

20 August 2020

# Millennium FY20 Full Year Results Announcement

Dear Shareholders

I am pleased to advise that, despite the challenges of COVID-19, the Millennium Services Group, including Airlite in WA, continues to make strong progress on the business improvement initiatives commenced in FY19. The Company continues to consolidate its business, improve margins and deliver on cost reductions.

By March 2020 when the commercial impact of COVID-19 was first felt in Australia and NZ, the Company's Profit Improvement Plan had already progressed 70% towards delivering the identified \$11M of annualised savings. The introduction of Government restrictions in response to the outbreak of COVID-19 has temporarily delayed the completion of our improvement initiatives, however after an initial downturn in Q4, revenue is rebounding strongly, and the Board expects the full annualised benefits of the Improvement Plan to flow through into FY21 and FY22.

Millennium has shown strong resilience in managing its way through the initial impact of COVID-19 on revenue compared to the same period last year. The Company's revenue reduction in April of 30% has rebounded by 30 June 2020 to be only 7% less than pre-COVID-19 revenue - but with improved margins and reduced costs.

At all times we have been focused on the health and wellbeing of our staff, our clients and their customers. From the beginning of the COVID-19 crisis, the Company has gone to great lengths to safely deliver high levels of service and have responded to increased requests for our services from current and new customers.

As has been previously advised, the majority of our 5000 staff are employed directly by Millennium. This gives the Company and our clients confidence that the appropriate Awards and entitlements are paid, insurances are in place and Millennium is compliant with all applicable current work practices and legislation. In August 2019, the Company finalised the outstanding historical staff Award and entitlement payments, and during the year we have moved the Australian staff from legacy EBA arrangements to the relevant Modern Award.

Millennium has also:

- Progressed the significant task of moving all rosters on to an automated time and attendance system - expected to be completed by June 2021, ensuring greater controls on wage costs;
- Reviewed all client approved sub-contractor arrangements to ensure that they are paying the relevant Award and ensuring their compliance to relevant legislation;
- Embedded the principles and practices of the latest OH&S and other relevant legislation across the Company; and
- Registered and complied with all current labour hire laws in Australia and NZ.

As a result, clients, staff and shareholders can be certain that Millennium is delivering services that are compliant with all applicable current legislation and that our staff are being remunerated fairly and in accordance with all appropriate Awards and employment requirements.

The significant work undertaken by the leadership team to turnaround the Business has increased client and market confidence in the Millennium brand. This has resulted in the Company renewing a number of key contracts without the need to re-tender.

Millennium's increased commercial profile during this difficult time caused by the pandemic, has allowed the Company to accelerate its growth strategy to target new business sectors and diversify its client portfolio. As a result, the Company has already won new contracts in a number of these target sectors, including Government, public transport and health/aged care.

While Millennium has focused on ensuring sustainable earnings, improved cashflow and growth, we also continue to work with the ANZ Bank to address the level of debt on the balance sheet.

The uncertainty of the COVID-19 epidemic, the actions of Government and our clients in response to the community control of the pandemic, or further major outbreaks, may impact on 1H21. However, the Millennium team is well positioned and ready to scale the Business and act quickly to address all market circumstances.

The Company's rapid response capability and recognised industry expertise is also creating short to medium term opportunities to deliver expert and experienced COVID-19 specific cleaning and security services to existing and new customers.

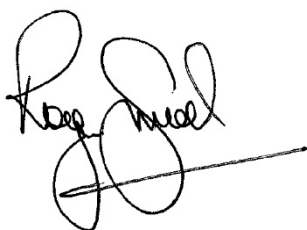
Every member of the Millennium team has contributed to the Company's strong performance over the last 12 months. The Company will continue to take advantage of all opportunities presented during this difficult time, by growing Millennium and enhancing its excellent reputation as an ethical and expert provider of cleaning, security and integrated services.

The Millennium Board is confident that the continued focus on profit improvement, growth, safety and compliance will continue to improve shareholder value.

My thanks to my fellow Board members and our advisers for their commitment and support, also to our executive team, in particular CEO Darren Boyd and CFO Michael Constable, and to everyone on the Millennium team for their hard work, support and loyalty over the last year – a year filled with challenges.

Finally, and again, my thanks to you – our shareholders. I look forward to sharing our future successes with you.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Roger Smeed', with a long horizontal line extending from the bottom of the signature.

Roger Smeed  
Chairman  
Millennium Services Group

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