss (A\$m)						Interim (A\$m)						H122A	H222A	H123A	H223F	H124F	H224F
Y/E 30 June	FY20A	FY21A	FY22A	FY23F	FY24F	Revenue	131.7	128.9	129.6	136.2	143.0	145.1					
Revenue	257.3	273.7	260.6	265.9	288.1	EBITDA	6.7	4.4	2.8	5.1	4.8	6.0					
Gross profit	30.8	40.8	39.8	37.7	41.8	EBIT	4.4	2.2	0.6	3.0	2.9	3.4					
GP margin %	12.0%	14.9%	15.3%	14.2%	14.5%	NPAT (normalised)	2.7	1.0	(0.1)	1.4	1.4	1.5					
Underlying EBITDA	4.0	11.6	11.1	7.9	10.8	Minorities (AT)	0.0	0.1	0.1	0.1	0.1	0.1					
Depn	(5.9)	(4.9)	(4.6)	(4.3)	(4.5)	NPAT (reported)	1.9	0.2	(0.7)	1.3	1.4	1.5					
Minorities (AT)	0.0	0.0	0.1	0.1	0.1	EPS (normalised)	0.041	0.005	(0.016)	0.029	0.030	0.032					
EBIT	(1.9)	6.8	6.7	3.7	6.5	EPS (reported)	0.041	0.005	(0.016)	0.029	0.030	0.032					
Interest	(3.2)	(1.8)	(1.2)	(1.9)	(2.2)	Dividend (cps)	0.000	0.000	0.000	0.000	0.000	0.020					
Tax	5.3	(1.6)	(1.6)	(0.5)	(1.2)	Imputation											
NPAT (adj)	0.3	3.4	3.9	1.3	3.0	Operating cash flow	na	na	na	na	na	na					
Adjustments	1.7	(1.2)	(1.6)	(0.7)	0.0	Free Cash flow	na	na	na	na	na	na					
NPAT	2.0	2.2	2.3	0.6	3.0	Divisionals	H122A	H222A	H123A	H223F	H124F	H224F					
Abnormals (net)	14.5	15.2	0.0	0.0	0.0	Cleaning	99.6	103.5	107.7	114.7	119.6	122.2					
NPAT (reported)	16.5	17.4	2.3	0.6	3.0	Security	32.1	25.3	21.9	21.5	23.4	22.9					
Cash flow (A\$m)						(Other)	-	-	-	-	-	-					
Y/E 30 June	FY20A	FY21A	FY22A	FY23F	FY24F	T Total Revenue	131.7	128.9	129.6	136.2	143.0	145.1					
EBITDA (inc cash rent/JK)	19.4	29.3	10.0	6.8	9.7	Gross profit	21.0	18.8	18.1	19.6	20.7	21.1					
Interest	(3.2)	(1.8)	(1.2)	(1.9)	(2.2)	Underlying GP Margin %	15.9%	14.6%	14.0%	14.4%	14.5%	14.5%					
Tax	0.5	(0.1)	(2.4)	(2.9)	(1.2)	Operating Costs											
Working capital changes	(16.6)	12.9	(1.6)	4.1	(1.9)	Employment	8.8	8.9	9.7	9.0	10.1	9.4					
Operating cash flow	0.1	40.3	4.8	6.1	4.3	Other	5.5	5.5	5.6	5.5	5.8	5.7					
Mtce capex	(2.2)	(2.2)	(1.8)	(2.6)	(2.4)	Exceptional	-	-	-	-	-	-					
Free cash flow	(2.1)	38.1	3.0	3.5	1.9	Total costs	14.3	14.4	15.3	14.5	15.9	15.1					
Growth capex	0.0	0.0	0.0	0.0	0.0	EBITDA	6.7	4.4	2.8	5.1	4.8	6.0					
Acquisitions/Disposals	0.0	0.0	0.0	0.0	0.0	EBITDA margin %	5.1%	3.4%	2.2%	3.7%	3.4%	4.1%					
Other	(1.7)	(2.1)	(2.2)	(1.0)	(1.0)	Margins, Leverage, Returns		FY20A	FY21A	FY22A	FY23F	FY24F					
Cash flow pre financing	(3.8)	36.0	0.8	2.5	0.9	EBITDA margin %		1.6%	4.3%	4.3%	3.0%	3.8%					
Equity	0.0	0.0	0.0	0.0	0.0	EBIT margin %		(0.7%)	2.5%	2.6%	1.4%	2.2%					
Debt drawdown/(repay)	1.6	(21.4)	(2.0)	(1.2)	(1.0)	NPAT margin (pre significant items)		0.8%	0.8%	0.9%	0.2%	1.0%					
Net Dividends paid	0.0	0.0	0.0	0.0	0.0	Net Debt (Cash)		34.6	0.3	4.0	1.5	0.7					
Net cash flow for year	(2.2)	14.6	(1.2)	1.3	(0.1)	Net debt/EBITDA (x)	(x)	8.6 x	0.0 x	0.4 x	0.2 x	0.1 x					
Balance sheet (A\$m)						ND/ND+Equity (%)	(%)	63.5%	11.5%	111.7%	329.8%	(42.8%)					
Y/E 30 June	FY20A	FY21A	FY22A	FY23F	FY24F	EBIT interest cover (x)	(x)	n/a	0.3x	0.2x	0.5x	0.3x					
Cash	1.8	7.3	1.9	3.2	3.0	ROA		(6.0%)	11.6%	13.1%	7.7%	12.7%					
Accounts receivable	29.8	18.0	17.3	15.6	18.0	ROE		nm	nm	nm	nm	nm					
Inventory	1.2	1.1	1.2	1.3	1.4	ROIC		nm	nm	nm	nm	nm					
Other current assets	2.6	2.3	1.9	5.2	6.3	NTA (per share)		-0.60	-0.21	-0.15	-0.14	-0.11					
Total current assets	35.5	28.8	22.3	25.2	28.6	Working capital		14.8	1.9	3.5	-0.6	1.4					
PPE	8.6	7.0	6.8	6.2	5.2	WC/Sales (%)		5.7%	0.7%	1.3%	(0.2%)	0.5%					
Goodwill	7.5	7.5	7.5	7.5	7.5	Revenue growth		(12.7%)	6.4%	(4.8%)	2.0%	8.4%					
Right of use asset	2.9	3.0	1.7	1.7	1.7	EBIT growth pa		nm	(463.7%)	(1.1%)	(44.0%)	72.4%					
Deferred tax asset	7.4	8.5	7.8	7.8	7.8	Pricing			FY20A	FY21A	FY22A	FY23F	FY24F				
Equity accounted Investee	0.0	0.0	1.3	1.3	1.3	No of shares (yle)	(m)	45.9	45.9	45.9	45.9	45.9					
Total non current assets	26.4	26.0	25.0	24.4	23.4	Weighted Av Dil Shares	(m)	45.9	45.9	45.9	45.9	45.9					
Total Assets	61.9	54.9	47.4	49.7	52.1	EPS Reported	cps	0.359	0.379	0.049	0.014	0.066					
Accounts payable	16.3	17.3	15.0	17.4	17.9	EPS Adjusted	cps	0.006	0.074	0.085	0.029	0.066					
Short term debt	36.4	5.5	4.7	3.5	2.5	EPS growth (norm/dil)		nm	nm	14%	-66%	127%					
Provisions	22.4	22.6	20.0	20.4	22.1	DPS	cps	0.000	0.000	0.000	0.000	0.020					
Lease liabilities/other	0.8	5.5	3.4	3.4	3.4	DPS Growth		n/a	n/a	n/a	n/a	n/a					
Total current liabilities	76.0	50.9	43.1	44.7	45.9	Dividend yield		0.0%	0.0%	0.0%	0.0%	8.0%					
Long term debt	0.0	2.1	1.2	1.2	1.2	Dividend imputation		30	30	30	30	30					
Other non current liabs	5.8	4.1	2.7	2.7	2.7	PER Adjusted (x)		nm	3.4	2.9	8.6	3.8					
Total long term liabilities	5.8	6.2	3.9	3.9	3.9	PE market		15	15	15	15	15					
Total Liabilities	81.8	57.1	47.0	48.6	49.8	Premium/(discount)		nm	(77.6%)	(80.4%)	(42.6%)	(74.7%)					
Net Assets	(19.9)	(2.3)	0.4	1.1	2.3	EV/EBITDA		11.4	1.0	1.4	1.6	1.1					
Share capital	19.0	19.1	19.1	19.1	19.1	FCF/Share	cps	-4.5	83.0	4.9	7.7	4.2					
Reserves	(8.5)	(8.3)	(7.9)	(7.9)	(7.9)	Price/FCF share		-5.5	0.3	5.1	3.3	5.9					
Retained Earnings	(30.3)	(13.1)	(10.8)	(10.1)	(8.9)	Free Cash flow Yield		(18.1%)	332.1%	19.6%	30.6%	16.9%					
Minorities	0.0	0.0	0.0	0.0	0.0												
Total Shareholder funds	(19.9)	(2.4)	0.4	1.0	2.2												

Source: RaaS estimates



FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

ABN 92 168 734 530

AFSL 456663

Effective Date: 6th May 2021

About Us

BR Securities Australia Pty Ltd (BR) is the holder of Australian Financial Services License ("AFSL") number 456663. RaaS Advisory Pty Ltd (RaaS) is an Authorised Representative (number 1248415) of BR.

This Financial Service Guide (FSG) is designed to assist you in deciding whether to use RaaS's services and includes such things as

- who we are
- our services
- how we transact with you
- how we are paid, and
- complaint processes

Contact Details, BR and RaaS

BR Head Office: Suite 5GB, Level 5, 33 Queen Street, Brisbane, QLD, 4000

RaaS. 20 Halls Road Arcadia, NSW 2159

P: +61 414 354712

E: finola.burke@raasgroup.com

RaaS is the entity providing the authorised AFSL services to you as a retail or wholesale client.

What Financial Services are we authorised to provide? RaaS is authorised to

- provide general advice to retail and wholesale clients in relation to
 - Securities
- deal on behalf of retail and wholesale clients in relation to
 - Securities

The distribution of this FSG by RaaS is authorized by BR.

Our general advice service

Please note that any advice given by RaaS is general advice, as the information or advice given will not take into account your particular objectives, financial situation or needs. You should, before acting on the advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Prospectus, Product Disclosure Statement or like instrument. As we only provide general advice we will not be providing a Statement of Advice. We will provide you with recommendations on securities

Our dealing service

RaaS can arrange for you to invest in securities issued under a prospectus by firstly sending you the offer document and then assisting you fill out the application form if needed.

How are we paid?

RaaS earns fees for producing research reports. Sometimes these fees are from companies for producing research reports and/or a financial model. When the fee is derived from a company, this is clearly highlighted on the front page of the report and in the disclaimers and disclosures section of the report.

We may also receive a fee for our dealing service, from the company issuing the securities.

Associations and Relationships

BR, RaaS, its directors and related parties have no associations or relationships with any product issuers other than when advising retail clients to invest in managed funds when the managers of these funds may also be clients of BR. RaaS's representatives may from time to time deal in or otherwise have a financial interest in financial products recommended to you but any material ownership will be disclosed to you when relevant advice is provided.

Complaints

If you have a complaint about our service you should contact your representative and tell them about your complaint. The representative will follow BR's internal dispute resolution policy, which includes sending you a copy of the policy when required to. If you aren't satisfied with an outcome, you may contact AFCA, see below. BR is a member of the Australian Financial Complaints Authority (AFCA). AFCA provide fair and independent financial services complaint resolution that is free to consumers.

Website: www.afca.org.au; Email: info@afca.org.au; Telephone: 1800931678 (free call)

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

Professional Indemnity Insurance

BR has in place Professional Indemnity Insurance which satisfies the requirements for compensation under s912B of the Corporations Act and that covers our authorized representatives.

DISCLAIMERS and DISCLOSURES

This report has been commissioned by Millennium Services Group Ltd and prepared and issued by RaaS Advisory Pty Ltd. RaaS Advisory has been paid a fee to prepare this report. RaaS Advisory's principals, employees and associates may hold shares in companies that are covered and, if so, this will be clearly stated on the front page of each report. This research is issued in Australia by RaaS Advisory and any access to it should be read in conjunction with the Financial Services Guide on the preceding two pages. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable. Opinions contained in this report represent those of the principals of RaaS Advisory at the time of publication. RaaS Advisory provides this financial advice as an honest and reasonable opinion held at a point in time about an investment's risk profile and merit and the information is provided by the RaaS Advisory in good faith. The views of the adviser(s) do not necessarily reflect the views of the AFS Licensee. RaaS Advisory has no obligation to update the opinion unless RaaS Advisory is currently contracted to provide such an updated opinion. RaaS Advisory does not warrant the accuracy of any information it sources from others. All statements as to future matters are not guaranteed to be accurate and any statements as to past performance do not represent future performance.

Assessment of risk can be subjective. Portfolios of equity investments need to be well diversified and the risk appropriate for the investor. Equity investments in listed or unlisted companies yet to achieve a profit or with an equity value less than \$50 million should collectively be a small component of a balanced portfolio, with smaller individual investment sizes than otherwise.

The science of climate change is common knowledge and its impacts may damage the global economy. Mitigating climate change may also disrupt the global economy. Investors need to make their own assessments and we disclaim any liability for the impact of either climate change or mitigating strategies on any investment we recommend.

Investors are responsible for their own investment decisions, unless a contract stipulates otherwise. RaaS Advisory does not stand behind the capital value or performance of any investment. Subject to any terms implied by law and which cannot be excluded, RaaS Advisory shall not be liable for any errors, omissions, defects or misrepresentations in the information (including by reasons of negligence, negligent misstatement or otherwise) or for any loss or damage (whether direct or indirect) suffered by persons who use or rely on the information. If any law prohibits the exclusion of such liability, RaaS Advisory limits its liability to the re-supply of the Information, provided that such limitation is permitted by law and is fair and reasonable. Copyright 2023 RaaS Advisory Pty Ltd (A.B.N. 99 614 783 363). All rights reserved.