



FINANCIAL RESULTS 1H23

23 February 2023

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BUSINESS EVOLUTION POST COVID

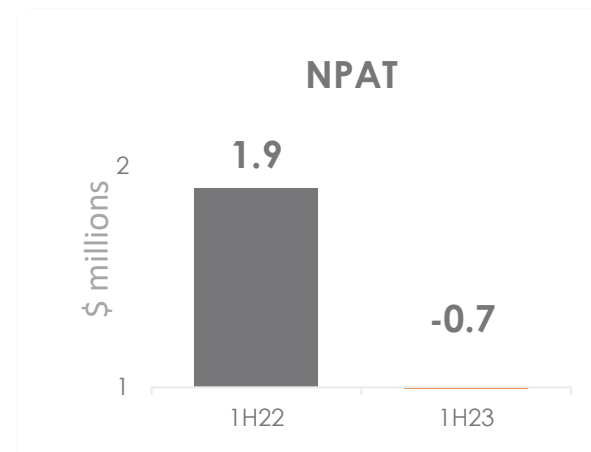
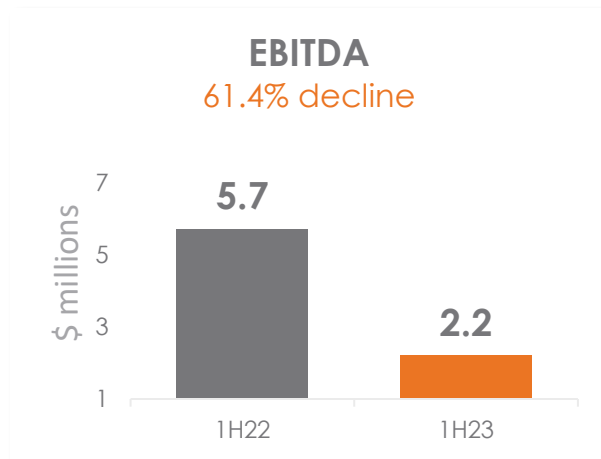
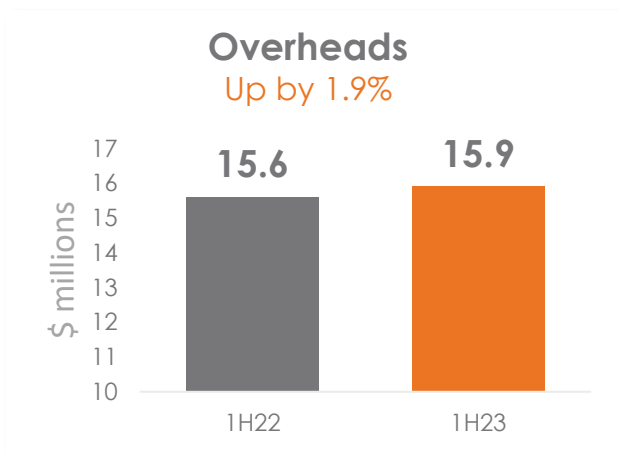
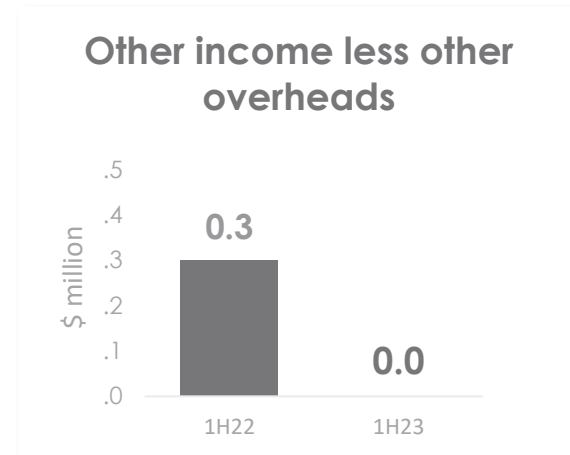
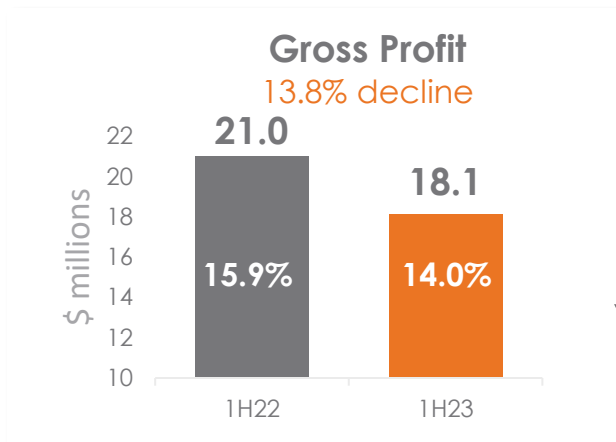
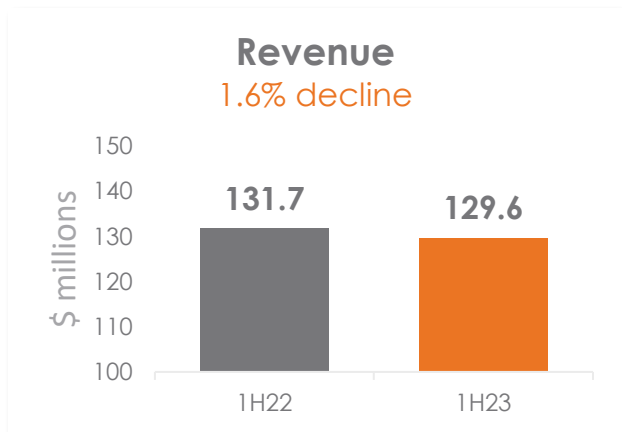


1H23 Results Summary

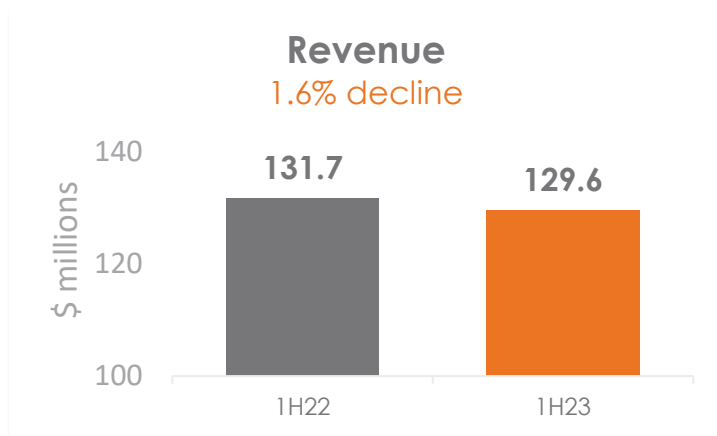
Significant contract revenue growth and diversification underway

- The business has grown total revenue by 12.5% compared with 1H22 after allowing for the impact of a previously announced major contract loss and the completion of COVID-19 related project work with the Victorian Government in 2021/22.
- Gross profit declined \$2.9m in H123 compared to pcp and \$0.7m against previous 6 months due to:
 - successful completion of significant levels of higher margin Victorian Government COVID19 related project work;
 - the impact of the much higher than expected Fair Work National Wage increase of 4.8% announced in July 2022 and associated timing delays in not being able to pass on revised costs in some key contracts until contract anniversary dates reached in subsequent months; and
 - general labour market shortages arising from the COVID-19 pandemic contributing to additional temporary labour costs around overtime and sick leave.
- Corrective labour cost management initiatives began to substantially improve gross margins in Q2. **Gross margin percentage for Jul-Sept 2022 was 12.8% compared with 15.1% in Oct-Dec 2022.**
- In November 2022, the company announced new long-term contracts including ISPT, Newcastle Airport and JVL Investment Group, with a combined value of \$20m per annum. Other organic growth within the business extends total annual growth to approximately \$30m in a full year with contract terms from 3 – 5 years.
- Geographic diversification continues with solid growth in WA Security Services after its successful establishment in 2021. Millennium is now a proven and reliable security provider option in WA and one of only a few providers operating in the large retail property sector.
- **In October 2022, the Company fully repaid the ANZ bank term debt facility with the remaining ANZ overdraft and bank guarantee facilities have been extended to 29 February 2024. Net debt was \$3.8m as at 31 December 2022.**
- There were \$11.7m of unused debt facilities as at 31 December 2022 allowing sufficient capability to fund new contract wins. Cash on hand as at 31 December 2022 was \$3.6m, resulting in total available funding of \$15.3m.

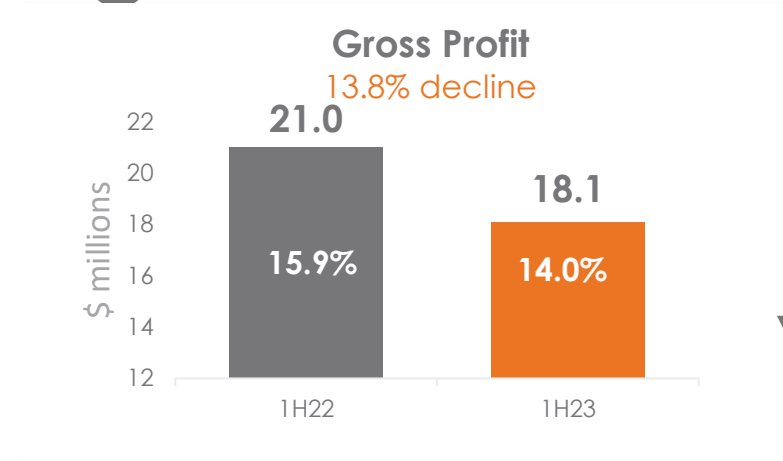
Statutory Performance



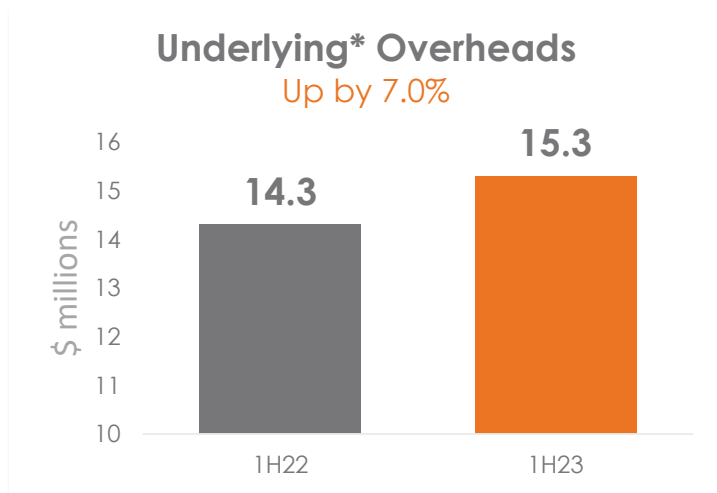
Underlying* Performance



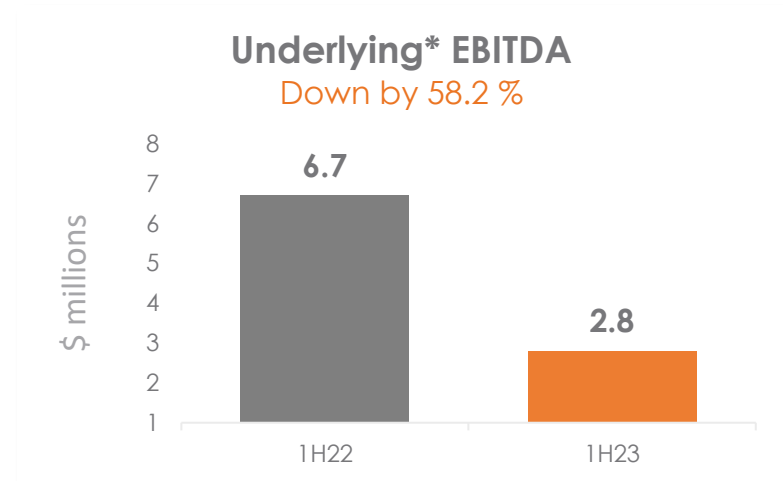
Contract growth 6.4% from 2H22
12.5% revenue growth, excluding completion of major project and contract loss



Gross margin % for Jul-Sept 2022 was 12.8% compared with 15.1% in Oct-Dec 2022.
*See page 5 for factors leading to GP decline in 1H23

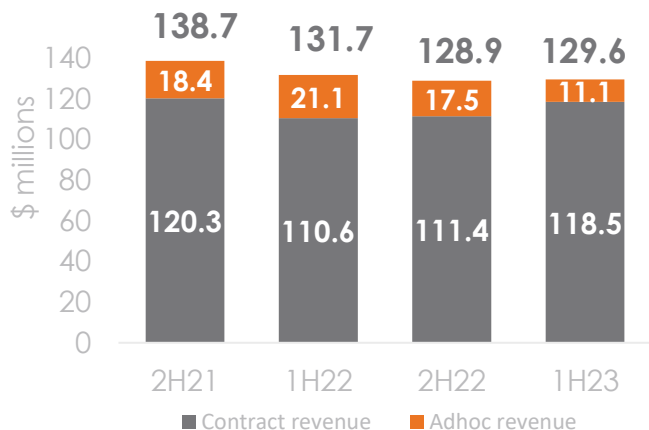


Increase primarily associated with business returning to full operations post COVID, supply chain pressures, freight costs and labour shortage and recruitment challenges

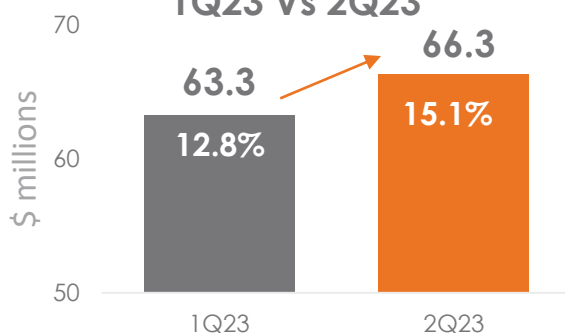


Revenue Analysis Group

Revenue

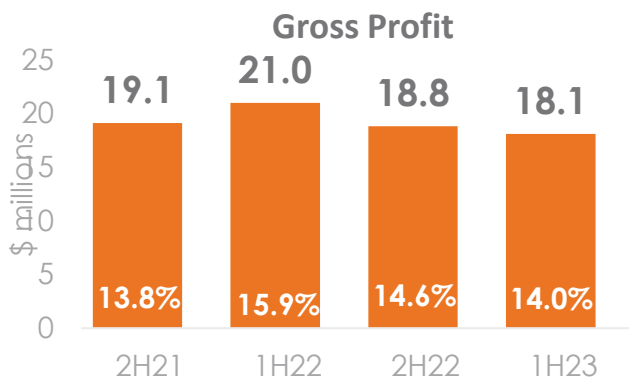


Revenue & Gross Profit 1Q23 Vs 2Q23



Forecast total revenue

3Q23	4Q23	2H23	% change 1H23
\$68m	\$70m	\$138m	6.5%



- Revenue increased by 4.7% to \$66.3m in 2Q23 from \$63.3 in 1Q23 and a further 6.5% growth in revenue expected in the second half. Gross profit % increased by 2.3% basis points from 12.8% in 1Q23 to 15.1% in 2Q23.
- Factors leading to the gross profit decline in 1Q23 included:
 - completion of higher margin VIC Gov't COVID19 related project work;
 - the impact of the much higher than expected Fair Work National Wage increase in June 2022 and timing delays in passing on revised costs; and
 - general labour market shortages arising from the COVID-19 pandemic.
- Corrective labour cost management initiatives began to substantially improve gross margins in the second quarter of FY23.
- The Group announced in November 2022, new long-term contracts with ISPT, Newcastle Airport and JVL Investment Group, among others with a combined value of \$20m per annum. Other organic growth within the business extends total annual growth to approximately \$30m in a full year with contract terms from 3 – 5 years.

Total Revenue Bridge (pcp)

	\$m	
Revenue 1H22	131.7	
Less loss of major contract previously announced	(5.7)	
Less completion of VIC Dept of Health COVID-19 project work	(10.8)	
Rebased revenue 1H22	115.2	
Other net growth in revenue 1H23	14.4	12.5 % growth
Total Revenue 1H23	129.6	

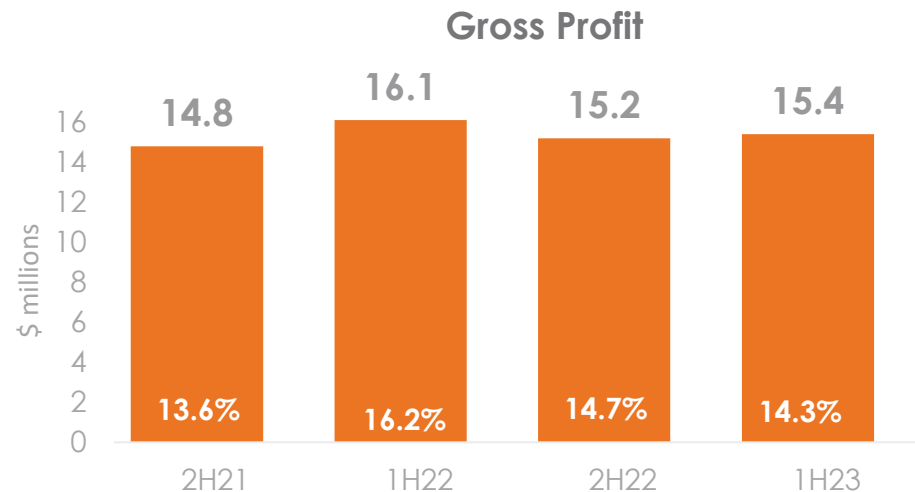
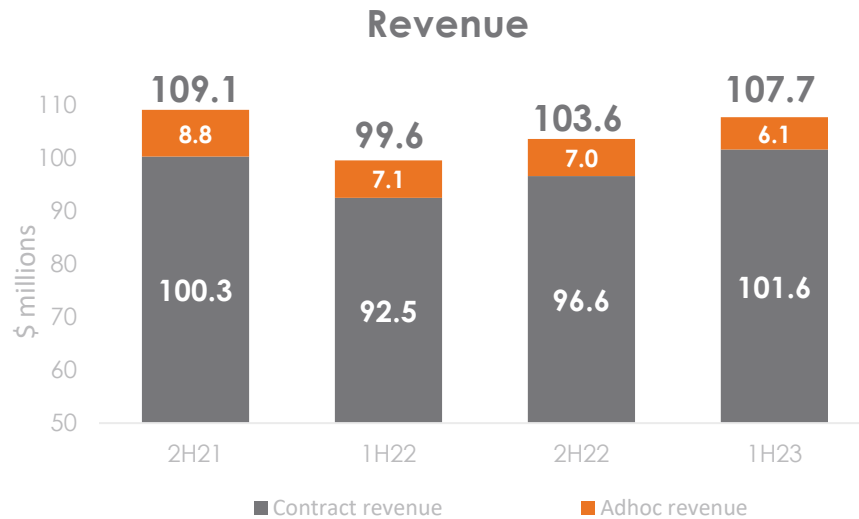
* Refer to Appendix 2 for details of non IFRS / normalization adjustments

Total Revenue Bridge prior 6 months

	\$m	% growth
Revenue 2H22	128.9	
Less completion of VIC Dept of Health COVID-19 project work	(7.6)	
Rebased revenue 2H22	121.3	
Other net growth in revenue 1H23	8.3	6.8%
Total Revenue 1H23	129.6	

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

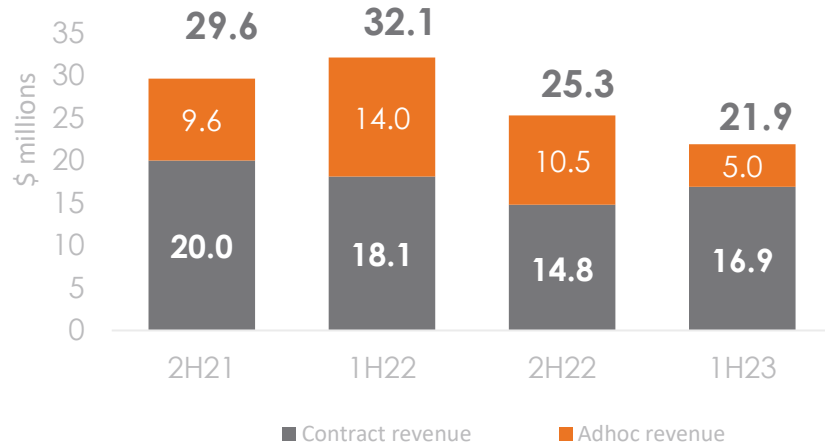
Revenue Analysis - Cleaning



- The Cleaning segment contract revenue increased by 9.8% in 1H23 compared to 1H22, due to the Group winning new long-term contracts such as ISPT at market competitive margins.
- 14.1% reduction in higher margin adhoc revenue over the same period due to cessation of COVID-related adhoc additional cleaning requirements
- Gross profit in the period was impacted by significantly higher than expected wage cost increases in the period due to the much higher than expected Fair Work National Wage increase in June 2022 and timing delays in passing on revised costs; and general labour market shortages arising from the COVID-19 pandemic.
- Corrective labour cost management initiatives began to substantially improve gross margins in the second quarter of FY23.

Revenue Analysis - Security

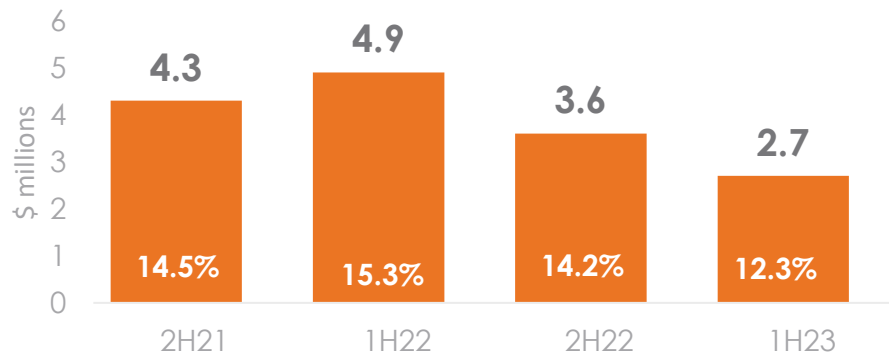
Revenue



- The Security segment revenue was impacted by completion in June 2022 of higher margin adhoc project revenue (9.8m) from Victorian Gov't project associated with COVID-19.
(See slide 12 for Adhoc Revenue Bridge)

- Revenue from other adhoc customers grew 0.8m or 22% on pcip
- Since loss of major contract in pcip previously announced, contract revenue has grown 14% since 2H22.

Gross Profit

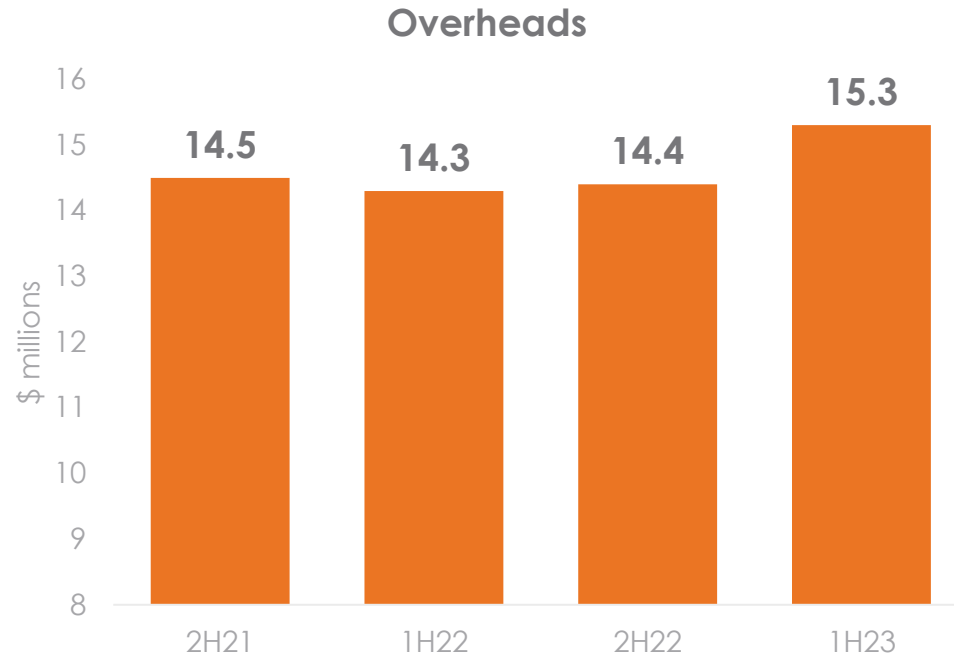


* Figures in this slide refer to underlying performance

Security Adhoc Revenue Bridge

	\$m
1H22 Adhoc Revenue	14.0
Less VIC Gov't Dept of Health COVID-19 project work	(10.4)
Rebased 1H22 adhoc revenue	3.6
1H23 adhoc revenue	5.0
Less VIC Gov't Dept of Health COVID-19 project work	0.6
Rebased 1H23 adhoc revenue	4.4
Adhoc revenue \$ growth all other customers	0.8
Adhoc revenue % growth all other customers	22%

Overheads



- Increase in overhead costs primarily associated with: business returning to full operations post COVID, supply chain pressures, freight costs and labour shortage and recruitment challenges

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

BUSINESS GROWTH



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Growth Strategy

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.

The key operating sectors of Cleaning, Security and Integrated Services offer significant opportunity for organic growth. Importantly, growth in core markets is not particularly capital intensive.

1. Growth from existing clients:

- Expansion from a single core service offering to the supply of multiple or fully integrated services, including maintenance, organic waste management and concierge.

2. Sector and geographic diversification and expansion: Continued growth in New Zealand, WA and Security Services markets. Continue to renew and win new contracts and diversify the portfolio, with a focus on:

- Education
- Transport
- Health Care
- Government
- Aviation

3. Strategic Opportunities

Millennium will continue to explore opportunities to partner with large Australian and International property and facilities management companies providing multi-faceted facilities support and maintenance services.

Growth Strategy

Case Study: Diversification: **WA Security**

Millennium entered the security market in Perth (WA) in 2021, securing multiple large contracts, including with leading general insurer IAG and AMP's Karrinyup and Ocean Keys Shopping Centres.

Prior to 2021 in WA, Millennium was operating a large successful cleaning and integrated property services company, contributing approximately 25% of total Group revenue.

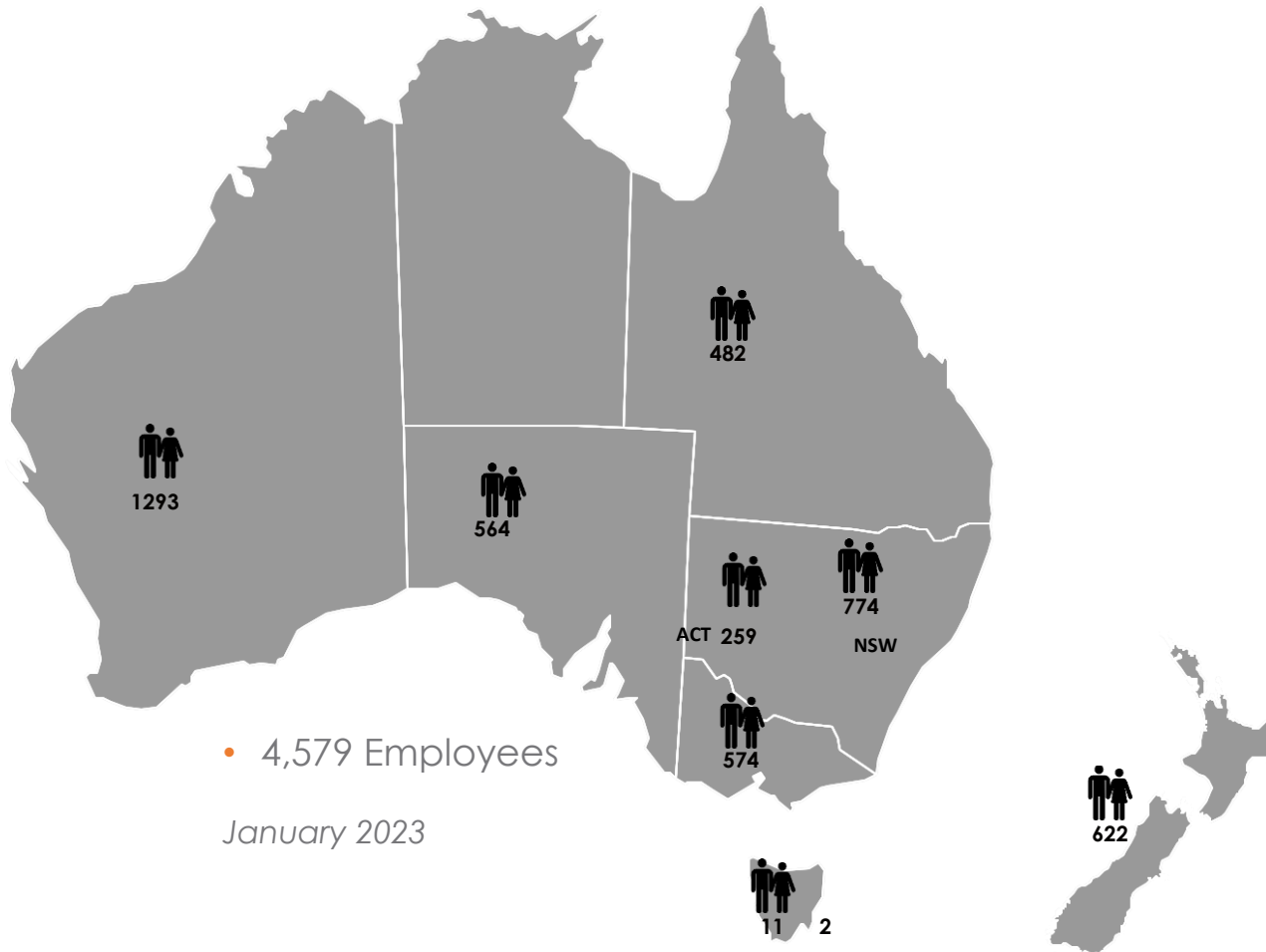


Following targeted business development and selective tendering over the past two years, Millennium has recently been awarded a standalone Security Service Contract for Perron owned Belmont Forum and Cockburn Gateways Shopping centres which commences on 1 April 2023. We expect that in the FY24, Security will account for approximately 8% of total revenue for the WA portfolio.

Millennium is now a proven and reliable security provider option in WA and one of only a few providers operating in the large retail property sector. Millennium's growth plans for Security, extend beyond exploring opportunities with our existing client base, to other retail and broader commercial sector opportunities.

Positioned for Growth

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



• 4,579 Employees

January 2023

- Leading cleaning, security and integrated services business servicing key customers in the commercial property, retail and Government sectors 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



OUTLOOK

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Outlook

- Gross profit from forecasted total revenue growth in 2H23 of approximately 6 - 7% on work already contracted will flow to full year results with overheads remaining in line with 1H23
- Gross Margin is expected to be approximately 15% for the FY23 financial year
- Business is focused on maintaining key contracts and organic growth by industry diversification, and set for increased market activity as industry faces consolidation
- Following on from contract growth in the first half of FY23, the business is seeing a very strong pipeline of contracts due to business procurement activity increasing post COVID

DETAILED FINANCIALS



Summary income statement

	1H22 \$m	2H22 \$m	1H23 \$m	Change \$m 1H23 vs 1H22	Change % 1H23 vs 1H22	Change \$m 1H23 vs 2H22	Change % 1H23 vs 2H22
Total Revenue	131.7	128.9	129.6	(2.1)	(1.6%)	(0.7)	(0.5%)
Gross Profit	21.0	18.8	18.1	(2.9)	(13.8%)	(0.7)	(3.7%)
Gross Margin %	15.9%	14.6%	14.0%	-	(1.9%)	(0.6%)	-
Overheads	(14.3)	(14.4)	(15.3)	(1.0)	7.0%	(0.9)	6.3%
Underlying EBITDA	6.7	4.4	2.8	(3.9)	(58.2%)	(1.6)	(36.4%)
Reported EBITDA	5.7	3.4	2.2	(3.5)	(61.4%)	(1.2)	(35.3%)

Summary Balance Sheet

	Dec 22 \$m	Jun 22 \$m	% var	Observations
Cash	3.6	1.9	89.5%	\$3.0m of cash generated from operations on a reported basis after interest and income tax payments.
Trade receivables	18.9	17.3	9.2%	Continued focus on working capital management. Debtors at end of financial year are typically lower than half year.
Equity-accounted investee	1.3	1.3	-	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.
Plant & equipment	6.9	6.8	1.5%	
Other Assets (including intangibles and deferred tax assets)	22.0	20.1	9.5%	\$1.2m increase in right of use assets, \$0.5m increase in deferred tax assets and \$0.2m increase in other assets.
Total Assets	52.7	47.4	11.2%	
Trade and other payables	20.4	15.0	36.0%	
Income tax payable	0.4	2.7	(85.2%)	\$2.4m of income tax payments made during the half year.
Employee entitlements	19.7	19.9	(1.0%)	
Provisions & other liabilities	4.7	3.5	34.3%	AASB 16 lease liabilities increased by \$1.3m in line with increase in right of use assets.
Borrowings	7.4	5.9	25.4%	Debt utilisation and available funding detailed in 'Borrowings and Debt Facilities' slide. Net debt reduced from \$4.0m to \$3.8m over the half year.
Total Liabilities	52.6	47.0	11.9%	
Net Assets	0.1	0.4	(75.0%)	(\$0.3m) decrease in net assets due to (\$0.6m) loss after tax for half year offset by \$0.3m increase in share-based payments reserve.

Borrowings and Debt Facilities

Borrowings

	Drawn Dec 22 \$m	Drawn Jun 22 \$m	Debt utilization / (reduction) \$m
Term Loan	0.0	1.8	(1.8)
Asset Finance	1.5	1.7	(0.2)
Overdraft	0.0	2.3	(2.3)
Trade Debtor Financing	5.4	0.0	5.4
Premium Funding Loans	0.5	0.1	0.4
Total Debt	7.4	5.9	1.5
Cash on Hand	3.6	1.9	(1.7)
Net Debt	3.8	4.0	(0.2)

Debt Facilities

	Total Facilities Dec 22 \$m	Drawn Dec 22 \$m	Unused as at Dec 22 \$m
ANZ Bank Facility*			
Overdraft*	3.5	0.0	3.5
Other Financiers			
Trade Debtor Financing	12.0	5.4	6.6
Asset Finance	3.1	1.5	1.6
Premium Funding Loans	0.5	0.5	-
Total	19.1	7.4	11.7

- \$6.2m of cash generated from operations on a reported basis (excluding interest and income taxes).
- Financing activities included \$1.8m of term debt repayments to the ANZ Bank, \$0.8m of premium funding loan repayments, \$0.3m of asset finance repayments and \$0.5m of lease liability payments.
- There were \$11.7m of unused debt facilities as at 31 December 2022 allowing sufficient capability to fund new contract wins. Cash on hand as at 31 December 2022 was \$3.6m, resulting in total available funding of \$15.3m.

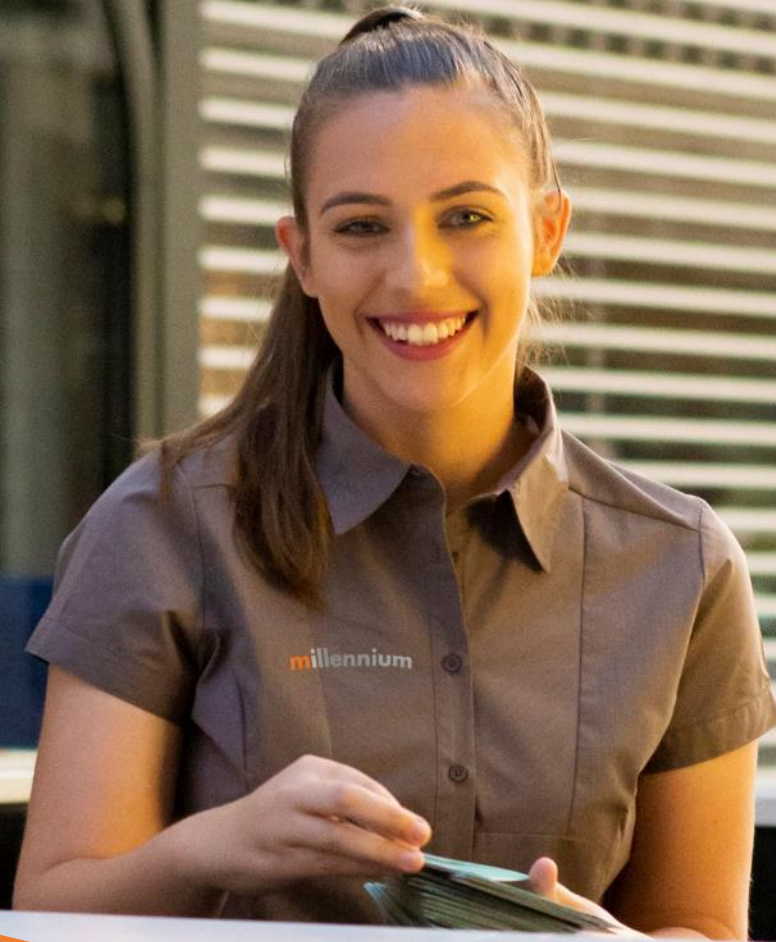
*The ANZ Bank facilities expire 29 February 2024. The overdraft facility reduces to \$2.8m on 28 February 2023.

Operating Cash flows

	1H23 \$m	
	Reported	Underlying
EBITDA	2.2	2.8
Increase in trade and other receivables	(1.7)	(1.7)
Increase in trade and other payables	5.4	5.4
Share based expense (non-cash), and changes in provisions and other balance sheet items	0.3	0.3
Net operating cash inflows (excluding interest and income taxes)	6.2	6.8
Timing differences associated with June 2022 year end customer payments	-	1.6
Analytical net operating cash inflows (excluding interest and income taxes)	-	8.4

\$11.7m of unused financing at the same time provides business the ability to fund expansion of operations.

BUSINESS SUPPORT UPDATE



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Business Support Update

Safety

- Millennium's Lost time injury frequency rate of 7.99 in FY22 is 38% lower than the industry benchmark.
- Millennium Safety Management System is accredited to ISO 45001:2018 standards.
- This year has seen the establishment of the Millennium Health, Safety and Wellbeing Strategic Plan 2022 to 2024.

The four key focus areas of the strategy are:

- Safety Culture, Leadership and Engagement
- Health and Safety Risk Management
- Health and Wellbeing
- Continual Safety Improvement



Business Support Update

Compliance

- Millennium has maintained its compliance and commitment with the Security Regulator and the Labour Hire authorities across all jurisdictions it operates and provides services.
- Third Modern Slavery Statement submitted in December 2022. Millennium has reinforced its prevention of Modern Slavery commitment by maintaining its commitment to the Property Council's ***informed 365*** platform to engage suppliers around Modern Slavery risks
- Millennium has successfully maintained its tripe ISO accreditation for Quality Safety and Environment Management System
- Millennium completed its Annual Reporting obligations under Workplace Gender Equality Act 2012
- Millennium is registered and prequalified via the following Third Party HSEQ Management Platforms: Cm3, Pulse Connect, Avetta, Beakon, Rapid Induct



Business Support Update

Community

Our business sustainability approach focusses on three key areas: economic growth; our people; and fulfilling our broader responsibilities to society; with a focus on community and environment.

Our top priority in this space in FY23 is the implementation of our **Reconciliation Action Plan 2023-2025** which has now been endorsed by Reconciliation Australia.

Our vision for reconciliation is to achieve greater unity with and equity and inclusion for Aboriginal and Torres Strait Islander peoples.

Millennium asked Aboriginal artist, **Lani Balzan**, to help us express our Reconciliation journey and ambitions with a painting.

Pictured here is a section of this artwork.



APPENDICES



Appendix 1 -Summary Statutory Income Statement

	1H22 \$m	1H23 \$m
Total Revenue	131.7	129.6
Gross Margin	21.0	18.1
Other income	0.9	-
Incremental wage expenses (1H22: NZ COVID-19 subsidies)	(0.6)	-
Overheads	(15.6)	(15.9)
Reported EBITDA	5.7	2.2
Depreciation	(2.3)	(2.2)
Finance costs	(0.5)	(0.9)
Share of profit of equity-accounted investee, net of tax	-	0.1
Profit Before Income Tax	2.9	(0.8)
Income tax benefit / (expense)	(1.0)	0.1
Net Profit After Income Tax (NPAT)	1.9	(0.7)

Appendix 2 - Summary of Non-Recurring Items

	1H22 \$m	1H23 \$m
EBITDA reported	5.7	2.2
<i>Adjust for non-recurring items</i>		
<i>Other income: Government grants recognised (New Zealand)</i>	(0.8)	-
<i>Overheads: Incremental wage costs (New Zealand)</i>	0.6	-
<i>Overheads: Non-recurring advisor fees, bank refinancing costs, due diligence costs, integration costs & share based payments.</i>	1.2	0.6
EBITDA Underlying	6.7	2.8