MCS Services Ltd

# Activities Report & Cash Flow Statement

**For the 3 months ending 31 March 2025**

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MCS Services Limited (**MCS Services, Company**, ASX: **MSG**) is pleased to present its Activities Report and Appendix 4C for the three months ending 31 March 2025 (**Period**).

Cash and Net Receivables as at 31 March 2025 totalled $1.3 million comprising cash of $1.23 million (31 December 2024 $0.9 million) and net receivables of $0.1 million (31 December 2024 $0.1 million).

The Cashflow movements in the Company's Appendix 4C are summarised across the Company's activities as:

| | Traffic Business | Corporate | Total |
|---|---|---|---|
| | **$'000** | **$'000** | **$'000** |
| Cashflow from Operating Activities | 512 | (128) | 384 |
| Cashflow from Investing Activities | (37) | – | (37) |
| Cashflow from Financing Activities | (28) | – | (28) |
| | **447** | **(128)** | **319** |

## OPERATIONS UPDATE

During the Period the Company:

- Lodged a number of traffic management tenders, the results of which are due for release subsequent to the Period-end.
- Focused on identifying growth strategies to implement into the existing traffic management business.

## CORPORATE

As disclosed in Section 6 of the Appendix 4C, during the period the Company paid $Nil director fees ($nil in the period to 31 December 2024)

Further to the corporate activity discussed in the previous Activities Report to 31 December 2024 and the Interim Consolidated Financial Statements for the half year ended 31 December 2024, during the Period the Board of the Company remain of the view that a sale of its Traffic Business subsidiary, Highways Traffic Pty Ltd, may be in the best interest of the Company and therefore continue to make it available for sale:

- during the Period the Company engaged with further parties expressing preliminary interest in making an acquisition of the Traffic Business;
- the Board cannot confirm if any such interest will proceed further;
- should such interest proceed further, shareholder approval and ASX quotation matters would apply (refer Announcement to shareholders dated 1 April 2025)

**Attached is the Appendix 4C Quarterly Cash Flow Statement for the three months ending 31 March 2025.**

Yours faithfully

**Paul R. Simmons**

Director

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## ABOUT MCS SERVICE LIMITED

MCS Services Limited is a Company listed on the Australian Securities Exchange (ASX: MSG). Following the sale of it's Security business in June 2024. MCS Services now solely specialises in traffic management for large infrastructure projects.

See the Company's latest announcements https://www.asx.com.au/asx/share-price-research/company/MSG for more details.

## FORWARD LOOKING STATEMENTS

This document includes forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning MCS Services Limited's planned activities, operations, expectations and other statements that are not historical facts. When used in this announcement, the words such as "could," "plan," "estimate," "expect," "intend," "may", "potential," "should," and any other similar expressions are forward-looking statements. Although MCS Services Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. All figures presented in this document are unaudited and this document does not contain any forecasts of profitability or loss.

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# Appendix 4C

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

**Name of entity**

MCS Services Limited

| **ABN** | **Quarter ended ("current quarter")** |
|---|---|
| 66 119 641 986 | 31 March 2025 |

| **Consolidated statement of cash flows** | | **Current quarter $A'000** | **Year to date (9 months) $A'000** |
|---|---|---|---|
| **1.** | **Cash flows from operating activities** | | |
| 1.1 | Receipts from customers | 4,209 | 12,208 |
| 1.2 | Payments for | | |
| | (a) research and development | - | - |
| | (b) product manufacturing and operating costs | - | - |
| | (c) advertising and marketing | (4) | (6) |
| | (d) leased assets | - | - |
| | (e) staff costs | (2,404) | (7,652) |
| | (f) administration and corporate costs | (1,193) | (3,679) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | 1 | 3 |
| 1.5 | Interest and other costs of finance paid | (12) | (63) |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Government grants and tax incentives | - | - |
| 1.8 | Other : GST to ATO | (212) | (555) |
| | Other: Return of Bank Guarantee | - | - |
| **1.9** | **Net cash from / (used in) operating activities** | **384** | **256** |

| | | | |
|---|---|---|---|
| **2.** | **Cash flows from investing activities** | | |
| 2.1 | Payments to acquire or for: | - | - |
| | (a) entities | - | - |
| | (b) businesses | - | 152 |
| | (c) property, plant and equipment | (37) | (41) |

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| Consolidated statement of cash flows | | Current quarter $A'000 | Year to date (9 months) $A'000 |
|---|---|---|---|
| | (d) investments | - | - |
| | (e) intellectual property | - | - |
| | (f) other non-current assets | - | - |
| 2.2 | Proceeds from disposal of: | | |
| | (a) entities | - | - |
| | (b) businesses | - | - |
| | (c) property, plant and equipment | - | 2 |
| | (d) investments | - | - |
| | (e) intellectual property | - | - |
| | (f) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received | - | - |
| 2.5 | Security business cash position assumed by Purchaser | - | - |
| **2.6** | **Net cash from / (used in) investing activities** | **(37)** | **113** |

| | | | |
|---|---|---|---|
| **3.** | **Cash flows from financing activities** | | - |
| 3.1 | Proceeds from (payments for) issues of equity securities (excluding convertible debt securities) | - | |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | - | - |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | - | - |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | (28) | (90) |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other: Invoice Financing | - | - |
| **3.10** | **Net cash from / (used in) financing activities** | **(28)** | **(90)** |

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| Consolidated statement of cash flows | | Current quarter $A'000 | Year to date (9 months) $A'000 |
|---|---|---|---|
| **4.** | **Net increase / (decrease) in cash and cash equivalents for the period** | | |
| 4.1 | Cash and cash equivalents at beginning of period | 909 | 949 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | 384 | 256 |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (37) | 113 |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (28) | (90) |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| **4.6** | **Cash and cash equivalents at end of period** | **1,228** | **1,228** |

*Consistent with the accounting treatment in the Consolidated Financial Statements for the year ending 30 June 2024,$20,000 provided as a Landlord guarantee in a previous Period was accounted for as a cash outflow for cashflow reporting purposes in the relevant Period and classed as 'restricted cash' Non-Current Assets in Statements of Financial Position.As the landlord cash-backed guarantee remains in effect the Term Deposit totalling $20,000 is not included in the above.*

| **5.** | **Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | **Current quarter $A'000** | **Previous quarter $A'000** |
|---|---|---|---|
| 5.1 | Bank balances | 1,228 | 909 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other* | - | - |
| **5.5** | **Cash and cash equivalents at end of quarter (should equal item 4.6 above)** | **1,228** | **909** |

| **6.** | **Payments to related parties of the entity and their associates** | **Current quarter $A'000** |
|---|---|---|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | - |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | - |

*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.*

No director fees were paid in the March 2025 Quarter (December 2024 Quarter, $nil paid)

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| 7. | **Financing facilities**<br>*Note: the term "facility' includes all forms of financing arrangements available to the entity.*<br>*Add notes as necessary for an understanding of the sources of finance available to the entity.* | **Total facility amount at quarter end $A'000** | **Amount drawn at quarter end $A'000** |
|---|---|---|---|
| 7.1 | Loan facilities (Term loan) | - | - |
| 7.2 | Credit standby arrangements | - | - |
| 7.3 | Other (Invoice Financing) | - | - |
| | Other (Vehicle Leases) | - | - |
| | Other (Vehicle Loan) | 650 | 419 |
| 7.4 | **Total financing facilities** | **650** | **419** |

| | | |
|---|---|---|
| 7.5 | **Unused financing facilities available at quarter end** | - |

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.

**Nab Vehicle Loan:** Finance facility secured over relevant Highways Traffic business vehicles (and guaranteed by the Company) to a maximum of $0.65m. Interest rate of 7.41% on inception. Entered into in a previous period and utilised to acquire, for a total of $0.6m, one specialist truck (delivered and funded in period to 30 June 2023) and a total of ten (three delivered / funded in the period to 30 June 2023, remainder in period to 30 Sept 2023) commercial light vehicles as a rolling improvement / replacement of elements of Highways Traffic's operational fleet vehicles. Repayable in equal monthly instalments over 5 years for each vehicle.

| 8. | **Estimated cash available for future operating activities** | **$A'000** |
|---|---|---|
| 8.1 | Net cash from / (used in) operating activities (item 1.9) | 384 |
| 8.2 | Cash and cash equivalents at quarter end (item 4.6) | 1,228 |
| 8.3 | Unused finance facilities available at quarter end (item 7.5) | - |
| 8.4 | Total available funding (item 8.2 + item 8.3) | **1,228** |
| 8.5 | **Estimated quarters of funding available (item 8.4 divided by item 8.1)** | N/A |

*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.*

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

*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.*

## 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: 30 April 2025

Authorised by: By the Board of Directors
(Name of body or officer authorising release – see note 4)

**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.

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