

1 H22 Financial Results

24 February 2022



CUSTOMER
SERVICE

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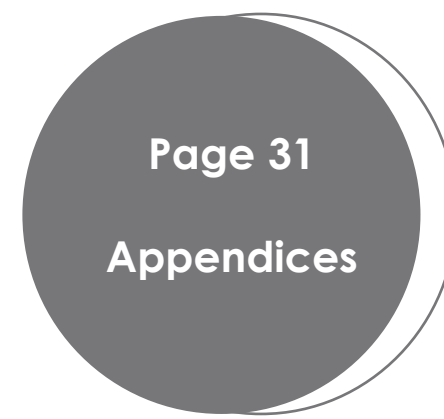
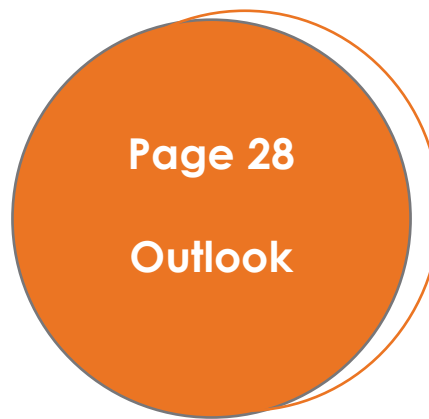
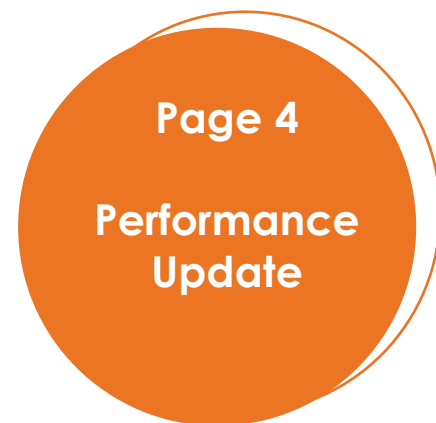
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Contents



Performance Update



1 H22 Highlights.

Strong underlying profitability with balance sheet repair well underway

- \$1.9m NPAT has returned Balance Sheet to a positive net asset position
- Underlying EBITDA of \$6.7m down 4.3% from pcp of \$7.0m
- Stable gross margin at 15.9% on slight decline in revenue
- Acquisition of Codee Cleaning Services for \$1.1m in December provides growth and diversification opportunities
- Continuing diversification of Contract book, buoyant Adhoc and project work and \$70m pa of new revenue currently in tender (with success rates typically around 12%)
- Available marketplace opportunities provide a very positive Outlook

Safety

- 1H22 lost time injury frequency rate is 45% lower than FY21 and 79% lower than the industry benchmark. This is now the second consecutive year that we have achieved a significant reduction in injury frequency rate.

Customers

- Customers emerging from COVID-19 creating further opportunities for business development in Cleaning, Security and Integrated Service offerings. Millennium is being invited to tender on increasing range of sectors. Extremely high rate and dollar value of contracts being renewed.
- All customer contracts have rise and fall or labour cost pass through clauses as protection against inflationary wage pressures

Compliance

- Second annual Modern Slavery Statement submitted in December 2021
- Work Health, Safety (WHS) Framework review initiated by People & Risk Committee in Q4 2021 - focussed on systemic continuous improvement opportunities
- HR information management system implemented ensuring a central, single point of employee data and standardised administration of key people processes. This system interfaces with our Time & Attendance and Payroll systems.

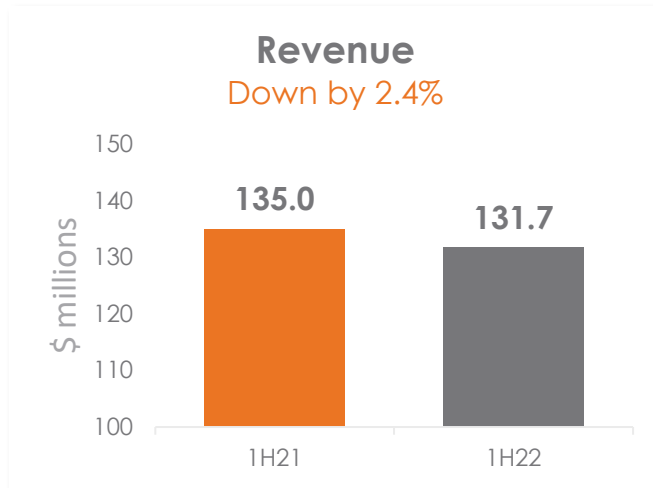
* Refer to Appendix 2 for details of non IFRS / normalization adjustments

Total Revenue Bridge

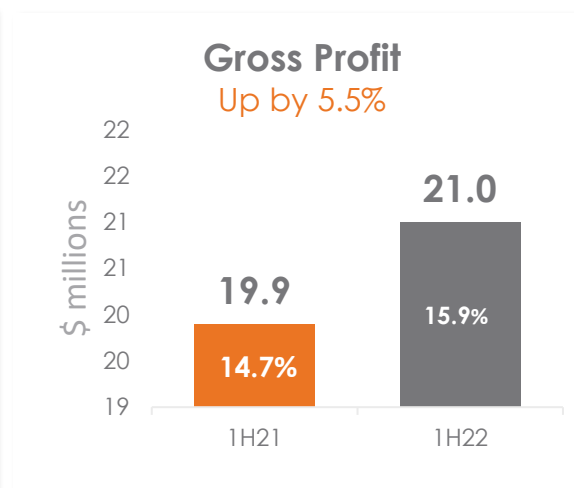
	\$m	
Statutory Revenue 1H21	135.0	
Credit to client COVID-19*	1.8	
Underlying revenue 1H21	136.8	
QIC contract reduction	-8.3	-6.1% of revenue
Increase in COVID-19 credits – labour reductions	-1.4	-1% revenue
Rebased revenue 1H21	126.6	
Other net growth in revenue	5.1	3.7% growth rate
Total Revenue 1H22	131.7	

* Refer to Appendix 2 for details of non IFRS / normalization adjustments

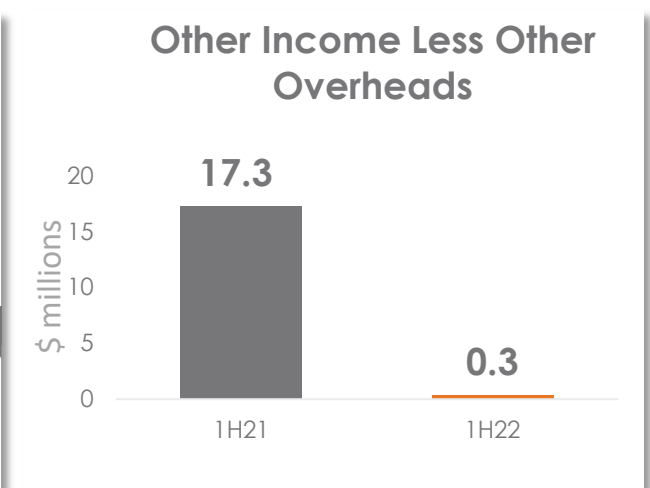
Statutory Performance



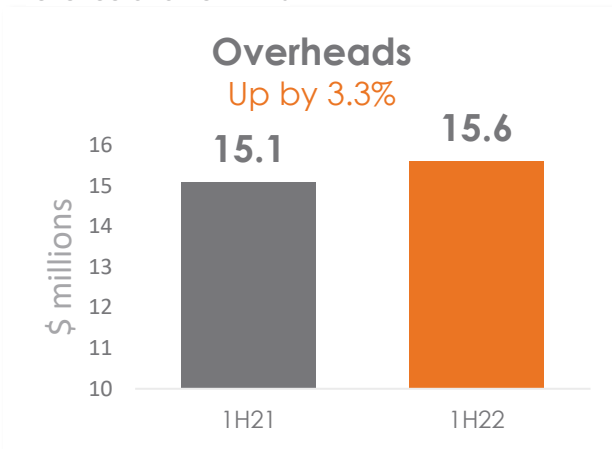
Loss of QIC contract and COVID 19 credits partially offset by continued strong Ad Hoc revenue and new wins



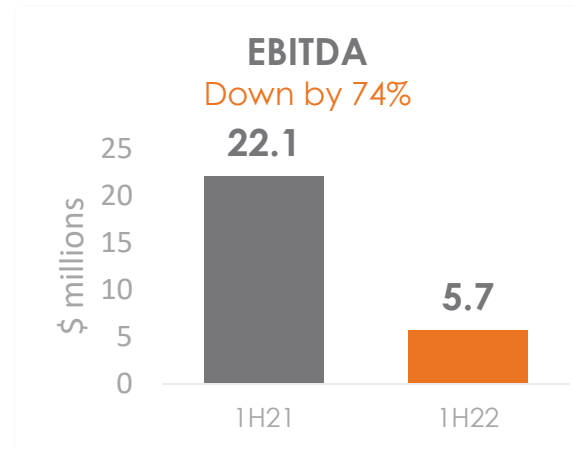
More profitable adhoc revenue combined with continued labour management focus



Australian JobKeeper ceased 1H21

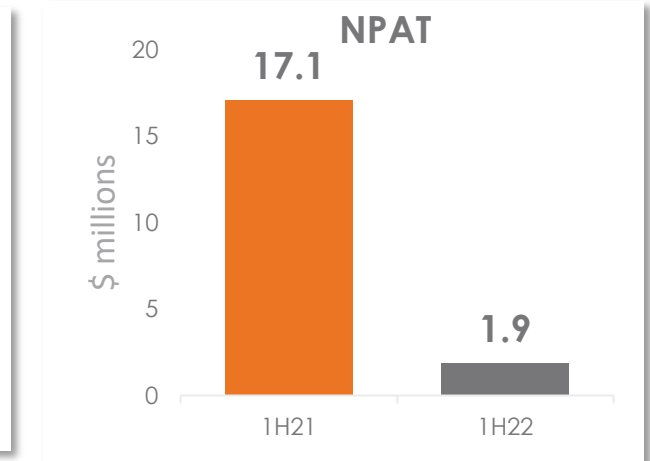


14.3m underlying before 1.2m of non-recurring business acquisition costs



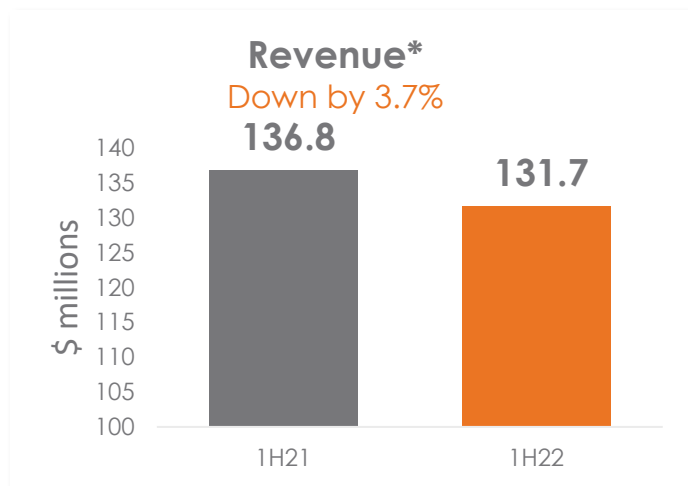
Excluding Job keeper, EBITDA 4.7m in 1H21& 5.4 in 1H22

No contribution from Codee yet as acquired in Dec 2021

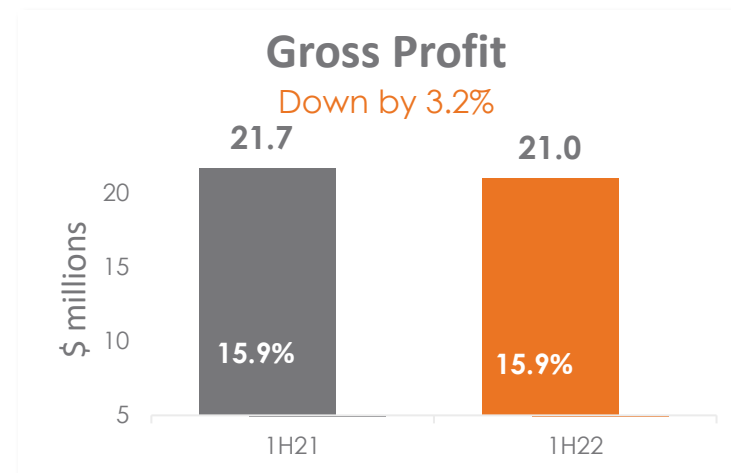


Australian JobKeeper ceased 1H21

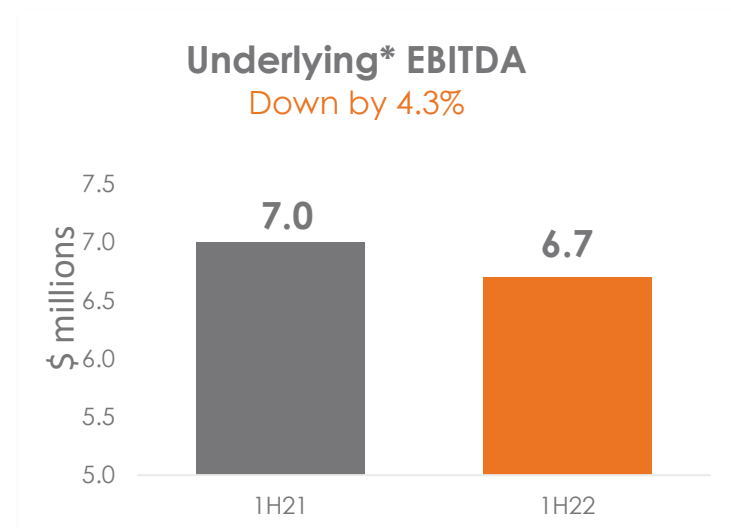
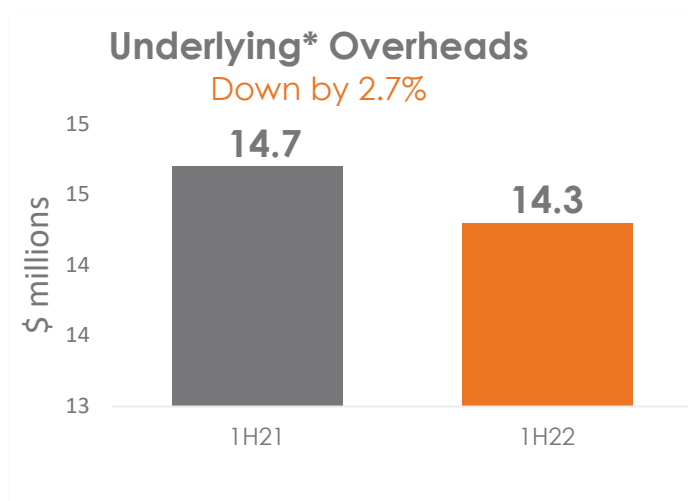
Underlying* Performance



Loss of QIC contract and COVID -19 credits partially offset by continued strong Ad Hoc revenue and new contract wins

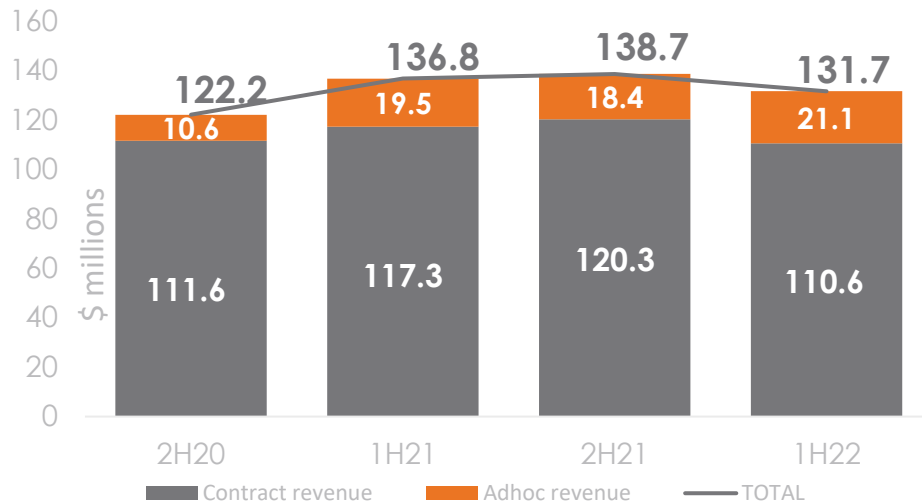


Very strong Gross Profit % maintained



Revenue Analysis Group

Revenue

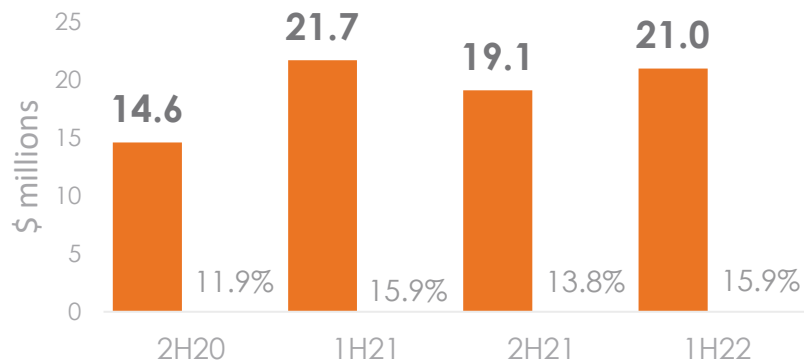


- Contract revenue reduced because of QIC contract loss and larger COVID-19 related credits for extended site closures in eastern seaboard. Growth in new wins at 3.7% revenue with very high proportion of expiring contracts renewed.
- Adhoc services opportunities continue to be captured in a COVID-19 environment

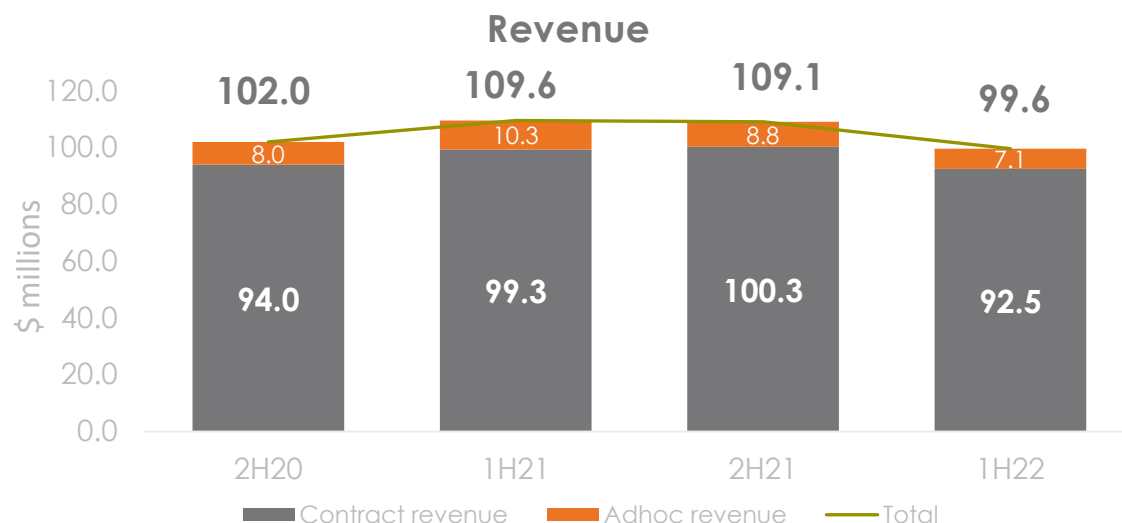
2H22 Outlook

- Expect COVID-19 related project and Adhoc services to continue at similar levels
- Millennium has high visibility of future revenue streams, with 80% of forecast revenue expected to come from existing 3-5 year contracts

Gross Profit

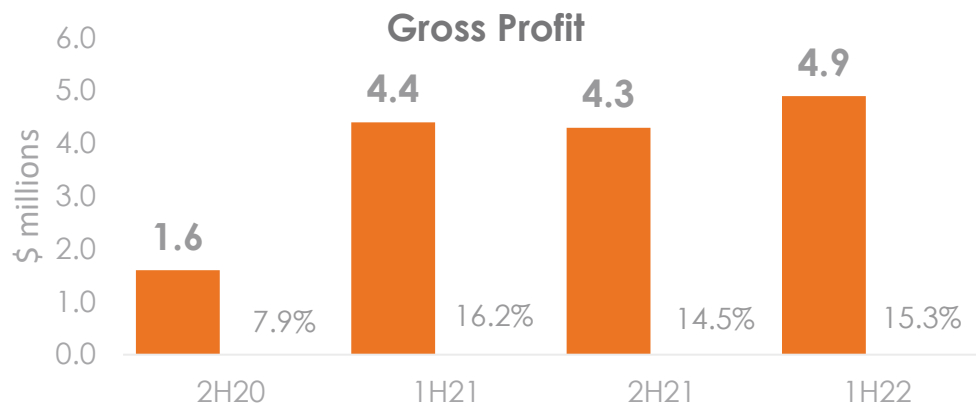
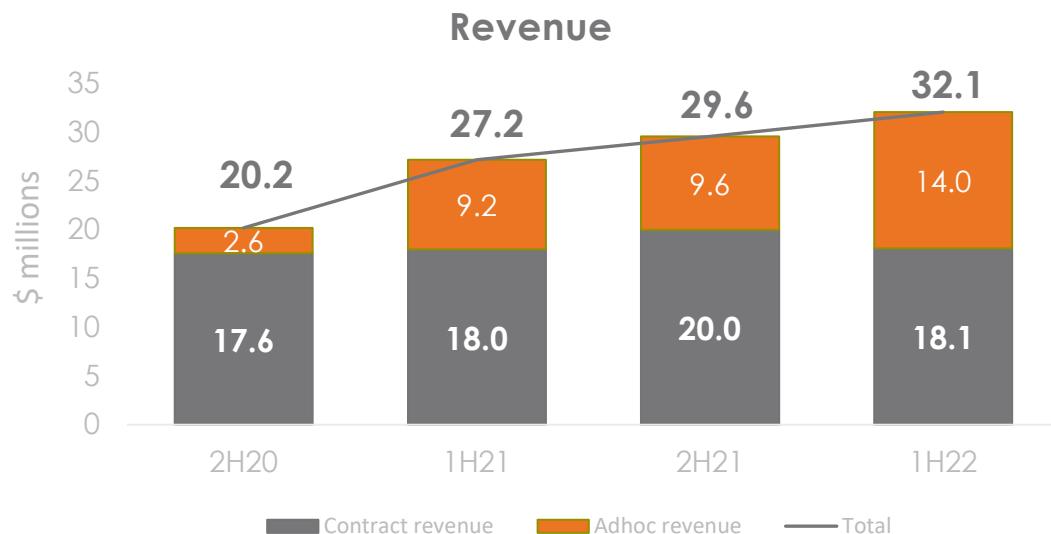


Revenue Analysis - Cleaning



- QIC contract loss and larger impact on COVID-19 related credits for extended site closures in eastern seaboard
- Ad hoc Revenue expected to be at similar level in 2H22
- Sustained focus on labour management driving strong GP %
- 1H typically outperforms H2 due to fewer public holidays in 1H

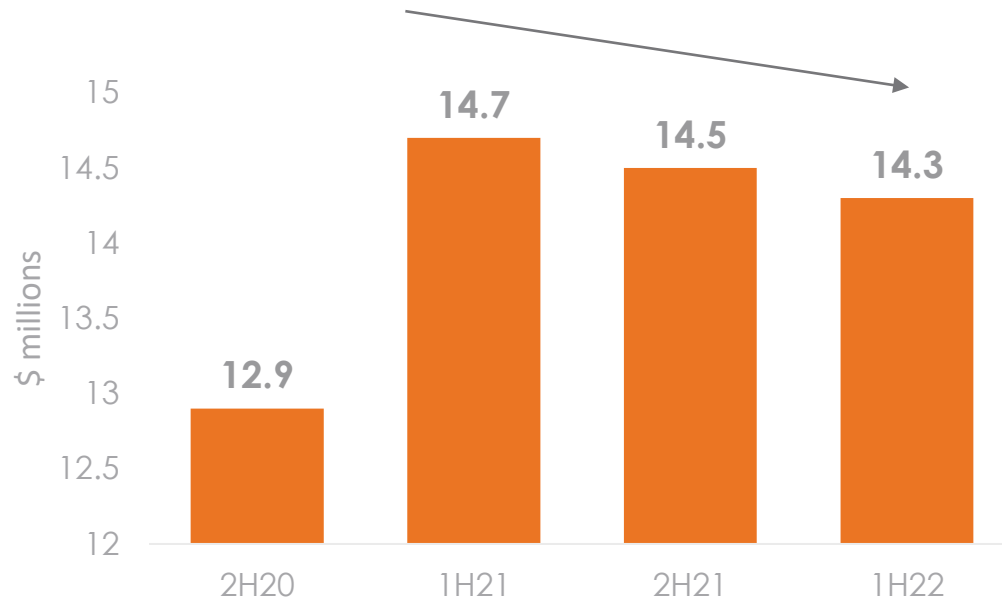
Revenue Analysis - Security



- QIC contract loss and increased COVID-19 related credits for extended site closures in eastern seaboard. Solid growth in new wins and contract renewals.
- COVID-19 continues to present significant opportunities to deliver project and Adhoc services. Expect 2H22 adhoc revenue to be at similar levels. Government work in Victoria and Transport sector in NSW strong growth areas
- 1H typically outperforms H2 due to fewer public holidays in 1H

* Figures in this slide refer to underlying performance

Overheads



- Significant additional revenue able to be added with little overhead investment
- Increased software licensing and cost associated with Time & Attendance and Workforce Management system roll-outs which underpin GP margin expansion offset by lower public liability expenses and savings in other overheads

* Refer to Appendix 2 for details of non IFRS / normalization adjustments

Business Support Update





Business Support **Update**

Safety

- 1H22 lost time injury frequency rate is 45% lower than FY21 and 79% lower than the industry benchmark. This is now the second consecutive year that we have achieved significant reduction in injury frequency rate.
- The business has continued to focus on our COVID safe work practices and people wellbeing support services in the uncertain pandemic environment.

Compliance

- Second annual Modern Slavery Statement submitted in December 2021
- Ongoing upgrades and expansion of our Public Liability location attendance tracking systems
- Work Health, Safety (WHS) Framework review initiated by People & Risk Committee in Q4 - focussed on systemic continuous improvement opportunities
- HR information management system implemented ensuring Millennium has a central, single point of employee data and standardised administration of key people processes.

Corporate Social Responsibility

- Continuing to broaden and deepen our engagement with our supply chain partners to drive ethical and sustainable sourcing

Socially responsible operations



- Our business sustainability approach focusses on three key areas: getting the business fundamentals right for customers and shareholders; being a good employer and fulfilling our broader responsibilities to society.



- Our number one priority in this space in 2022 is to continue the work we have started building relationships, respect and trust; and improving participation and inclusion of Indigenous & Torres Strait Islander peoples. To formalise and advance our commitment in late 2021 we began development of our first Reconciliation Action Plan which will be completed in 2022.

A photograph of a modern, multi-story office building with a glass facade, illuminated from within at night. The building's windows reflect the surrounding environment and show interior office spaces with desks, chairs, and plants. A large, solid orange circle is overlaid on the left side of the image, partially obscuring the building. The word "Growth" is written in white, sans-serif font across the middle of this orange circle.

Growth

Business Development Update

There is more than \$70 million pa of revenue currently in tender across a range of **sectors** (with success rates typically around 12%). In addition, the business is exploring strategic partnerships with like minded businesses across a range of sectors including Facilities Management.



Organic Growth **Highlights**

Recent expansion of Security Services into WA is opening up new Integrated Service opportunities in the West

- Strong growth demonstrated in recently mobilised contracts for Karrinyup and Ocean Keys Shopping Centres (Cleaning, Security, Gardening, Customer Service, Concierge, Valet Parking, Maintenance)

Strategic intent to diversify portfolio progressing well:

- New Capital Square (Tower 2) commercial cleaning contract, Perth
- Expansion of Security Services within Transport (NSW) and Dept. of Health, Victoria
- Security has grown its Data Centre market share in AU eastern seaboard
- Expanded Cleaning with new Commercial customer IBM, NZ
- New Cleaning and Security services contract, Richmond Quarter in VIC with new customer Home Co managed by JLL.
- New cleaning services contract for NZ Gov't at Conservation House
- Renewal of Melbourne Racing Club security contract in Events
- New cleaning contract at Melaleuca Prison, WA





Organic Growth Highlights

Successful Retention, expansion and new site wins with Shopping Centre owners

- New sites at Chevron Renaissance and MacArthur Shopping Centre, QLD for existing customer, Precision Group
- Mobilisation of Cleaning services at Waverley Gardens Shopping Centre, VIC for new customer, Elanor Investors Group managed by JLL
- Renewal of cleaning contract for Westfield Plenty Valley, VIC for Scentre Group
- Mobilisation of new site at Westfield Southland, VIC for Scentre Group
- Renewal of Lendlease Lakeside in WA



Enabling growth

- Expansion of National Operations Centre providing 24 hour service to customers and staff proving to be an invaluable competitive advantage
- Recruitment of three new Business Development Managers (NZ, NSW and QLD) targeting approximately \$20m non-retail growth per annum

Business Development

Codee Cleaning Services

Diversifying and expanding our portfolio

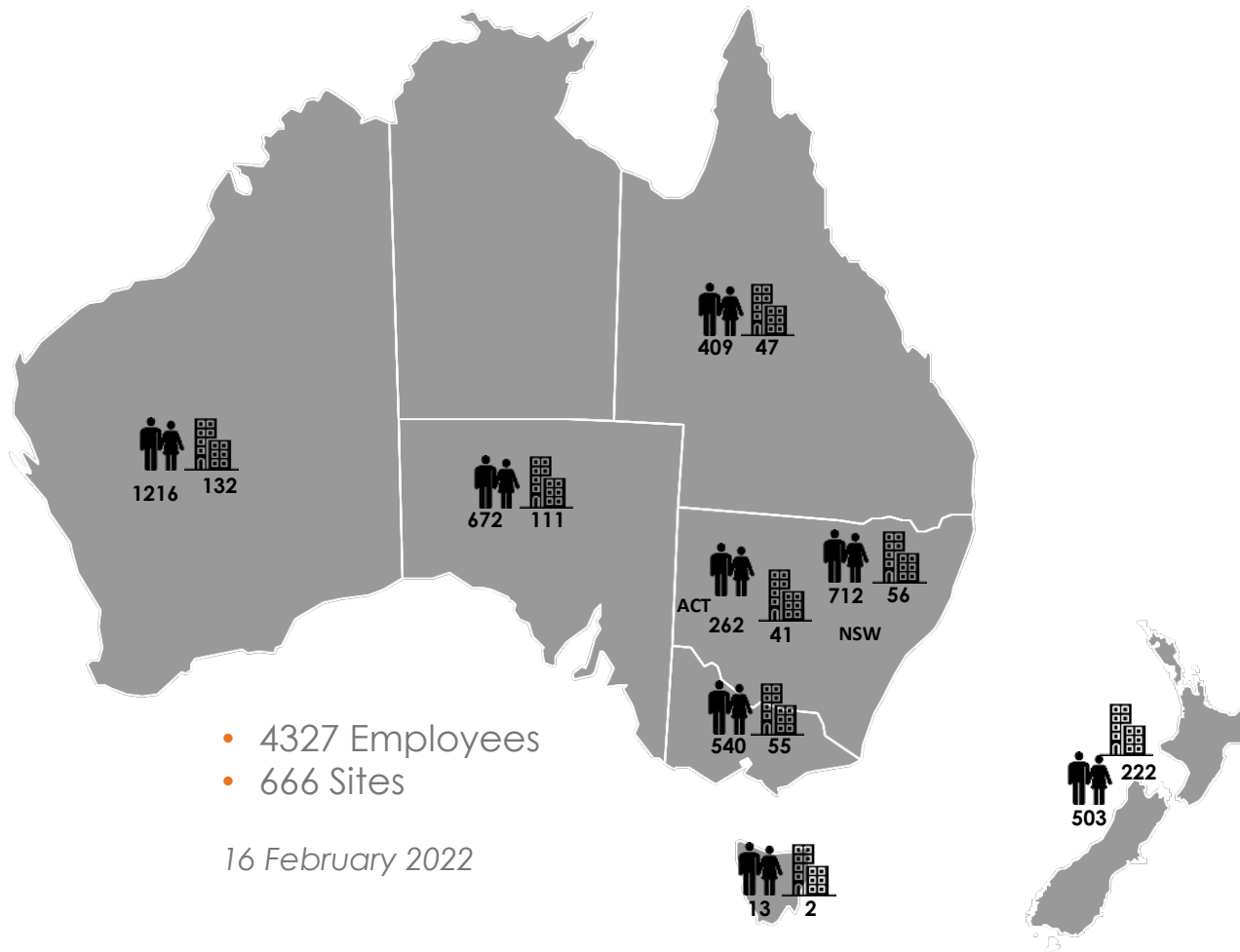
In December 2021 Millennium purchased a 49% interest in Codee Cleaning Services, an indigenous owned company based in Perth, WA.



- Codee currently provides cleaning and maintenance services to a broad range of customers including government, commercial businesses, schools and retail environments in Western Australia.
- This provides opportunities for Codee to work in alliance with Millennium to further develop and grow its cleaning business whilst providing meaningful employment, education, and economic opportunities for Australia's First People.
- This is a unique opportunity for Millennium to continue to deliver on an important pillar of its strategy; to diversify our portfolio of businesses and operations.

Positioned for Growth

Millennium is a true ANZ national provider with scale to deliver growth



- 4327 Employees
- 666 Sites

16 February 2022

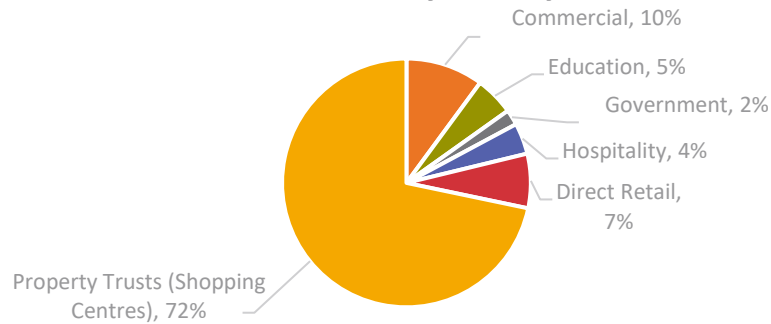
- Leading national integrated services provider strategically positioned with extensive Australia / NZ presence
- Scalable service delivery model through substantial employee base and trusted specialist partners
- Controls and Governance in place to ensure we can meet any future changes in compliance obligations or legislation
- Broad ranging client and industry base to withstand and/or capitalise on market changes in demand for services – including COVID-19

Business Profile

Millennium serves a range of customers, industries and geographies.

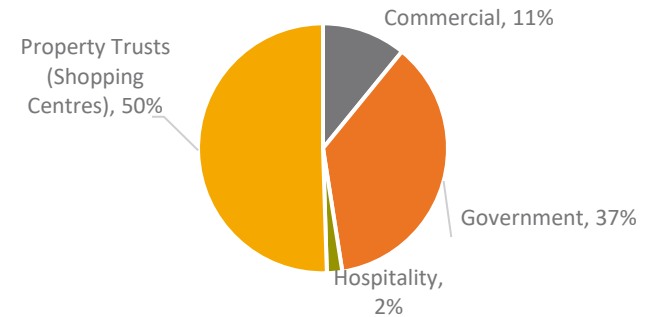
Cleaning - Industry Segments

% Revenue by Industry



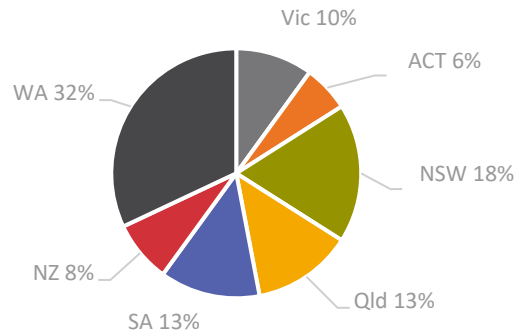
Security - Industry Segments

% Revenue by Industry



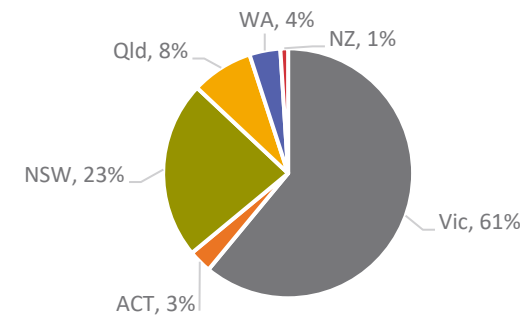
Cleaning - Geographies

% of Revenue by State



Security - Geographies

% of Revenue by State



Detailed Financials



Margin % Stability

Summary Income Statement*

	1H21	1H22	Change \$m	Change %
Total Revenue	\$136.8m	\$131.7m	(\$5.1m)	(3.7%)
Gross Profit	\$21.7m	\$21.0m	(\$0.7m)	(3.2%)
Gross Margin %	15.9%	15.9%	-	-
Overheads	(\$14.7m)	(\$14.3m)	0.4m	(2.7%)
Underlying EBITDA	\$7.0m	\$6.7m	(\$0.3m)	(4.3%)
Reported EBITDA	\$22.1m**	\$5.7m	(\$16.4m)	(74.2%)

**Australian JobKeeper program finished 1H21

Summary Balance Sheet

	Dec 21 \$m	Jun 21 \$m	% var	Observations
Cash	1.4	7.3	(80.8%)	Cash utilisation in operating activities was impacted by the timing of \$3.6m of favourable debtor collections in June 2021 that reduced the amount available for collection in FY22; and \$1.2m in payments of employee entitlements on the dis-continuation of the QIC Ltd contract. Cash utilised in investing activities included the \$1.1m investment in Codee Cleaning Services.
Trade receivables	24.4	18.0	35.6%	Increase of \$3.6m due to favourable timing of debtor collections in June 2021 that reduced the amount available for collection in FY22. Further \$1.4m increase in debtors is due to temporary timing issues associated with invoicing of government contracts being impacted by period end cut off procedures and \$0.6m increase due to reduction in expected credit losses.
Equity-accounted investee	1.1	-	100.0%	Investment in an associate: Codee Cleaning Services. Codee is an Indigenous owned business, providing cleaning and maintenance services to a broad range of customers in Western Australia.
Other Assets	27.4	29.5	(7.1%)	\$1.1m reduction of deferred tax assets due to reduction on of employee entitlements; and \$1.4m reduction in right of use assets.
Total Assets	54.3	54.8	(0.9%)	
Trade payables	16.9	17.3	(2.3%)	
Income tax payable	4.6	4.7	(2.1%)	
Provisions & other	22.6	27.5	(17.8%)	\$3.3m reduction in employee annual leave and long service leave entitlements; of which, \$1.2m reduction stemmed from the dis-continuation of the QIC Ltd contract. AASB 16 lease liabilities reduced by \$1.5m.
Borrowings	10.2	7.6	34.2%	Debt utilisation and available funding detailed in next slide.
Total Liabilities	54.3	57.1	(4.9%)	
Net Assets / (deficiency)	0.0	(2.3)	100%	Increase in net assets due to \$2.0m profit after tax and \$0.3m increase in share-based payments reserve.

Borrowings and Debt Facilities

Borrowings

	Drawn Dec 21 \$m	Drawn Jun 21 \$m	Debt utilization / (reduction) \$m
Term Loan	3.6	5.4	(1.8)
Asset Finance	2.0	1.2	0.8
Overdraft	4.0	0.0	4.0
Trade Debtor Financing	0.0	0.0	0.0
Premium Funding Loans	0.6	1.0	(0.4)
Total Debt	10.2	7.6	2.6
Cash on Hand	1.4	7.3	5.9
Net Debt	8.8	0.3	8.5

Debt Facilities

	Total Facilities Dec 21 \$m	Drawn Dec 21 \$m	Unused as at Dec 21 \$m
ANZ Bank Facility			
Term Loan	3.6	3.6	-
Asset Finance	0.5	0.5	-
Overdraft	4.5	4.0	0.5
Subtotal	8.6	8.1	0.5
Other Financiers			
Trade Debtor Financing	12.0	0.0	12.0
Asset Finance	1.5	1.5	-
Premium Funding Loans	0.6	0.6	-
Total	22.7	10.2	12.5

- Net debt increase by \$8.5m during 1H22 to fund cash utilisation in operating, investing and financing activities of (\$3.1m), (\$1.9m) and (\$5.0m) respectively.
- Cash utilisation in operating activities was impacted by the timing of \$3.6m of favourable debtor collections in June 2021 that reduced the amount available for collection in FY22; and \$1.2m in payments of employee entitlements on the dis-continuation of the QIC Ltd contract.
- Cash utilised in investing activities included a \$1.1m investment in Codee Cleaning Services.
- Financing activities included \$1.8m of term debt repayments to the ANZ Bank, \$1.9m of premium funding loan repayments, \$0.7m of asset finance repayments and \$0.6m of lease liability payments. A further \$0.9m of ANZ term debt was paid down in January 2022 reducing term loan to \$2.7m.
- ANZ facility expires in Oct 2022 with work on refinancing well underway

Operating Cash flows

	1H22 \$m	
	Reported	Underlying
EBITDA	5.7	6.7
Increase in trade and other receivables	(6.4)	(6.4)
Decrease in employee benefits and provisions	(3.3)	(3.3)
Share based expense (non-cash), and changes in trade payables, provisions and other balance sheet items	1.4	1.4
Net operating cash outflows (excluding interest and income taxes)	(2.6)	(1.6)
Timing differences associated with June 2021 year end customer payments	-	3.6
Impact of payment of accrued employee entitlements at dis-continuation of QIC contract	-	1.2
Analytical net operating cash inflows (excluding interest and income taxes)	-	3.2

\$12.5m of unused financing at the same time provides business the ability to fund expansion of operations.

Outlook



Outlook

- Tender activity has significantly increased as businesses emerge from COVID-19
- MIL is well placed to succeed if future COVID -19 outbreaks occur
- Adhoc Revenue expected to hold at current high levels in 2H22
- Codee Cleaning Services will facilitate organic growth and diversification opportunities going forward
- Gross Margin is expected around target range of 15.0% to 15.5% for FY22
- Overheads are not expected to increase. A range of significant Procurement initiatives targeting cleaning consumables and other major cost lines well underway with benefits starting to flow in 4th Quarter FY22
- Business has proven resilient through continued impact of COVID-19
- Business is focused on growth and set for increased market activity as industry faces consolidation
- Significant focus on improving Business Development outcomes as the business aims to enhance its Integrated Service capabilities with a view to expanding diversification of portfolios.

Appendices



Appendix 1 -Summary Statutory Income Statement

	1H21 \$m	1H22 \$m
Total Revenue	135.0	131.7
Gross Margin	19.9	21.0
Other income	24.7	0.9
Incremental wage expenses (1H21: Australia JobKeeper. 1H22: NZ COVID subsidies)	(7.3)	(0.6)
Overheads	(15.2)	(15.6)
Reported EBITDA	22.1	5.7
Depreciation	(2.2)	(2.3)
Finance costs	(1.1)	(0.5)
Profit Before Income Tax	18.8	2.9
Deferred tax asset (in relation deductible differences) recognised	4.0	-
Income Tax Benefit / (Expense)	(5.7)	(1.0)
Total Income Tax Benefit / (Expense)	(1.7)	(1.0)
Net Profit After Income Tax (NPAT)	17.1	1.9

Appendix 2 -Summary of Non-Recurring Items

	1H21 \$m	1H22 \$m
EBITDA reported	22.1	5.7
<i>Adjust for non-recurring items</i>		
<i>Revenue and Gross Profit impact : COVID-19 related customer incentives</i>	1.8	-
<i>Other income: Government grants recognised (JobKeeper)</i>	(24.7)	
<i>Other income: Government grants recognised (New Zealand)</i>	-	(0.8)
<i>Overheads: Incremental wage top-ups (Job Keeper)</i>	7.3	-
<i>Overheads: Incremental wage costs (New Zealand)</i>	-	0.6
<i>Overheads: Non-recurring advisor fees, due diligence costs, integration costs & terminations</i>	0.5	1.2
EBITDA Underlying	7.0	6.7