CHIEF EXECUTIVE OFFICER'S OPERATIONAL REPORT

24 November 2020

Thank you Roger and welcome everyone, as the Chairman has stated, FY20 was a challenging year, one that started with the business implementing a rigorous governance and control system over our labour management process, the continued drive towards profit improvement and concluded with the business responding to the impact of the COVID-19 pandemic.

The results for the FY20 year were consistent with the Company's previous statements. Revenue decreased by 12.7% to $257.3m driven by the business exiting loss making contracts, the full year impact of contracts lost in FY19 was offset by contracts won in FY20 and the temporary impact of contract service reductions as a result of COVID-19.

EBITDA improved by $8.4m to $4.1m positive earnings, excluding the net impact of Government subsidies and the Group recorded a statutory profit, after income tax, of $16.6m, compared to a $45.6m loss in FY19. The business is now a marginally smaller revenue business but a far more profitable business.

During the year we moved staff to the Modern Award to ensure that all staff are paid fairly and correctly. This had a negative impact on both the GP and EBITDA in the first 2 months of FY20 as we redesigned the rosters to ensure we operated the most efficient labour model under the provisions of the Modern Award. This is demonstrated in the slight deterioration in underlying performance from 2H19 to 1H20.

As reported in the half year release in February, the business was well on track to deliver on the $11m annualised cost reductions as part of the intensive Profit Improvement Plan. This was impacted by the Government Restrictions imposed across Australia and New Zealand in response to the COVID-19 pandemic and has delayed the completion of the project, however I am confident that we will realise the full benefit in FY21 and 22. The positive impact of the profit improvement plan is demonstrated by the improvement in the Gross Profit as a percentage of revenue, with a total business increase from 10.5% to 11.9%. This improvement trend appears to be continuing in FY21.

Management has also continued to drive overheads down with efficiencies driven from technology, the centralisation of functions and the improvement in controls in areas such as health and safety and public liability.

Segments

The Cleaning segment's revenue decreased by 11.5% over the prior year to $213.4m due to the reasons I have already outlined however we have secured a number of contract extensions and renewals, some without going to the market, as well as wins in new sectors as part of the diversification strategy. This provides confidence that the business continues to have a strong more profitable contract book. Gross Profit improved from 10.7% in FY19 to 12.3% in FY20 and continues to improve in FY21.

The Security segment decreased revenue by 18% over the prior year to $43.9m and Gross Profit increased slightly to 9.8% compared to 9.5% in FY19. The Security sector was impacted in 2H20 by the early Government reductions in contracts such as public transport and events, this improved later in the half as we secured new contracts in

COVID-19 related services, excluding hotel quarantine where we have not provided security services.

As the Chairman mentioned, and advised in the ASX announcement dated 28th October, the Company's debt position has significantly improved.

Addressing the high level of debt has been a high priority for the Company over the last 12 months. With the ongoing support of the ANZ Bank we have agreed a new 2-year term that commenced in October 2020. The agreement has seen us reduce total borrowings by $22m, from $36.4m at 30th June to $14.3m at 31st October 2020, a further $2.1m improvement on our announcement of the 28th October.

The term loan, that relates to the purchase of the Airlite business in 2016, has reduced from $18.1m at 30th June to $7.2m at 31st October with the balance of the term loan to be paid down by October 2022. With our earnings improving we have agreed to reduce our overdraft which will step down to $4.5m by June 2021. We are also in the process of renegotiating our Trade Finance agreement. This will positively reset the balance sheet with the objective of returning to a more conventional debt level by 30 June 2021. In conjunction with the other business turnaround initiatives discussed, this outcome supports a more sustainable business and positions the business for growth.

With a blue chip client base, the c$850m contract book profile remains strong with 92% of revenue forming core billing and only 11% of contracts due for renewal in FY21. The Company has a strong diversified growth pipeline and we have recruited an experienced business development team to drive our growth strategy over the coming 2 to 3 years.

FY20 Focus

The Executive team has focused on delivering the strategic objectives that underpinned our strong business turnaround, namely:

- Securing appropriate levels of working capital, in particular a focus on cash flow and paying down debt;
- Driving improvement in Health and Safety and Public Liability as critical indicators of the health of the business;
- Ensuring all staff are paid correctly and in accordance with the relevant Modern Award;
- Right-sizing the overhead to remove duplication, streamline administrative functions and reduce costs;
- Continue to drive the annualised $11m Profit Improvement Plan focused on labour control and revenue leakage; and
- Strengthen the leadership team in key roles including Health and Safety, People & Culture and Business Development.

The Chairman has outlined a number of the key achievements in addressing these objectives and I would like to add some insight into the work undertaken at the operational level.

I have stated previously that my approach has been to simplify, automate and integrate our business processes, controls and systems. We have made significant and material steps towards becoming a profitable, efficient, compliant, service and people orientated business, including:

- Material improvement in working capital, although assisted by the COVID-19 Government subsidies, we have taken significant steps in the paying down of debt, secured a further 2 year facility with the ANZ Bank and significantly strengthened the balance sheet;

- A focused, unrelenting process building on the Profit Improvement Plan initiatives with 70% of the annualised savings delivered prior to COVID-19 and the balance expected to be realised in FY21 and 22.

- Continued half on half reductions in overhead driven by the introduction of systems and a focused program of identifying and implementing efficiency savings.

- The introduction of a compliance and risk program led by a dedicated senior executive manager that has delivered improvements in health and safety, governance and public liability.

- The Company has always had a service focused culture and we have sought to enhance this by Implementing a culture change program focused on improving communication, health and safety, accountability and compliance, while not losing the service focus.

- Taken significant steps towards implementing the IT systems strategy with the business moving to Office 365, the implementation of a time and attendance system that continues to deliver significant benefits and the enhancement of our quality and compliance systems. FY21 will see the Company take further steps with a new HRIS platform, Procurement system and the roll out of Business Intelligence analysis and reporting tools.

- The Company has a qualified pipeline of growth opportunities focused on Millennium's diversification strategy with FY21 already experiencing contract wins in new sectors.

There is no doubt that we have made significant progress in not only turning the profitability of the business around, we are transforming the business into a dynamic market leader that is focused on delivering outstanding service in a well governed, compliant and responsive organisational framework to ensure we have a sustainable platform for growth, that delivers improved profit and shareholder value.

I can't talk about FY20 without discussing COVID-19 and the impact of Government restrictions on our staff, customers and the business. Firstly, I am incredibly proud of the Millennium and Airlite teams for how we have responded to this challenge. We put the well- being of staff front and centre of both our strategic and tactical decisions. At the beginning of this crisis we stood down almost 1500 of our 5000 workforce but through strategic decision making, strong communication and a great deal of care for their well-being our workforce is now fully back to work. This is a tremendous outcome when you consider the number of companies forced to make large numbers of their staff redundant.

The initial standdown was fairly homogenous across contracts, states, territories and countries. It was a well-controlled and rapid change to services and rosters. The ramp back-up was more complex as each state, territory and country relaxed restrictions at a different time and level. Add to this our customers who also sought to return services at a different time and level and we experienced a continually changing landscape. When we review the business outcome, the team managed this extremely well.

I would also like to acknowledge our customers. During the pandemic the Company has strengthened our relationship with our customers during this time. We took the view that we would be flexible, responsive and loyal recognising that their environments were continually changing. This has resulted in us renewing or extending contracts and increasing services.

COVID-19 also provided us the opportunity to reach out to target customers, in particular those in the sectors that form part of our diversification growth strategy. This presented an opportunity for the Company to increase our sales activity and we secured contracts to provide services in sectors such as Aged Care, Government and Education, leading to longer term opportunities.

Driving cultural change; exiting loss making contracts; changing the growth strategy from a focus on revenue to profitability and making compliance a key objective of day to day operations, have all presented challenges but have been met with enthusiasm and a desire to achieve, by our team.

Management took some important steps in FY20 towards greater integration of our business under the one Millennium brand, in particular the integration of the Airlite business. FY21 will see us complete this project and I am confident this will deliver a broader service platform, quality improvements and opportunity for team members to develop their careers, and in turn make us a much stronger overall business.

As the Chairman mentioned, FY21 and FY22 we expect the business complete the Profit Improvement Plan, continue our diversification growth strategy, further strengthen the balance sheet returning the business to a more conventional debt level and continue to invest in the business, including our people, systems and governance, to ensure we build on shareholder value.

Lastly, but most importantly, I would like to thank the 5000 loyal Millennium and Airlite team members who deliver a fantastic service to our clients, the Executive Team that are working tirelessly to achieve the improved business outcomes, our clients who continue to show faith in Millennium, the Board for their guidance and our Shareholders for your support as we improve the business.

I will now hand back to the Chairman for the formal business of today's meeting.