Millennium Services Group Ltd

FY23 Result & Outlook

Dividends to resume, forecast 10% yield at current price

Human Services

24 August 2023

Millennium Services Group Ltd (ASX:MIL) has reported its FY23 result and provided guidance for FY24 which is above current RaaS estimates and includes the likely resumption of dividend payments. As already reported, revenue growth was 2.0% over FY23 but contracted revenue exited Q4 FY23 at 12.0% and is expected to remain around this rate in FY24 on the back of new contract wins and wage inflation, driving revenue to $300m-$305m. Adjusted FY23 EBITDA declined 29% to $7.9m on the back of labour pressures impacting the GP% line manly in H1 (-58%). H2 FY23 EBITDA increased 15%, supporting the much-improved EBITDA guidance for FY24 of $12.2m-$13.2m which implies material growth on FY23 and, together with notional balance sheet debt, supports the resumption of dividend payments. We estimate a 10% yield at a ~30% payout ratio in FY24 based on the guidance range. On FY24 estimates MIL is on an EV/EBITDA multiple of 1.4x against an estimated peer average for FY23 of 4.8x.

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.

Higher revenue/EBITDA guidance and the return of dividends

The 12.2% increase in contracted revenue for Q4 FY23 is expected to continue into FY24 on the back of new contract wins, material contract extensions and the impacts of wage inflation. Leverage from this revenue growth off a relatively fixed cost base is forecast to see EBITDA in a range of $12.2m-$13.2m, at least 55% ahead of FY23. Supporting this guidance is growth in EBITDA over H2 FY23 on the pcp (+15%) and the cycling of a poor H1 FY23 where EBITDA declined 58%. Management has signalled an intention to resume dividend payments at a 30%-40% payout ratio, implying a yield of 10%-13% using RaaS estimates. Supporting the medium-term is a $900m contracted order book, 3x FY24 revenue.

Relative EV/EBITDA implies a $1.25/share valuation

Our assessed peer group average FY23f EV/EBITDA multiple of 4.8x implies a $0.75/share valuation using MIL's FY23 actuals and $1.25 using RaaS FY24 estimates. 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 $1.15/share.

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

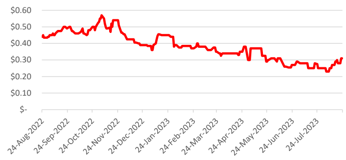
Year end	Revenue	Adj. EBITDA	NPAT adj.	P/E adj. (x)	EV/adj EBITDA (x)	Yield (%)
06/22a	260.6	11.1	3.9	3.6	1.6	0
06/23a	265.8	7.9	1.4	10.1	2.2	0
06/24f	301.0	12.6	4.3	3.3	1.3	9.7
06/25f	313.0	13.7	5.4	2.7	0.9	12.9

Source: Company data, RaaS estimates for FY24f and FY25f

Share Details

ASX code	MIL
Share price (21-Aug)	$0.31
Market capitalisation	$14.2M
Shares on issue	45.9M
Net debt at 30-Jun-23 (excl. debtor finance)	$1.2M
Free float	~31.5%

Share Performance



Upside Case

- New contract wins
- 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

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FY23 Result Highlights

Revenue

- **Total revenue growth was 2.0% but improved through the year** as the group cycled lower ad-hoc revenue with new contract wins. H1 FY23 revenue declined 1.6% against H2 growth of 5.7%. Quarterly growth reached 8.0% in Q4 and is forecast to accelerate in FY24.
- **Underlying contract revenue** growth was ~+9.7% over FY23 on the back of a number of new contract wins including ISPT, Newcastle Airport and JVL Investment Group, together with wage inflation. Growth accelerated through the year with H1 +7.0% and H2 +12.4%.
- **Contract/ad-hoc revenue mix was back to 92%/8% in FY23** against the pcp of 85%/15% as COVID-related security work cycled out of the numbers**.**
- **Cleaning revenue increased 8.7% over FY23 while security revenue declined 21.7%** due to the decline in ad-hoc work.

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

	Q4 FY22	Q1 FY23	Q2 FY23	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					
Contracted	(6.9)	4.1	9.9	12.6	12.2
Total	(9.1)	(3.5)	0.1	3.5	8.0
Mix (%)					
Contracted	89	92	91	91	92
Ad-hoc	11	8	9	9	8

Source: Company announcements

Gross margin

Despite contract clauses allowing labour cost adjustments, the timing and magnitude of recent wage increases proved difficult to manage and resulted in FY23 gross margin below guidance and the pcp. Key observations around gross margin include:

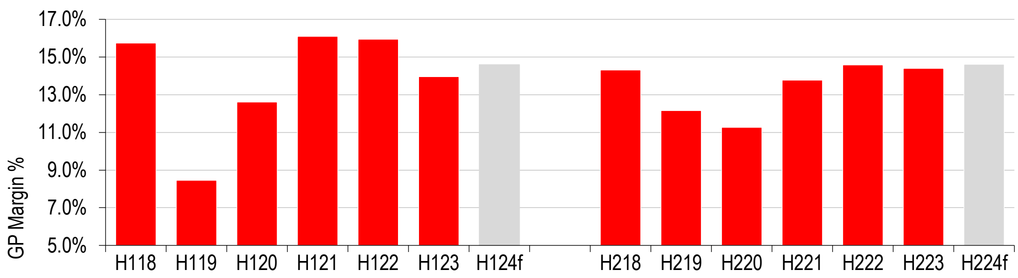
- **14.0% H1 FY23 margin,** which compared to 15.9% in the pcp, which was aided by higher margin ad-hoc revenue;
- **14.4% H2 FY23 margin,** which compared to 14.6% in the pcp but below prior guidance.

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

- **FY23 margin of 14.2%,** 110bps below the FY22 margin of 15.3%;

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

Exhibit 2: MIL gross margin history/forecast



Source: Company announcements and RaaS estimates

Operating costs

Operating costs were well managed, increasing just 4.0% on an adjusted basis despite wage pressures and investment into new business development heads.

Adjusted EBITDA

Most of the 29% decline in adjusted FY23 EBITDA (to $7.9m) was experienced in H1 with adjusted EBITDA down 58% (from $6.7m to $2.8m), impacted by the negative operating leverage of lower gross margins in Q1 (timing issues in putting through labour cost increases) and higher operating costs associated with new business development heads.

H2 FY23 EBITDA increased 15% (from $4.4m to $5.1m) on the back of operating leverage from new contract wins and wage cost recoupment.

49%-owned Codee Cleaning Services delivered ~56% growth in NPAT to $0.42m (EBITDA of ~$560k), resulting in an increase in minorities for MIL and a first-time dividend payment of $196k.

Exhibit 3: MIL FY23 underlying earnings summary

Variable (A$000')	FY22	FY23	% CHG	Comments
Sales	**260.6**	**265.8**	**2**	**Accelerated through the year**
Cleaning	203.2	220.8	9	
Security	57.4	45.0	(22)	
Gross profit	**39.8**	**37.7**	**(5)**	**Tight labour market impacting H1**
GP%	15.3	14.2	(107)	
Operating costs	28.6	29.8	4	
EBITDA	**11.1**	**7.9**	**(29)**	**$2.8m H1 (-58%) and $5.1m H2 (+15%)**
Depreciation	4.6	4.4	(3)	
EBIT	**6.6**	**3.5**	**(47)**	
Minorities	0.1	0.2		
Adjustments	(1.6)	(0.8)		
Adjusted NPAT	**3.8**	**1.2**	**(69)**	
Reported NPAT	2.3	0.6		
Net debt (inc-invoice facility)	4.0	3.3	(17)	

Source: Company announcements

FY24 Outlook

Management has provided some detailed guidance with a relatively narrow range for FY24 across several line items which we discuss below.

- **Revenue** guidance is for $300m-$305m, implying 12.8%-14.8% growth and 4.5% above prior RaaS estimates, which were only recently upgraded by ~2.0%.

  New contract wins (including Amazon, Baby Bunting, new security contracts and first-time business in Darwin), material contract extensions ($310m) and wage inflation/cost put-throughs are all key reasons for this growth. Importantly, 95% of the forecast revenue is contracted for FY24.

- **Gross margin.** While no explicit guidance was provided, given the 5.75% award wage increase effective July 2023 we expect some pressure in passing this increase through to contracted clients in full, and as a result have assumed a gross margin just 30bps above FY23 at 14.6%.
- **Operating costs**. In-line with FY23 we have assumed a 4.0% increase in operating costs, with management focused on delivering operational leverage.
- **EBITDA guidance as a result is $12.2m-$13.2m**, again a relatively narrow range and implying underlying growth of 54%-67%, which is above prior RaaS estimates.
- **Interest expense** remains elevated despite low debt levels due to the invoice financing facility.
- **Codee (Minorities).** We have assumed Codee contributes at a similar level to FY23.
- **Dividends set to resume in FY24** at 30%-40% of sustainable NPAT. Using RaaS estimates for NPAT of $4.4m, a 30% payout implies a dividend of 3cps implying a yield of 10% at the current share price.

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

Variable	FY23a	FY24f	FY25f	FY26f	Comments
Revenue					
Previous	265.9	288.1	299.6	308.6	
Revised	265.8	301.0	313.1	322.5	Further new contracts
% CHG	0.0	4.5	4.5	4.5	
Adj. EBITDA					
Previous	7.9	10.8	11.8	12.2	
Revised	7.9	12.6	13.7	14.1	
% CHG	0.0	16.6	15.9	15.9	Operating leverage
Adj. NPAT					
Previous	1.3	3.0	4.1	4.6	
Revised	1.4	4.4	5.4	5.9	
% CHG	5.2	43.9	30.2	29.7	

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. We also provide MIL FY24 estimates given the magnitude of forecast EBITDA uplift.

MIL currently trades at a material (55%) discount to the FY23f EV/EBITDA peer average of 4.8x despite generally longer contract terms, similar gross margin, and lower working capital/capex requirements.

This discount increases to 70% if we use forecast MIL FY24 metrics against peer FY23 metrics.

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	2.24	347	(97.8)	40.0	515	12	(1)	0.48	6.2
PeopleIn	PPE	2.30	231	45.7	62.7	1,215	15	8	0.23	4.4
Licopodium	LYL	9.28	368	(99.4)	64.9	321	27	10	0.84	4.1
Southern Cross Electrical	SXE	0.68	177	(53.1)	35.3	450	16	7	0.27	3.5
Ashley Services	ASH	0.67	96	3.6	24.1	530	16	5	0.19	4.1
BSA Limited	BSA	0.58	41	2.0	14.8	240	11	(1)	0.18	2.9
MCS Services	MCS	0.03	6	0.1	0.7	40	17	3	0.14	8.2
AVERAGE							**16**	**5**	**0.33**	**4.8**
Millennium (FY23a)	MIL	0.31	14	3.3	7.9	266	14	1	0.07	2.2
Millennium (FY24f)	MIL	0.31	14	3.3	12.6	301	14	1	0.06	1.4

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, with Codee performing exceptionally well in FY23.
- 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 (4.8% in FY22 and 5.75% in FY23) but recent guidance suggests this is being worked through with key clients under contracted cost pass-through clauses.
- A change in debt covenants, strong balance sheet and improved earnings paves the way for the resumption of dividends in FY24. A 30%-40% pay-out ratio at current prices would imply a dividend yield of between 10%-13% using RaaS estimates.
- 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)					
Profit and Loss (A$m)					
Y/E 30 June	**FY21A**	**FY22A**	**FY23A**	**FY24F**	**FY25F**
Revenue	273.7	260.6	265.8	301.0	313.0
Gross profit	40.8	39.8	37.7	43.6	45.6
GP margin %	14.9%	15.3%	14.2%	14.5%	14.6%
Underlying EBITDA	11.6	11.1	7.9	12.6	13.7
Depn	(4.9)	(4.6)	(4.3)	(4.5)	(4.3)
Minorities (AT)	0.0	0.1	0.2	0.2	0.2
EBIT	6.8	6.7	3.8	8.3	9.6
Interest	(1.8)	(1.2)	(1.9)	(2.2)	(2.0)
Tax	(1.6)	(1.6)	(0.5)	(1.8)	(2.2)
NPAT (adj)	**3.4**	**3.9**	**1.4**	**4.3**	**5.4**
Adjustments	(1.2)	(1.6)	(0.8)	0.0	0.0
NPAT	**2.2**	**2.3**	**0.6**	**4.3**	**5.4**
Abnormals (net)	15.2	0.0	0.0	0.0	0.0
NPAT (reported)	**17.4**	**2.3**	**0.6**	**4.3**	**5.4**
Cash flow (A$m)					
Y/E 30 June	**FY21A**	**FY22A**	**FY23A**	**FY24F**	**FY25F**
EBITDA (inc cash rent/JK)	29.3	10.0	6.8	11.5	12.5
Interest	(1.8)	(1.2)	(1.9)	(2.2)	(2.0)
Tax	(0.1)	(2.4)	(2.9)	(1.8)	(2.2)
Working capital changes	12.9	(1.6)	3.8	(2.0)	(0.1)
Operating cash flow	**40.3**	**4.8**	**5.9**	**5.6**	**8.3**
Mtce capex	(2.2)	(1.8)	(2.6)	(2.4)	(2.3)
Free cash flow	**38.1**	**3.0**	**3.3**	**3.2**	**6.0**
Growth capex	0.0	0.0	0.0	0.0	0.0
Acquisitions/Disposals	0.0	0.0	0.0	0.0	0.0
Other	(2.1)	(2.2)	(1.5)	(1.0)	(1.0)
Cash flow pre financing	36.0	0.8	1.8	2.2	5.0
Equity	0.0	0.0	0.0	0.0	0.0
Debt drawdown/(repay)	(21.4)	(2.0)	(1.2)	(3.0)	(1.0)
Net Dividends paid	0.0	0.0	0.0	(0.7)	(1.6)
Net cash flow for year	**14.6**	**(1.2)**	**0.5**	**(1.5)**	**2.4**
Balance sheet (A$m)					
Y/E 30 June	**FY21A**	**FY22A**	**FY23A**	**FY24F**	**FY25F**
Cash	7.3	1.9	3.3	1.6	4.0
Accounts receivable	18.0	17.3	16.0	19.0	19.8
Inventory	1.1	1.2	1.6	1.8	1.9
Other current assets	2.3	1.9	2.3	5.3	7.0
Total current assets	*28.8*	*22.3*	*23.2*	*27.8*	*32.7*
PPE	7.0	6.8	7.7	6.7	5.8
Goodwill	7.5	7.5	7.5	7.5	7.5
Right of use asset	3.0	1.7	2.7	2.7	2.7
Deferred tax asset	8.5	7.8	8.0	8.0	8.0
Equity accounted Investee	0.0	1.3	1.5	1.5	1.5
Total non current assets	*26.0*	*25.0*	*27.4*	*26.4*	*25.5*
Total Assets	54.9	47.4	50.6	54.2	58.2
Accounts payable	17.3	15.0	17.9	19.2	20.0
Short term debt	5.5	4.7	4.4	1.4	0.4
Provisions	22.6	20.0	19.8	22.5	23.4
Lease liabilities/other	5.5	3.4	1.2	1.2	1.2
Total current liabilities	*50.9*	*43.1*	*43.4*	*44.3*	*44.9*
Long term debt	2.1	1.2	2.2	2.2	2.2
Other non current liabs	4.1	2.7	3.7	3.7	3.7
Total long term liabilities	*6.2*	*3.9*	*5.9*	*5.9*	*5.9*
Total Liabilities	57.1	47.0	49.2	50.1	50.8
Net Assets	**(2.3)**	**0.4**	**1.4**	**4.0**	**7.4**
Share capital	19.1	19.1	19.2	19.2	19.2
Reserves	(8.3)	(7.9)	(7.6)	(7.6)	(7.6)
Retained Earnings	(13.1)	(10.8)	(10.2)	(7.4)	(4.2)
Minorities	0.0	0.0	0.0	0.0	0.0
Total Shareholder funds	**(2.4)**	**0.4**	**1.4**	**4.1**	**7.4**

Share price (23 August 2023)					A$	0.310
Interim (A$m)	**H122A**	**H222A**	**H123A**	**H223A**	**H124F**	**H224F**
Revenue	131.7	128.9	129.6	136.1	148.0	153.0
EBITDA	6.7	4.4	2.8	5.1	5.5	7.1
EBIT	4.4	2.2	0.6	2.9	3.3	4.8
NPAT (adjusted)	**2.7**	**1.0**	**(0.1)**	**1.3**	**1.5**	**2.6**
Minorities (AT)	0.0	0.1	0.1	0.1	0.1	0.1
NPAT (reported)	**1.9**	**0.2**	**(0.7)**	**1.1**	**1.5**	**2.6**
EPS (normalised)	0.041	0.005	(0.016)	0.024	0.033	0.056
EPS (reported)	0.041	0.005	(0.016)	0.024	0.033	0.056
Dividend (cps)	0.000	0.000	0.000	0.000	0.000	0.015
Imputation						
Operating cash flow	na	na	na	na	na	na
Free Cash flow	na	na	na	na	na	na
Divisionals	**H122A**	**H222A**	**H123A**	**H223A**	**H124F**	**H224F**
Cleaning	99.6	103.5	107.7	113.1	122.4	126.5
Security	32.1	25.3	21.9	23.1	25.6	26.5
(Other)	-	-	-	-	-	-
Total Revenue	**131.7**	**128.9**	**129.6**	**136.1**	**148.0**	**153.0**
Gross profit	21.0	18.8	18.1	19.6	21.4	22.2
Underlying GP Margin %	15.9%	14.6%	14.0%	14.4%	14.5%	14.5%
Operating Costs						
Employment	8.8	8.9	9.7	9.0	10.1	9.4
Other	5.5	5.5	5.6	5.5	5.8	5.7
Exceptional	-	-	-	-	-	-
Total costs	**14.3**	**14.4**	**15.3**	**14.5**	**15.9**	**15.1**
Underlying EBITDA	**6.7**	**4.4**	**2.8**	**5.1**	**5.5**	**7.1**
EBITDA margin %	5.1%	3.4%	2.2%	3.8%	3.7%	4.6%
Margins, Leverage, Returns		**FY21A**	**FY22A**	**FY23A**	**FY24F**	**FY25F**
EBITDA margin %		4.3%	4.3%	3.0%	4.2%	4.4%
EBIT margin %		2.5%	2.6%	1.4%	2.8%	3.1%
NPAT margin (pre significant items)		0.8%	0.9%	0.2%	1.4%	1.7%
Net Debt (Cash)		0.3	4.0	3.3	2.0	-1.4
Net debt/EBITDA (x)	(x)	0.0 x	0.4 x	0.4 x	0.2 x	-0.1 x
ND/ND+Equity (%)	(%)	11.5%	111.7%	169.6%	(91.5%)	16.1%
EBIT interest cover (x)	(x)	0.3x	0.2x	0.5x	0.3x	0.2x
ROA		11.6%	13.1%	7.8%	15.8%	17.0%
ROE		nm	nm	nm	nm	nm
ROIC		nm	nm	nm	nm	nm
NTA (per share)		-0.21	-0.15	-0.13	-0.07	0.00
Working capital		1.9	3.5	-0.3	1.6	1.7
WC/Sales (%)		**0.7%**	**1.3%**	**(0.1%)**	**0.5%**	**0.5%**
Revenue growth		(2.9%)	(4.8%)	2.0%	13.3%	4.0%
EBIT growth pa		nm	(1.1%)	(42.9%)	117.3%	15.2%
Pricing		**FY21A**	**FY22A**	**FY23A**	**FY24F**	**FY25F**
No of shares (y/e)	(m)	45.9	45.9	45.9	45.9	45.9
Weighted Av Dil Shares	(m)	45.9	45.9	45.9	45.9	45.9
EPS Reported	cps	0.379	0.049	0.013	0.094	0.117
EPS Adjusted	cps	0.074	0.085	0.031	0.094	0.117
EPS growth (norm/dil)		nm	14%	-64%	208%	24%
DPS	cps	0.000	0.000	0.000	0.030	0.040
DPS Growth		n/a	n/a	n/a	n/a	33%
Dividend yield		0.0%	0.0%	0.0%	9.7%	12.9%
Dividend imputation		30	30	30	30	30
PER Adjusted (x)		4.2	3.6	10.1	3.3	2.7
PE market		15	15	15	15	15
Premium/(discount)		(72.2%)	(75.7%)	(32.4%)	(78.1%)	(82.3%)
EV/EBITDA		1.2	1.6	2.2	1.3	0.9
FCF/Share	cps	83.0	4.9	14.2	6.9	13.0
Price/FCF share		0.4	6.3	2.2	4.5	2.4
Free Cash flow Yield		267.8%	15.8%	47.0%	22.1%	41.9%

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

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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
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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 from 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.