

Millennium Services Group Limited

(ASX: MIL)

## Quarterly Activities Report and Appendix 4C – March 2021 Quarter

### SUMMARY

- Positive quarterly cash flows of \$1.2m generated from operating activities for Q3 FY2021, compared to \$2.1m of cash from operating activities in Q3 FY2020. There were three fortnights of wages paid in the month of March 2021, whereas in FY2020 the third fortnight of wages were paid across 31/03/2020 and 01/04/2020. There was a \$2.3m cash flow timing benefit in Q3 FY2020.
- Total financing facilities of \$31.7m at 31 March 2021, with \$20.2m of unused facilities available at quarter end. Cash on hand at 31 March 2021 \$2.8m; total available funding \$23.0m. Total debt reduced by \$2.5m in the quarter
- Debt covenants met for the September 2020, December 2020 and March 2021 quarters.

### Quarterly Activities

There were no material changes in the principal activities within Company's Cleaning and Security segments during the quarter ended 31 March 2021 (Q3 FY21).

The Group's result for the half year ended 31 December 2020 was positively impacted by Adhoc services related to COVID-19, such as additional cleaning at sites affected by COVID-19 incidents and security services provided at COVID-19 testing stations in Victoria. The Group expected these services to continue at declining levels over the second half of FY21. Adhoc services generally deliver a stronger gross margin than core contract revenue and therefore the Group expects gross margins to be within the 14.0% - 14.5% target range by the end of FY21.

The Group's total revenue of \$69.4 million for the 3 months ending 31 March 2021 was 1.8% lower compared to revenue of \$70.7m in the previous quarter due to the anticipated decline in Adhoc revenue. Core contract revenue of \$60.2m in Q3 was 1.0% higher than core revenue of \$59.6m attained in Q2 FY21. Adhoc revenue declined by 17.1% from \$11.1m to \$9.2m over the same comparative period.

It is expected that the higher margin COVID-19 Adhoc services will reduce to closer to 10% to 12% of total monthly revenue, down from 14.3% in H1 FY21 and 13.3% in Q3 FY21.

### Appendix 4C Cashflows

There were no material changes to the debtor or creditor payment terms during the quarter. No material adjustment was required to be made to the provision for doubtful debts (loss allowance) as at 31 March 2021 compared to 31 December 2020.

Net cash generated from the Group's operating activities amounted to \$1.2m for the quarter. There were seven fortnightly wage payments made in Q3 FY21; with three fortnights of wages paid in the month of March 2021. There are six fortnights of wage payments in the June 2021 quarter.

### Appendix 4C: Item 6 - Payments to related parties

Payments to related parties, and their associates for the quarter ended 31 March 2021 totalled \$371,973, comprising:

- a. Wages and other benefits of \$162,562 paid to Mr Royce Galea, a substantial shareholder of the Company, in his capacity as an Executive Director;

b. Wages and other benefits of \$81,292 paid to Mr Stephen Lidbury, a substantial shareholder of the Company, in his capacity of General Manager of Security. Office rent of \$10,800 was paid in the current quarter on normal commercial terms to an entity related to Mr Stephen Lidbury;

c. Consulting fees of \$93,000 were paid to Wayne and Eileen Crewes Pty Ltd, a substantial shareholder of the Company;

d. Wages and other benefits of \$24,319 were paid to a close family member of the controller of Wayne and Eileen Crewes Pty Ltd, in the associate's capacity as an employee of the Group.

#### Appendix 4C: Item 7.6 – Details of Financing Facilities

The following table details the Group's remaining contractual maturities for its financing facilities. The table is based on the earliest date when the principal amounts are required to be paid.

	Facility renewal or expiry date	Weighted average interest rate including fees	Total Facility Amount	Facility Used as at 31 March 2021	Repayments Due within 1 year	Repayments Due Between 1 and 2 years
<b>Secured Facilities</b>		%	\$'000	\$'000	\$'000	\$'000
ANZ Bank Interchangeable loan facility (a)	31/10/2022	2.90%	6,273	6,273	3,600	2,673
ANZ Bank Asset finance facility (hire purchase) (a)	31/10/2022	5.10%	1,249	1,249	945	304
ANZ Bank Overdraft (b)	31/10/2022	7.13%	10,000	1,244	1,244	-
ANZ Bank Credit standby arrangements	31/10/2020	2.95%	2,175	1,436	160	1,276
Trade Finance Facility (c)	22/01/2022	8.70%	12,000	1,304	1,304	-
<b>Total Facilities at 31 March 2021</b>			<b>31,697</b>	<b>11,506</b>	<b>7,253</b>	<b>4,253</b>

(a) The ANZ Bank interchangeable loan and hire purchase facilities: These facility limits reduce on the dates and in the amounts of principal repayments.

(b) The ANZ Bank overdraft facility steps down from \$10.0m to \$4.5m between 01/04/2021 to 01/07/2021 as follows: facility limit at \$9.5m on 01/05/2021; facility limit at \$7.0m on 01/06/2021 and steps down to \$4.5m on 01/07/2021.

(c) Trade finance facility, renewal date.

#### Authorised for release by the Board of Millennium Services Group Limited.

For further information please contact

Darren Boyd

Chief Executive Officer and Managing Director

Tel: 03 8540 7900

## Appendix 4C

Quarterly cash flow report for entities  
subject to Listing Rule 4.7B

## Name of entity

Millennium Services Group Limited

## ABN

11 607 926 787

## Quarter ended ("current quarter")

31 March 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	78,870	225,652
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs (including direct labour costs: cleaning and security staff)	(69,677)	(195,434)
(c) advertising and marketing	(81)	(184)
(d) leased assets ( <i>AASB 16 applies</i> )	-	-
(e) staff costs (corporate overheads and indirect labour costs)	(4,215)	(13,131)
(f) administration and corporate costs	(3,198)	(9,323)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(427)	(1,532)
1.6 Income taxes paid	(83)	(83)
1.7 Government grants and tax incentives	-	31,715
1.8 Other (incremental wage tops associated with government grants)	-	(7,335)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>1,189</b>	<b>30,345</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(386)	(1,580)
(d) investments	-	(48)

Appendix 4C  
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	14	19
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(372)</b>	<b>(1,609)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	100	100
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(2,536)	(15,391)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9(a)	Other: Proceeds from / (repayments of) trade finance facility	1,304	(3,756)
3.9(b)	Other (AASB 16, lease liabilities)	(189)	(671)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(1,321)</b>	<b>(19,718)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,127	(7,398)
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,189	30,345

**Appendix 4C**  
**Quarterly cash flow report for entities subject to Listing Rule 4.7B**

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(372)	(1,609)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,321)	(19,718)
4.5	Effect of movement in exchange rates on cash held	(12)	(9)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,611</b>	<b>1,611</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	2,855	3,259
5.2	Call deposits	-	-
5.3	Bank overdrafts	(1,244)	(1,132)
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,611</b>	<b>2,127</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	371,973*
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

\*Refer to Quarterly Activity Report  
*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*


<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 (a) Loan facilities – ANZ Bank Interchangeable loan facility	6,273	6,273
(b) ANZ Bank - Asset finance (hire purchase) facilities	1,249	1,249
7.2 Credit standby arrangements – ANZ Bank	2,175	1,436
7.3 (a) Other (ANZ Bank overdraft)	10,000	1,244
(b) Trade finance facility	12,000	1,304
<b>7.4 Total financing facilities</b>	<b>31,697</b>	<b>11,506</b>
<b>7.5 Unused financing facilities available at quarter end</b>		<b>20,191</b>
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
Details are included in the Quarterly Activity Report.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	1,189
8.2 Cash and cash equivalents at quarter end (item 4.6) (add-back Overdraft within item 4.6)	1,611 1,244
8.3 Unused finance facilities available at quarter end (item 7.5)	20,191
8.4 Total available funding (item 8.2 + item 8.3)	<b>23,046</b>
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>N/A</b>
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 27/04/2021

Authorised by:  .....  
By the Board

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.