



1H2024

FINANCIAL RESULTS

22 February 2024

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Important note to Shareholders

ASX Announcement

22 December 2023:

Millennium enters into scheme implementation agreement with SoftBank Robotics Singapore

Millennium has entered into a scheme implementation agreement with an entity controlled by SoftBank Robotics Singapore for the acquisition of 100% of the shares in Millennium by way of scheme of arrangement.

Under the terms of the Scheme, Millennium shareholders will have the option to receive \$1.15 cash per Millennium share, unlisted scrip consideration or a combination of cash and unlisted scrip consideration.

The \$1.15 cash per Millennium share consideration represents an 85% premium to Millennium's closing share price of \$0.62 per share on 21 December 2023 and a 105% premium to the 3-month volume weighted average price up to and including 21 December 2023.

The Millennium board unanimously recommends that shareholders vote in favour of the scheme, in the absence of a Superior Proposal and subject to the Independent Expert concluding (and continuing to conclude) that the Scheme is in the best interests of Millennium shareholders.

For more information: visit: <https://millenniumsg.com/wp-content/uploads/2023/12/02757333.pdf>

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CONTENTS

01

RESULTS SUMMARY

Page 5

02

FYH2 OUTLOOK

Page 6

03

ENABLING GROWTH

Page 7

04

KEY FINANCIALS

Page 10

05

STATUTORY
PERFORMANCE

Page 20



1 H24 Financial Results Summary

- Revenue up by 15.1% from \$129.6m to \$149.2m compared to pcp.
- Gross profit margin percentage improved by 0.3% points from 14.0% to 14.3%; with gross profit margin increasing by \$3.2m from \$18.1m to \$21.3m compared to pcp.
- As a percentage of revenue, underlying* overheads decreased by 1.2% points from 11.8% to 10.6%, with back-office synergies realized while expanding customer portfolio.
- Underlying* EBITDA increased by 103.6% from \$2.8m to \$5.7m compared to pcp.
- Balance sheet strengthened with strong growth in net assets from \$1.4m as at 30 June 2023 to \$2.5m as at 31 December 2023.
- \$11.5m of unused debt facilities as at 31 December 2023 allowing sufficient capability to fund new contract wins.

* Refer slide 22 for details of non IFRS / normalization adjustments

2024: FYH2 OUTLOOK

Millennium Forecasting for a Solid Second Half due to a Strong Contract Book and Client Retention.

- Millennium is on target as announced earlier for revenue between \$300m - \$305m in FY24, representing an increase of between 13% -15% compared to FY23. This increase has come from all areas of the business across Australia and New Zealand.
- Reaffirm EBITDA forecast for FY24 to range between \$12.2m and \$13.2m.
- Roll out of the largest Robotic Fleet in Australia to commence in May 24 through- to late FY25.
- Introduction of AI data driven rostering to reduce owners operating costs and increase margin.
- Acceleration of the replacement and updating of major equipment to service clients needs and improve profitability.
- Millennium contract successes continue with major Cleaning and Security wins in Western Australia and New Zealand.
- Millennium's senior management has been investing more time with our clients to focus on and expand our integrated products and services vertically into our current customer base.

Enabling Growth: Executive Team



Royce Galea
CEO & Managing Director



Amarjit Sidhu
Chief Financial Officer



Christopher Zyner
General Manager,
People & Culture



Annabelle Brooks
General Counsel



Wayne Crewes
General Manager,
Business & Strategy



Stephen Libbury
Director, Security Services



Marc Harris
National General Manager
Integrated Services



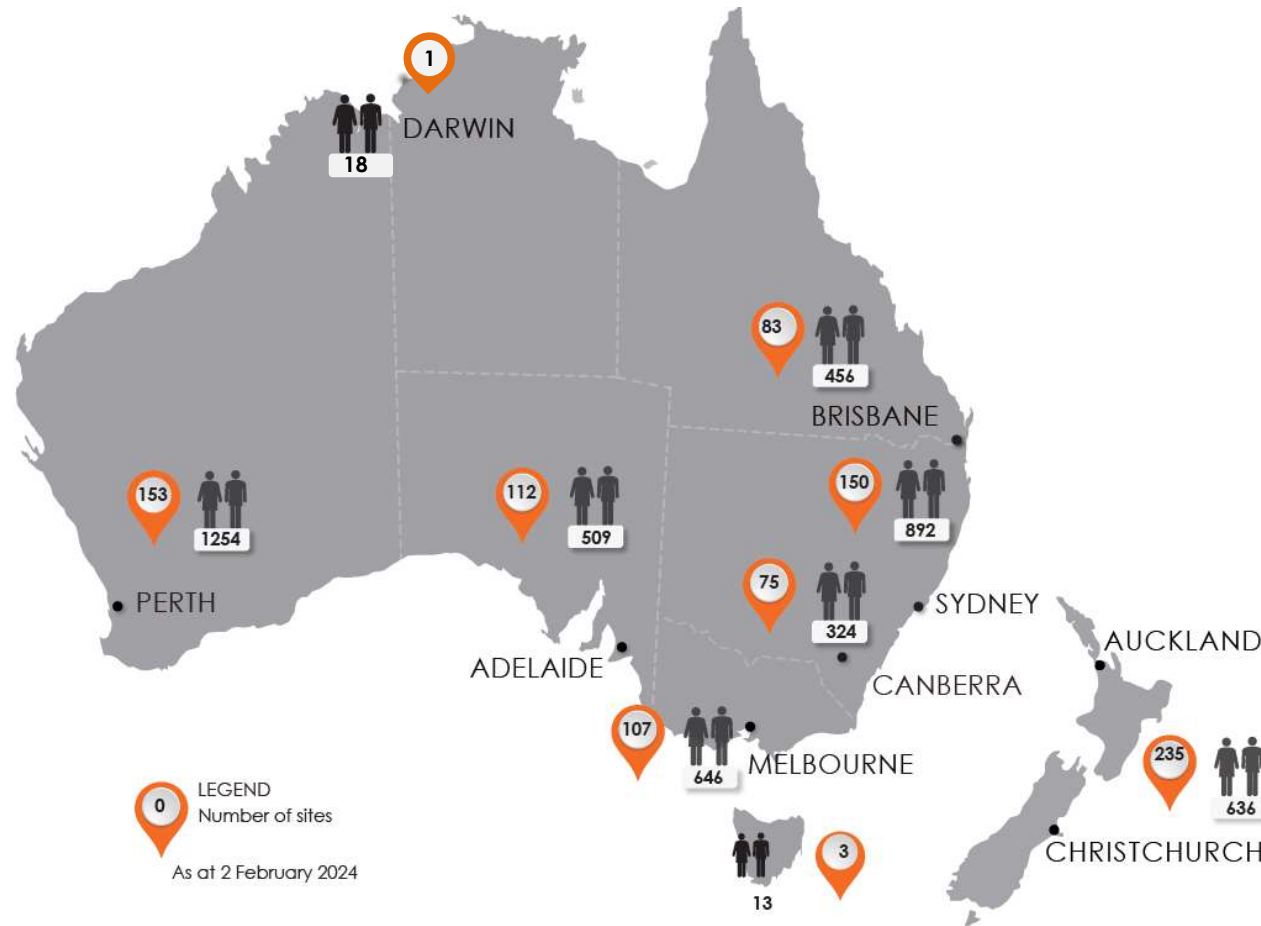
Stuart Davis
General Manager
Western Australia



Salim Raja
Chief Risk & Compliance
Officer

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Enabling Growth: Strength in Coverage



- 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

~4,700 + Employees
~ 900 Client Sites

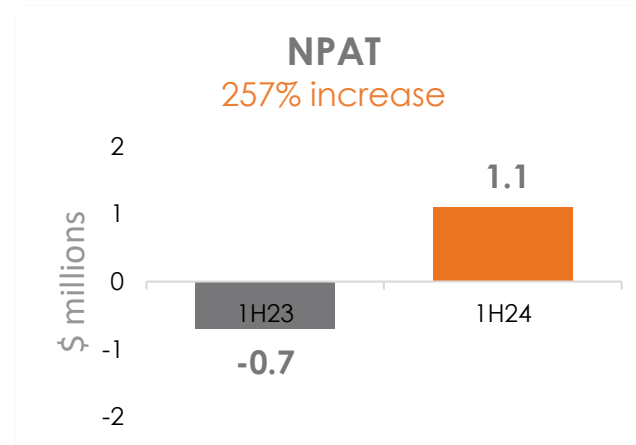
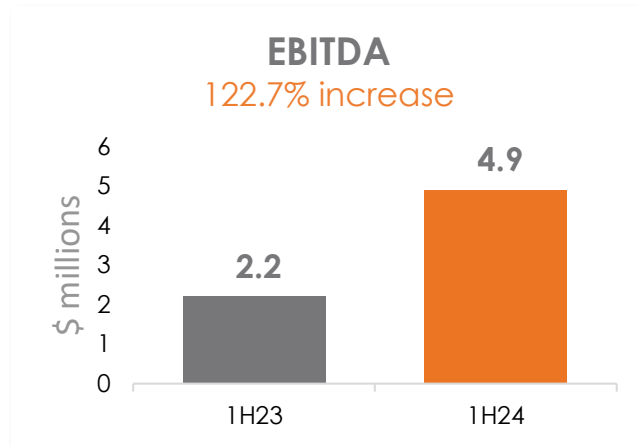
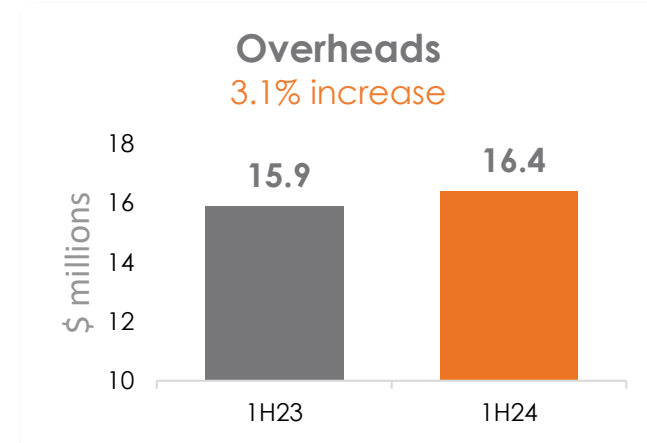
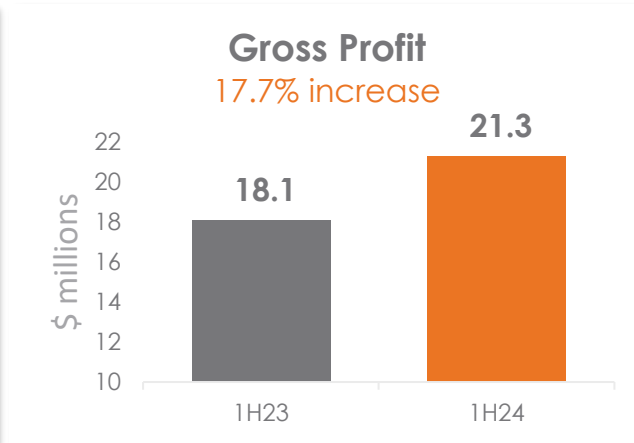
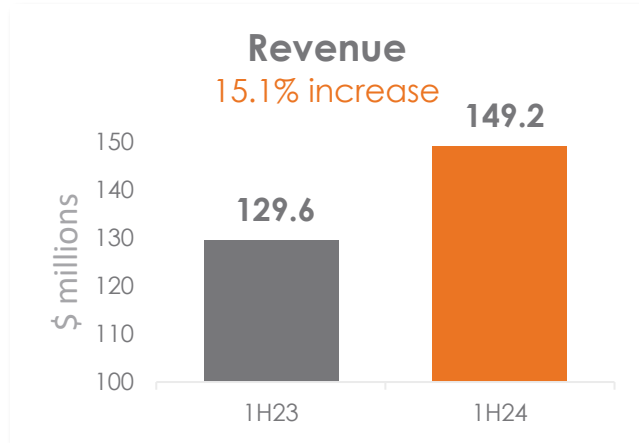
Enabling Growth: Key Customers



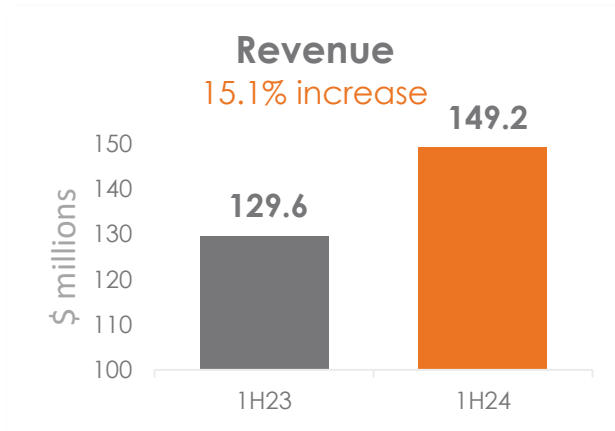


Key Financials

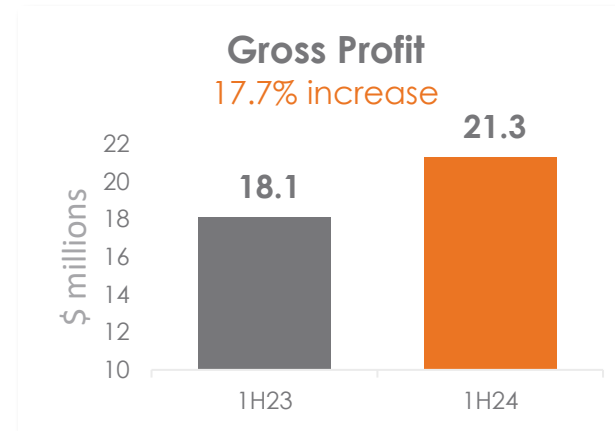
Statutory Performance



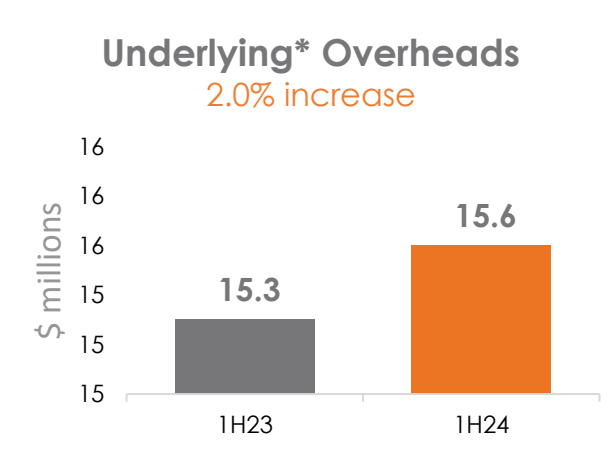
Underlying Performance



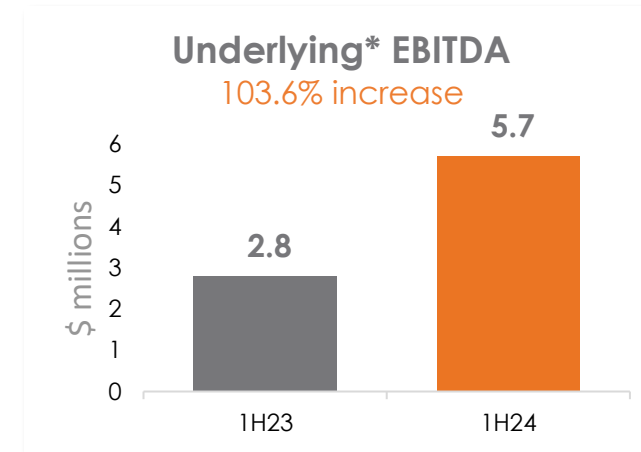
\$17.5m or 14.8% of net new long-term contracts and successful renewals of existing contracts at market competitive margins; and an increase of \$2.1m (or 18.9%) in higher margin adhoc and project revenue.



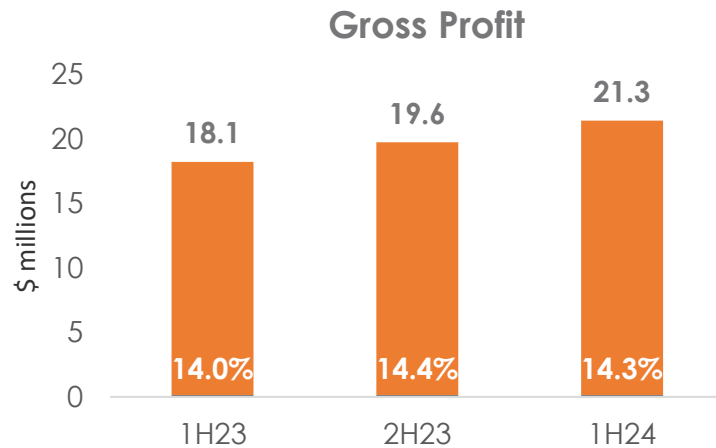
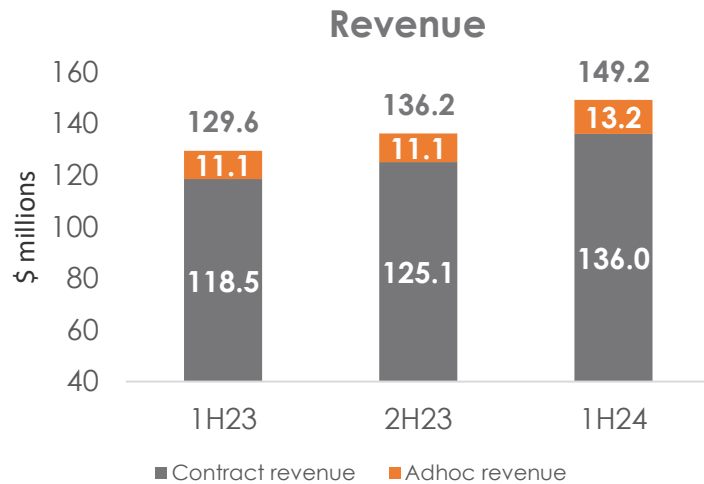
Wins of new long-term contracts and successful renewals of existing contracts at market competitive margins; and the Group winning higher margin new security project work.



2% increase was less than inflation. As a percentage of revenue, underlying* overheads decreased by 1.2% points from 11.8% to 10.6%, with back-office synergies realized while expanding customer portfolio.

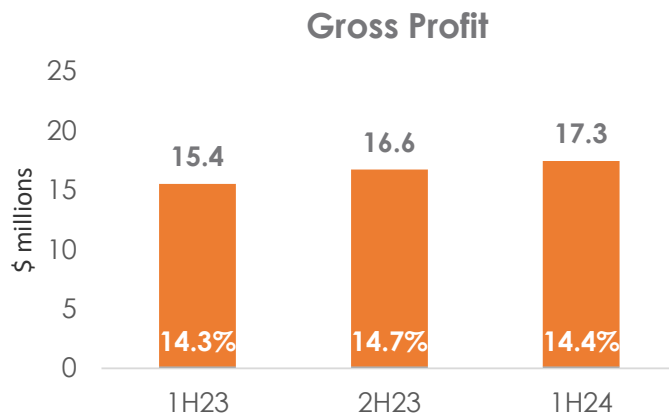
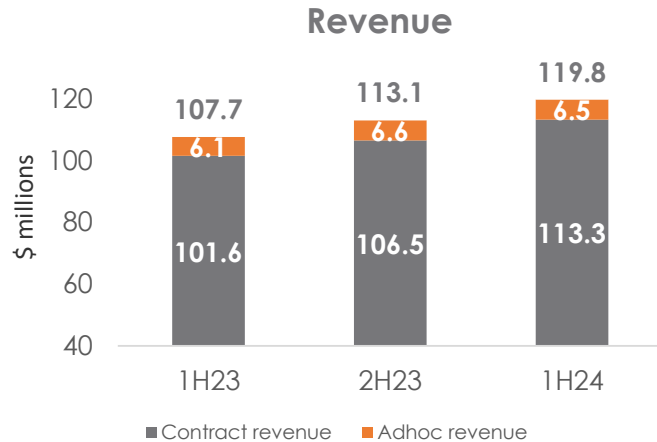


Revenue Analysis Group



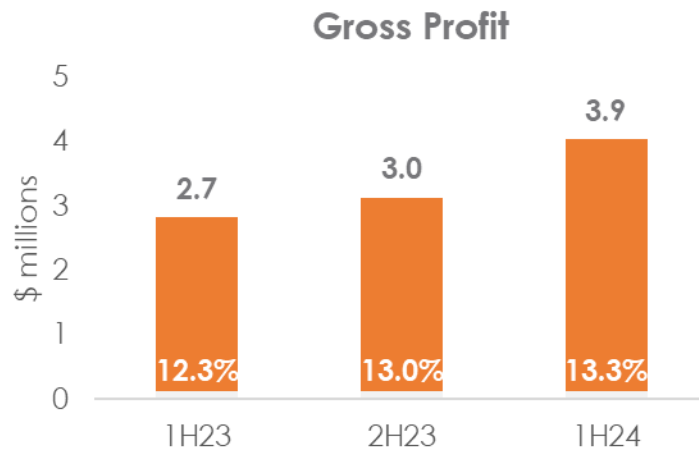
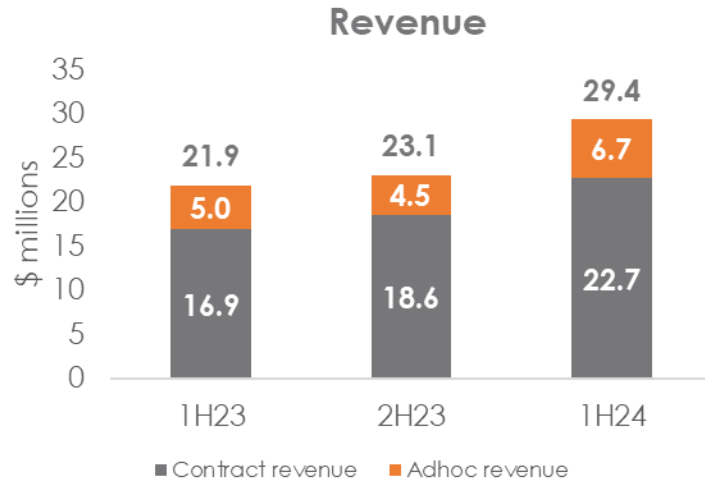
- Revenue for the six months ending 31 December 2023 (1H24) increased by 15.1% to \$149.2 million compared to revenue of \$129.6m in 1H23. Total revenue for FY24 is expected to range between \$300m to \$305m.
- The increase in revenue between 1H24 and 1H23 comprised:
 - \$17.5m (or 14.8%) of new long-term contracts and successful renewals of existing contracts at market competitive margins; and
 - an increase of \$2.1m (or 18.9%) in higher margin adhoc and project revenue.
- Gross profit % increased by 0.3% basis points from 14.0% in 1H23 to 14.3% in 1H24.
- Further gross profit % improvements are expected in 2H24 due to the Group's ongoing focus on labour productivity, innovation and technology.

Revenue Analysis Cleaning



- The Cleaning segment revenue increased by 11.2% from \$107.7m in 1H23 to \$119.8m in 1H24 due to wins of new long-term contracts and successful renewals of existing contracts at market competitive margins.
- The gross profit margin increased by 12.3% from \$15.4m in 1H23 to \$17.3m in 1H24.
- Due to contract wins at competitive margins and the successful implementation of labour cost management initiatives, the gross profit % is expected to further improve in 2H24.

Revenue Analysis **Security**



- The Security segment revenue increased by 34.2% from \$21.9m in 1H23 to \$29.4m in 1H24. Contract revenue increased by \$5.8m and adhoc revenue increased by \$1.7m.
- Wins of new long-term contracts and successful renewals of existing contracts at market competitive margins have resulted in the gross profit percentage improving by 1.0% basis point from 12.3% in 1H23 to 13.3% in 1H24.
- Wins in higher margin security projects also assisted in the gross profit margin increasing from \$2.7m to \$3.9m over the same period.

Revenue & Margin Growth

Summary Income Statement*

	1H24 \$m	1H23 \$m	Change \$m	Change %
Total Revenue	149.2	129.6	19.6	15.1%
Gross Profit	21.3	18.1	3.2	17.7%
Gross Profit Margin %	14.3%	14.0%	-	0.3% points improvement
Overheads	(15.8)	(15.3)	(0.5)	3.3%
Overhead %	10.6%	11.8%	-	1.2% points improvement
Share of EBITDA of equity accounted investee	0.2	-	0.2	100%
Underlying EBITDA*	5.7	2.8	2.9	103.6%
Reported EBITDA	4.9	2.2	2.7	122.7%

* Refer slide 22 for details of non IFRS / normalization adjustments

Summary Balance Sheet

	Dec 23 \$m	Jun 23 \$m	% var	Observations
Cash	2.1	3.3	(36.4%)	\$1m of cash invested in term deposits with NAB in the current period.
Term deposits	1.0	-	100.0%	
Trade & other receivables	32.0	16.0	100.0%	Material investment in working capital during the first half of the current financial year to expand the Company's customer base. Revenue in the current period increased by \$19.6m compared to pcp. No deterioration in collection timelines; trade receivables more than 90 days overdue reduced from \$0.5m as at 30 June 2023 to \$0.4m as at 31 December 2023.
Equity-accounted investee	1.7	1.5	13.3%	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. Increase in asset value is the Group's share of profit after tax.
Plant & equipment	8.1	7.7	5.2%	
Other Assets	22.8	22.1	3.2%	\$0.9m increase in deferred tax assets offset by \$0.2m reduction in right-of-use assets.
Total Assets	67.7	50.6	33.8%	
Trade & other payables	28.3	17.9	58.1%	Trade and other payables as at 31 December 2023 included \$6.2m of wages paid on the 2 January 2024 and 3 January 2024 for the wage fortnight ending 31 December 2023.
Income tax payable	1.4	0.3	367%	\$0.5m of income tax payments made during the half year.
Employee entitlements	21.1	20.0	5.5%	Permanent staff increased from 4,100 to 4,300 over the 6 months to service growth in customer portfolio.
Provisions & other liabilities	4.2	4.4	(4.5%)	
Borrowings	10.2	6.6	54.5%	Debt utilisation and available funding detailed in 'Borrowings and Debt Facilities' slide. Material investment in working capital during the first half of the current financial year to expand the Company's customer base.
Total Liabilities	65.2	49.2	32.5%	
Net Assets	2.5	1.4	78.6%	Increase due to \$1.1m profit after tax for the half year period to 31 December 2023.

Borrowings and Debt Facilities

Borrowings

	Drawn Dec 23 \$m	Drawn Jun 23 \$m	Debt utilisation / (reduction) \$m
Asset Finance	3.7	2.8	0.9
Trade Debtors Financing	5.8	2.5	3.3
Premium Funding Loans	0.7	1.3	(0.6)
Total Debt	10.2	6.6	3.6

Debt Facilities

	Total Facilities Dec 23 \$m	Drawn Dec 23 \$m	Unused as at Dec 23 \$m
NAB Asset Finance	1.5	1.2	0.3
Non-bank Asset Finance	3.0	2.5	0.5
Trade Debtors Financing	16.5	5.8	10.7
Premium Funding Loans	0.7	0.7	-
Total	21.7	10.2	11.5

- There were \$11.5m of unused debt facilities as at 31 December 2023 allowing sufficient capability to fund new contract wins. Cash on hand as at 31 December 2023 was \$2.1m, resulting in total available funding of \$13.6m.


Cash Profile

Operating cash flows

	1H24 \$m	
	Reported	Underlying*
EBITDA	4.9	5.7
Increase in trade and other receivables	(16.0)	(16.0)
Increase in trade and other payables	10.3	10.3
Share based expense (non-cash), and changes in other assets, provisions and other balance sheet items.	1.5	1.3
Net operating cash inflows (excluding interest and income taxes)	0.7	1.3

\$11.5m of unused financing facilities as at 31 December 2023, provides business with the ability to fund expansion of operations.

* Refer slide 22 for details of non IFRS / normalization adjustments.



Statutory Performance

Summary Statutory **Income** Statement

	1H24 \$m	1H23 \$m
Total Revenue	149.2	129.6
Gross Profit Margin	21.3	18.1
Overheads	(16.4)	(15.9)
Reported EBITDA	4.9	2.2
Depreciation	(2.2)	(2.2)
Finance costs	(1.1)	(0.9)
Share of profit of equity-accounted investee, net of tax	0.1	0.1
Profit / (Loss) Before Income Tax	1.7	(0.8)
Income Tax Benefit / (Expense)	(0.6)	0.1
Net Profit / (Loss) After Income Tax	1.1	(0.7)

Reconciliation of Reported EBITDA to Underlying EBITDA

	1H24 \$m	1H23 \$m
EBITDA reported	4.9	2.2
<i>Adjust for non-recurring items</i>		
<i>Overheads: Non-recurring advisor fees, bank refinancing costs, due diligence costs & share based payments.</i>	0.6	0.6
<i>Adjust for Share of EBITDA from equity accounted investee</i>	0.2	-
EBITDA Underlying	5.7	2.8



THANK YOU

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